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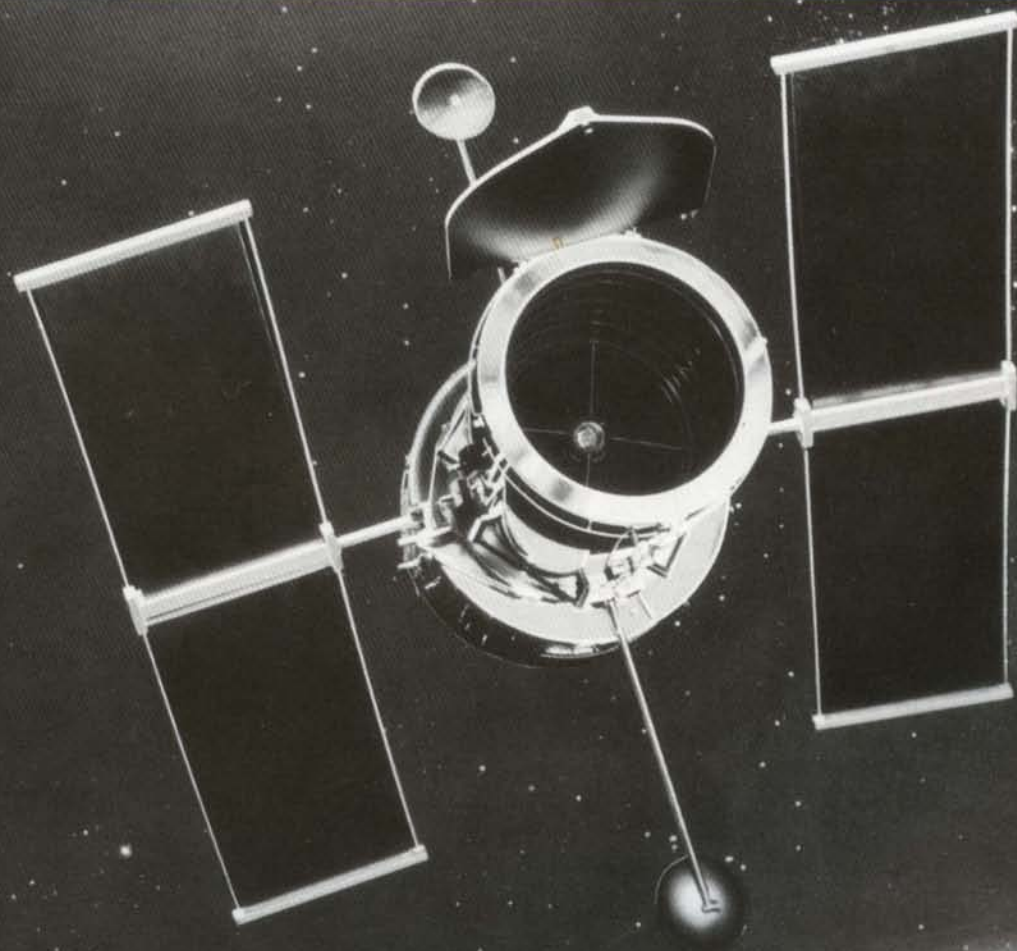
Executive Intelligence Review

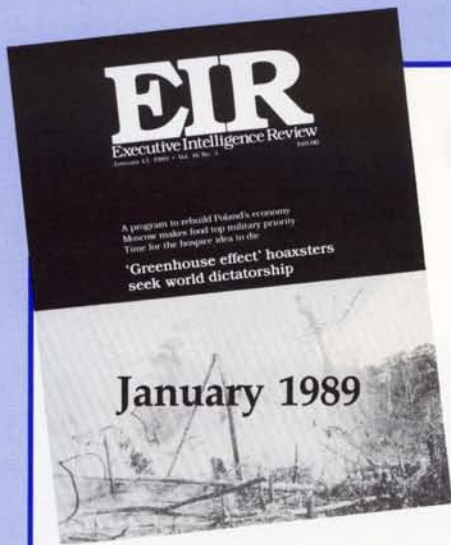
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EIR

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As the Space Telescope goes into operation, even more challenging astronomical technologies are being contemplated. *EIR* founder Lyndon LaRouche in 1986 proposed that we “imagine a lens with an aperture on the scale of the Mars orbit.” He was referring to synthetic apertures composed of widely separated receivers whose images are composed by computer correlation.

At the colloquium on Observatories in Earth Orbit and Beyond, held at Goddard Space Flight Center in late April, astronomers were not ready to accept LaRouche’s challenge. Yet some of them are hard at work with a successor to the Space Telescope to be sited on the Moon, with a 10-16 meter diameter—having up to 45 times the light-gathering power of the Hubble, and suitable not only for finding planets around other stars, but for seeking the spectral signatures of life on them.

It’s the kind of project the world’s youth should be directing its energies to. I am reminded of a remark by a Lithuanian correspondent of mine concerning Lithuanian President Landsbergis’s appeal to the West to broadcast the Ninth Symphony of Beethoven, with its famous choral Finale setting of Schiller’s “Ode to Joy.” “While it is certainly a nice idea to have the Ninth Symphony played and dedicated to Lithuanian freedom, I think what Landsbergis meant was, ‘give us some joy for a change,’ ” suggested my correspondent.

There’s no contradiction, of course. Nothing could be happier than the prospect of forcing the pusillanimous George Bush to change his Lithuania policy. Growing numbers of U.S. radio stations, many of which don’t normally play classical music, have responded to the challenge, conveyed by political associates of LaRouche, to beam the Ninth Symphony over the airwaves as a political message. Bush, meanwhile, claims that the American people (the opinion polls) are telling him to back Gorbachov against Lithuania.

One small victory indicates what is possible. After Landsbergis echoed *EIR*’s repeated charge that the sellout in Washington repeats Neville Chamberlain’s shameful appeasement of Hitler in Munich 1938, the State Department was forced to back down and grant a visa to Lithuania’s prime minister to visit Washington, where she will help to break the U.S. media blackout on Soviet brutality against Lithuania.

Nora Hamerman

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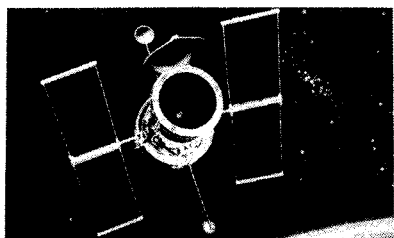
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Correction: Our Montreal bureau drew our attention to two errors in the article, "Is the British oligarchy preparing to balkanize the U.S.?" on page 20 of the April 27 issue. Quebec City, not Montreal, is the capital of the Province of Quebec; and the Canadian living standard is close to 85% of the U.S. living standard, not "about two-thirds." A regular Canadian news column will soon appear in *EIR*.

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Corporate bankruptcies set off local tax explosion

by John Hoefle and Anthony K. Wikrent

The Bush administration crisis-managers may have averted a full-scale financial blowout during April through direct manipulation of the markets via financial, political, and juridical means—but their administrative “fixes” have only made the situation worse: The treatment is exacerbating the disease. The reality of economic collapse is clearly evident in the disintegration of corporate profits being reported for the first quarter. That means layoffs, reduced funding of research and development, salary cuts, hiring freezes, and the myriad other actions—or lack of actions—that denote an economic depression. Particularly hard-hit are state and local governments, which are watching corporate tax collections shrivel.

So far this year, the United States has produced 25% fewer automobiles and trucks than it produced last year. The impact on companies that supply the automotive industry has been heavy. The American Iron and Steel Institute reported that overall shipments of steel to the auto industry, the largest consumer of steel, were down 27.9% in the first two months of the year. First quarter earnings at Inland Steel were 62% below those of the same period last year, with shipments of steel down 10%. USX Corp. announced that its first-profit dropped 41% to \$176 million. Bethlehem Steel Corp.’s profit collapsed 68% to \$21 million, with shipments of steel down 19%.

As for non-ferrous metal producers, profits at Amax, Inc., the largest U.S. producer of aluminum, plummeted 56.2% to \$50 million, on a 5.3% decline in sales. Alcoa said its profit for the quarter dropped 46%, while Reynolds Metal Co. reported its profit had dropped 38%.

Champion International, the large maker of spark plugs and other automotive parts, said its profit dropped 38.5%. Profits at Goodyear Tire and Rubber sank 77.9% to \$20.9 million for the first quarter, on a 27% collapse in original equipment sales to the auto makers.

Ford Motor Co. announced it was temporarily idling 2,700 workers on its Thunderbird and Cougar assembly lines for the sixth week so far this year, because of very slow sales. General Motors has announced a further reduction of its capacity: production at GM’s Van Nuys, California plant is to be shifted to New Jersey in a few years. Chrysler is mooting the possibility of shutting one of its Jeep plants.

Since Jan. 1, the government estimates that the economy has shrunk by 89,000 manufacturing jobs.

Lower corporate profits translate directly into lower tax revenues. Layoffs mean less discretionary income to spend in workers’ communities, hurting other businesses. The result is a spiral of collapse, as is seen in the bankruptcy of discount department store retailer Ames, the insolvency of the two largest convenience store chains, Southland Corp. (7-Eleven stores) and Circle K, and the mounting losses at the merchandising unit of Sears Roebuck, which lost \$134 million on operations this past quarter.

All of which means that the tax base is shrinking. “Corporate revenues have gone to hell,” exclaimed Georgeanne Meyer, chief economist of the Arizona Department of Revenue econometrics section. Arizona’s corporate tax collections thus far are \$98.4 million, 10.1% below the \$109.4 million collected by the same time last year. “There is a terminal budget crisis in this state,” Meyer added. “We expect a \$50 million shortfall this year, and a \$350 million shortfall next year.”

Karl Felsen, director of New York State’s Tax and Finance Department, told *EIR* that corporate tax receipts “look really miserable.” The take from corporate taxes in New York is down 8% so far this year, with a shortfall of \$113 million. “When you predicted growth in your revenue projection, that really hurts,” Felsen noted. Many business organizations are blaming the drop in corporate tax collections on

the 1986 federal tax reform. But Felsen disagrees: "We don't really know what's causing the decline," in tax collections, he said, ticking off other possible factors, including the 1987 stock market crash, and a massive increase in interest payment deductions because of leveraged buyouts over the past few years.

California has seen its corporate tax receipts drop about \$250 million or 4.5-5% so far this year. Personal income tax collections are down about 4%. In Hawaii, corporate tax receipts are down about \$8 million, or 10-11% below last year.

An analyst at the Taxation Department of Ohio told *EIR* that corporate tax collections "are much lower than we thought," and explained that his department has revised its projection of total collections from corporations downwards to \$83.4 million. Based on the shortfall being seen now, fiscal year 1991 projections have been revised down to \$48.5 million.

New York pension funds looted

New York State is adding a 10% or 15% surcharge on to corporate tax liabilities in order to raise additional funds to cover its budget deficit. The state has racked up a \$528 million shortfall in personal and business income taxes in March alone, and faces a \$1.8 billion budget deficit. In a blatant example of how the present economic and financial crisis is destroying the basis of survival in the future, Gov. Mario Cuomo has responded by "assuming" the state employee pension fund will earn a higher rate of return, and that the rate of inflation will be lower, reducing the state's liability to the pension fund. Cuomo "saved" \$325 million with these accounting gimmicks last year, and wants to "save" another \$200 million this year.

"This is robbery, pure and simple," Joe McDermott, president of the New York State's International Service Employees Union told the *New York Times* April 22. "They're using the pension funds as a piggy bank that they can turn over when they get into a jam."

New York City alone is facing a \$1 billion shortfall for the current fiscal year, and \$2 billion next year. City officials cited a shortfall in business tax receipts, which they blamed on the recent strong-arming by federal regulators to force the banks to write off more of their troubled loans, particularly in real estate. Mayor David Dinkins proclaimed that he will "cut to the very marrow of city services" to deal with the situation. Dinkins's statement came just one month after former Mayor Ed Koch finally denounced Lazard Frères banker Felix Rohatyn for attempting to assume near-totalitarian control of the city's purse strings on behalf of "Big Mac," the committee of Wall Street financiers that was given control of the city's finances during the credit crisis of 1975, and methodically dismantled public services, making New York the hellhole it is today.

In Texas, the state legislature is at an impasse over how

to raise \$550 million to prevent the state's schools from shutting down on May 1. In the Fort Worth-Tarrant County area, 240 people were turned away from one public health clinic in the last week of February alone, because of overcrowding and a staff shortage, resulting from a hiring freeze implemented in January. Program Director Lois Kantor told reporters that it "takes much longer to diagnose and treat patients today" because their diseases are "more complex, and often they suffer from multiple infections"—a sure sign that the public health system has already collapsed catastrophically.

Depression's vicious cycle

So, how are the federal, state and local governments to pay for the services which they are required to provide? They have three general options: 1) cut services, 2) raise taxes, or 3) borrow money. Given the extent of the crisis, they generally try a combination of the three. But many state and local governments, unlike the federal government, have balanced-budget requirements which prohibit them from operating in the red and which greatly restrict their ability to borrow.

The rub is, that in a depression, such as now, the population requires *increasing* levels of government services. Governments must provide food, shelter, clothing, and medical care for rapidly increasing numbers of dispossessed people. Without such support, many people will either die, or live in misery, generating the type of biological holocaust glimpsed in Fort Worth. Furthermore, if essential infrastructure projects are abandoned due to lack of money, then the future potential for growth of the economy is reduced, and the depression is prolonged. Thus, cuts in government services during depressions are cannibalistic in nature, and only serve to weaken and kill the population, and to deepen the crisis.

However, at the same time, the amount of money the average person has to cover expenses is sharply reduced. Discretionary income is collapsing, and most people haven't the funds to cover all the necessities. They perform budgetary triage, letting the "lesser" necessities slide.

And the United States has now reached the point where we as a nation can no longer attract sources of credit, let alone generate them ourselves. The financial markets are drying up, as monetary and financial assets disappear into the deflationary vortex. Everybody is trying to borrow to cover their losses, while the actual wealth-producing sectors of the economy evaporate. Fewer and fewer real dollars are available to cover the pseudo-dollars which were used to fuel the speculative bubble. There just isn't enough to go around, and state and local governments are low down on the totem pole.

The only answer is to rid ourselves of the insane usury of Wall Street and London, and begin producing again the physical goods needed for our mortal existence and that of our children.

French, Germans, Czechs ally for development

by Rainer Apel

At the diplomatic level, perspectives for concrete steps for the economic reconstruction of Eastern Europe at last became visible during the last week of April after a long interlude of debates and countermoves on proposals, plans, and projects for development.

There was, first of all, the decisive meeting April 24 in Bonn between the heads of the two German governments, Chancellor Helmut Kohl and his East German colleague, Prime Minister Lothar de Maiziere. Also the two foreign ministers, Hans-Dietrich Genscher and his East German colleague, Markus Meckel, met that day—five weeks after the March 18 elections were held for the new parliament in East Germany.

German unity advances rapidly

The German-German meetings in Bonn achieved agreement on the following key aspects: 1) A process of tuning in the policy, projects, and consultations would begin, working toward a common government of the reunified Germany of the future. 2) For the next sessions at the foreign minister level of the “2 plus 4” conferences, the first of these taking place in Bonn May 5, the two German governments would increasingly act as if they already were one government. 3) At the upcoming autumn sessions of the 35-nation Conference on Security and Cooperation in Europe (CSCE) panel on German unity and the future of Eastern Europe, the two German foreign ministers would speak with one voice. 4) The difficult job of renegotiating agreements on economic cooperation and exchange between the two Germans and the Soviet Union over the next weeks, while at the same time reorganizing the ailing East German economy within the German Monetary Union (GMU) between East and West Germany, would be taken on jointly by the two German governments.

So, on the German-German level, the prognosis *EIR* made recently that in a matter of a few weeks the “2 plus 4” talks would basically be transformed into “1 plus 4,” has been borne out by the April 24 meetings in Bonn. This helps to create a stable core of the “productive triangle of economic reconstruction” that is to be installed between Paris, Vienna,

and Berlin over the coming few weeks and months.

The Franco-German angle, which was somewhat problematic over the past weeks due to an embargo of the respective state bureaucracies on all production-oriented policy initiatives, has improved considerably since President François Mitterrand and Chancellor Helmut Kohl issued a surprising joint declaration April 19. They endorsed moving up the entire timetable for talks about the economic, monetary, and political integration of the 12 European Community (EC) nations, as well as the integration and association of the East European nations into the EC.

Political union of the EC, Kohl and Mitterrand declared, shall be achieved parallel to the start of the economic-monetary union in January 1993. Concrete steps shall be taken to prepare all relevant treaties by summer 1991, in order to leave time for the 12 national members parliaments to ratify the documents in the course of 1992, so that by Jan. 1, 1993, the entire package can go into effect.

The integration of the European Community and the unification of Germany shall be synchronized, Kohl and Mitterrand resolved at another meeting in Paris one week after this joint declaration.

Granted that the big diplomacy is still moving very slowly, these two initiatives, the German-German and the Franco-German, create favorable conditions for industry and banks to launch investments in what is to become that “productive triangle of economic reconstruction” between Paris, Vienna, and Berlin.

Production initiatives flourish

Two examples show the potential created by the diplomatic activity. First, right before the joint Franco-German declaration of April 19, the magistrate of Strasbourg, the capital of the French province of Alsace, published a report projecting a boom of industrial and commercial activities in that province, along with an overall expansion of East-West trade.

Currently, the industry and trade companies of Alsace have a share of 20% of France’s trade with Czechoslovakia, 16.6% with East Germany, and 12.6% with Hungary.

Strasbourg is, therefore, very interested in improving transport infrastructure and has teamed up with the four West German cities of Karlsruhe, Stuttgart, Ulm, and Munich for a joint initiative for the construction of a high-speed rail route connecting these cities. The initiative calls for close coordination of respective plans for completion of the French TGV and German ICE high-speed railway projects by 1996-97, and the proposal has already been presented to the governments in Paris and Bonn at the end of March.

Second, this has advanced the perspectives for economic reconstruction in East Germany and Czechoslovakia. The Bavarian state government in Munich just passed a special fund of 1.3 billion deutschemarks over the next three years for projects of transport infrastructure development and low-

interest credit for small and mid-size enterprises. The program is addressed, primarily, to the two East German regions of Thuringia and Saxony, which borders on the state of Bavaria. Both regions comprise the center of industrial production in East Germany, along with cities like Erfurt, Dresden, Jena, Leipzig, and Chemnitz.

Moreover, the magistrate of Strasbourg just signed a sister-city partnership agreement with Dresden, which includes the establishment of an Alsacian chamber of industry and commerce in that East German city.

But interrelations are also very close between Thuringia, Saxony, and the western part of Czechoslovakia, which is, again, the center of Czech industry with cities like Pilsen, Karlovy Vary, and Prague.

While discussion has begun, no concrete projects have yet been decided upon between the Czech government and the state government of Bavaria. Projects such as a four-lane highway from Nuremberg to Pilsen and Prague, and the modernization (doubling of tracks and electrification) of the two existing rail routes between Eisenstein and Pilsen, and Fürth-Pilsen-Prague are on the priority list of cross-border infrastructure projects.

Germany to become primary trade partner

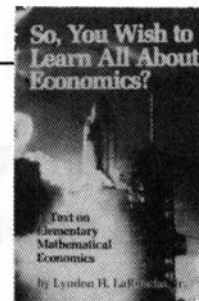
The Czechs, aware of the immense challenge of rapid modernization posed for their outmoded industries, see the positive aspect of German unification, which offers them a chance to reduce their dependency upon the Soviet Union and the Soviet-dominated East European economic bloc, the Comecon.

At a meeting of Comecon economic ministers and experts in Prague April 22, Czechoslovakian Vice Premier Vladimir Dlouhy said that a unified Germany will definitely become his country's number-one trade partner, "far more important than the Soviet Union is for us today."

The Dlouhy remarks reflect a debate in Czechoslovakia about where to concentrate investments in the intended reorientation of the Czech industry towards the West. This reorientation is encouraged by the dramatic collapse of Soviet deliveries and orders over the past two to three years. Soviet energy supplies to Czechoslovakia dropped by 30% in 1989, and over the past years, Soviet iron ore supplies to the Czech steel sector have deteriorated in quality. This has created an additional burden on the country's coal-mining sector because more coal has had to be used in the steel mills to turn bad iron ore into a somewhat acceptable quality of steel.

The Czech machine-building sector, largely dependent on orders from Moscow, and the power-technology sector most of all, has also seen a drastic drop of Soviet orders after the 1986 Chernobyl disaster.

Apart from the domestic need for improvements in the energy sector, the Czechs are looking for new export opportunities which could also assist in the modernization of the collapsing lignite-based energy sector of East Germany.



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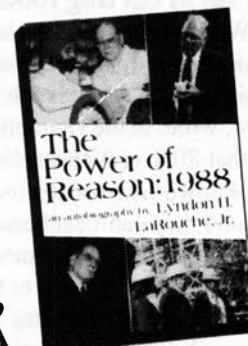
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White House hawks CAP's economic model

by Ana M. Papert

Anticipating the visit to Washington, D.C. of Venezuelan President Carlos Andrés Pérez, the International Monetary Fund's Visitors Center cosponsored a series of events with the Venezuelan Embassy dedicated to publicize Venezuela, during the second week of April. The events, presented in an ambiance of Venezuelan "modern art" and champagne, turned out to be an open invitation to sack the Venezuelan economy and its resources, without the least regard for the strategic interests of the country.

Just one week after the IMF hoopla, the U.S. capital was draped with Venezuelan and U.S. flags tied to the street lights around the White House. This publicity stunt seeks to gull the credulous into thinking the Venezuelan President's austerity program is a model to be followed. Hours before CAP, as he is known, arrived, the White House briefer bumbled to journalists, "We would like to support what CAP is doing economically as a model. We want him to know that we would support him, in international, multinational development banks, for example the International Monetary Fund, as we have with the commercial banks. Because helping to sustain that kind of courageous economic policy is very definitely in our interest. Now, more as a model for other countries than for Venezuela because it is obviously well into the process."

Let them eat dog food

While there is carnival in Washington, in Venezuela there is misery and hunger caused by the very policies the Bush administration admires. Héctor Stredel, a Venezuelan journalist, wrote in the Colombian daily *El Espectador* on April 16, that 70% of Venezuelans "are resorting to Perrarina [a well-known brand of dog food] to feed themselves, to replace the food they can't eat because it has become inaccessible." Since they can't obtain meat, rice, or fruit, "these families have decided to descend to the level of dogs," wrote Stredel.

On April 17, Roberto Smith-Perera, a member of the Venezuelan debt negotiating team, assured listeners at a forum at the IMF, that the Venezuelan government is planning to raise taxes, and prices of services and gas. A gasoline hike could trigger a new wave of street riots like those in February 1989, when thousands of people were killed in the streets while protesting CAP's economic program, after a similar increase in gas prices. However, the Venezuelan government, which titled its publicity stunt "The Great Venezuelan

Turnaround," is set to risk more lives to titillate the international banks.

Smith-Perera said, "We decided to move gasoline prices in the domestic market to international levels because we think that that is going to increase the national income and that subsidizing gasoline prices is backward and helps the rich more than the poor." On the tax increase, Smith-Perera claimed that individual taxes in Venezuela are very low, "so we have to increase taxes. . . . We know that we will have hard problems in the future because we are planning to introduce a substantial new tax reform."

The plan designed by the Venezuelan debt negotiating team includes the selling of strategic state enterprises like oil, aluminum, food processing, and manufacturing, to national and foreign private investors. Also hotels, telecommunications, and electricity are up for sale. With a color slide show, the Venezuelan program presented at the IMF talks about "restructuring" and "privatization," meaning in this case, more unemployment (see p. 9).

Smith-Perera agreed that massive layoffs are in the cards. "We will confront important unemployment problems as a consequence of the restructuring" of the Venezuelan economy. Smith-Perera added that his team is working on a "temporary" unemployment insurance, since there is none now! Nor will workers be the only victims. Lucía Pérez, president of the National Council of Small and Medium-Sized Industries, told the Venezuelan newspaper *Diario de Caracas* on April 16, that CAP's economic reforms are "going to leave in their path an incredible cemetery of industries."

State oil company 'for sale'

Frank Alcock, vice president of Petroléos de Venezuela, S.A., was the man picked to sell PDVSA at the IMF show. Alcock explained on April 19 that Venezuela owns the fourth biggest oil industry in the world, with investments in Germany, Sweden, the United States, and elsewhere. PDVSA, he said, is responsible for 80% of the foreign exchange that comes into Venezuela.

Alcock said that in 1978 only 0.5% of the company was owned by private investors but with the new program, the government expects that by 1995, 4.4% will be owned by private investors. PDVSA has a series of great projects to increase its oil production potential, for which it needs a \$2.1 billion investment between 1990 and 1995, which they hope to get through this new program.

Yet, if this investment is made using the mechanisms set up in the new law for foreign investment, we could see Venezuela becoming part of the assets of the illegal drug cartels. Edison Perozo, the chief of the Superintendency of Foreign Investment warned on Feb. 21 that this law, which permits "investments" to move in and out of the country with no questions asked, could lead to "implanting a drug economy," and that it would ease "infiltration by the infamous mechanisms for laundering dollars."

Venezuela debt deal: license for looters

by David Ramonet

On March 20, Venezuelan President Carlos Andrés Pérez announced that negotiators had reached agreement with the creditor banks to reduce the foreign debt service burden under the "Brady Plan," on terms similar to those granted Mexico in 1989. "We have been given the instruments to be able to begin the process of development and growth for our country, in accordance with the plans outlined in the Eighth National Plan, and in accordance with the Investment Plan presently under discussion in the Congress," Pérez bragged. In reality, the debt deal is just the opening gambit in a plan to open Venezuela up for the kind of looting that turned Thatcherite Britain into a slum.

The terms of the accord cover some \$20.5 billion of Venezuela's public sector debt of nearly \$30 billion, the rest being owed to the International Monetary Fund, the World Bank, and foreign governments. The deal was not the result of hard bargaining by Venezuelan negotiators; a set of "options" was presented by the banks themselves, and merely fine-tuned in later negotiations with Venezuela.

One chunk of the \$20.5 billion will be traded dollar-for-dollar for 30-year Venezuelan government bonds which will bear a fixed interest rate of 6.75%—a 30% reduction in interest rate. The other portion of the debt will be exchanged for 30-year bonds at 70¢ on the dollar, but will carry the full commercial interest rate, currently around 10%, thus reducing both the total indebtedness and the interest charge. All of the new Venezuelan government bonds issued will be backed by 30-year U.S. Treasury zero-coupon bonds which will have a face value in 30 years equal to the redemption cost of the Venezuelan bonds.

In a departure from the Mexico prototype, the smaller creditor banks agreed to let Venezuela buy back its debt from them at the secondary market price, much below par value. The net result for the Venezuelan government will be a saving of about \$750 million a year in debt service charges. Citibank and Chase Manhattan, among others, will also buy additional bonds that represent "new money" for Venezuela, to the tune of no more than \$1 billion.

The vultures are circling

Here's the catch: These bonds are not intended to be redeemed for *cash* in 30 years, but for tangible productive assets of Venezuela's economy over the next few years, which explains the banks' apparent generosity. The new Venezuelan bonds can—and are meant to—be used by the

foreign creditors to buy the companies of the Venezuelan state sector that will now be privatized in periodic sales or auctions. According to the Eighth National Plan, the priority sectors to be sold are the primary export revenue generators: petroleum and petrochemicals, aluminum, and steel. These auctions began in 1989 on a small scale, and will now proceed with petrochemical and other "mega-projects."

To help sell the public sector to the creditors, the government, in accordance with the Investment Plan, is trying to restructure, reorganize, and expand the capacity of the state companies, primarily those that export, to make them more alluring to private buyers.

Of the 127 trillion bolivars worth of investment envisioned by the Investment Plan, fully half is for "restructuring" the public companies, which is a euphemism for laying off many workers and cutting back operations. For example, the National Institute of Ports will cut its payroll from 15,000 to 5,000 workers. Orinoco Steel (SIDOR) will fire all employees producing steel for the domestic market, since SIDOR will specialize in products for export. Under the plan, companies such as Cadefe (electricity), Interalumina, Venezolana de Navegación (shipping), and others, are slated to be sold. Once restructured, the companies are to be recapitalized, and then handed over to the creditors in exchange for the new bonds issued as part of the debt deal.

In its haste, the Pérez administration is not even waiting for the Congress to approve the entire package. For example, the government approved the formation of the first private company, Aluminio de Angostura (Adalca), ever allowed to produce aluminum. Of its investment cost of \$720 million, \$369 million was the cost of a swap of debt for investment, organized by Britain's Midland Bank (see page 14); another \$234 million came from two European firms who will be repaid in future deliveries of aluminum; and the remaining \$116 billion came from Venezuelan tycoons led by the Diego Cisneros Organization.

The Eighth National Plan envisions doubling or tripling the export of aluminum and steel. But nary a thought has been given to whether the nation's infrastructure, above all its electricity production, can support the planned production increases. The company responsible for administering the Guri dam project, Electrificación del Caroni (Edelca), leaked a report in *El Universal* April 8, which warned that there doesn't exist the electrical generation capacity to meet the demand that the government is projecting these projects will require.

Edelca already sells 50% of its energy to basic industry, and 60% of that is for aluminum, which depends for its profitability on cheap power. The company says installed capacity cannot meet the increase in demand. The Venezuelan economy will not be able to withstand this looting plan to which the technocrats of the Planning Ministry intend to submit it by abandoning real economic planning to the "forces of the market."

Narmada project proceeds under the gun

This great river valley development project promises real benefits but faces an onslaught from India's greens, report Susan Maitra and Ramtanu Maitra from New Delhi.

A mighty river project, the Narmada Valley Development Project, the largest India has ever undertaken, is beginning to take shape amid growing opposition from environmentalists, some politicians, and movie stars trying to ape their Hollywood role models. The project is planned to be commissioned in stages, but when completed by the turn of the century it is expected to provide irrigation water to 5.2 million hectares of arable land, generate 3,500 MW of electrical power at peak load and make water available to at least 10.8 million rural people who do not now have access to an adequate amount of water.

The project is mammoth; work on it began about two decades ago. To get an idea of just how large the project is, it is necessary to look at the activity involved, and the cost. It encompasses construction of 30 major dams, 135 medium dams, 3,000 minor dams, and more than 75,000 kilometers of canals. The total project area is 96,350 square kilometers, and the estimated cost is about \$15 billion, a figure likely to prove conservative.

The Narmada River is India's fifth largest in size and the largest among the east-west flowing rivers. It represents an enormous untapped potential resource to deal power and water shortages for domestic as well as industrial and agricultural use over a large area. Without the project, river water utilization is barely 4%, as huge amounts of fresh water drain into Gulf Khambhat in the Arabian Sea unused every day.

Harnessing the Narmada

Rising near Amarkantak in Madhya Pradesh from the Maikal Range at an elevation of 900 meters, the Narmada flows west over a length of 1,312 km between the Vindhya Range to the north and the Satpura Range to the south. Perhaps the most picturesque of all Indian rivers, the Narmada is fed by hundreds of small and medium tributaries bringing rainwater runoff from the hills along both sides.

Hindu legend says that Narmada, the daughter of Lord Shiva, came down to Earth to quench the parched lands. Attracted by her beauty, the Yakhshas tried to capture her. To elude the powerful Yakhshas, Lord Shiva's daughter changed her guise from deep and somber to playful and shallow as she traversed her way to the sea. Indeed, the Narmada

has several faces: To the west of Jabalpur, where it cuts through a narrow gorge of white marble rocks, the river is as deep as 500 meters and placid as a lake. Less than 100 km to the east, the Narmada is known as the Sahashradhara (thousand streams) as it ripples through a broad field of rocks less than six feet deep but wide and noisy.

The core of the Narmada Valley development project is the construction of two major dams with large reservoirs. The Narmada Sagar dam (NS) will be located in Madhya Pradesh about halfway between the source and end destination of the river, while the Sardar Sarovar dam (SS) will be located in Gujarat. Most of the water storage, to feed the Sardar Sarovar, however, will lie along the run of the river in Madhya Pradesh.

The Narmada Sagar dam will irrigate 0.123 million hectares and generate 1,000 MW of electrical power at peak load, besides providing benefits such as flood control, pisciculture, tourism, and urban and rural water supply. The dam site is at Punasa in the Khandwa district of Madhya Pradesh. The cost of the project, as estimated in 1987, is about \$3.5 billion.

The Sardar Sarovar Project, with its site at Vadgam in Gujarat, will irrigate a far larger area than its upstream counterpart, the Narmada Sagar, which will also act as the storage dam for the Sardar Sarovar. With an irrigation potential of 1.9 million hectares and an installed capacity of 1,500 MW of electrical power, Sardar Sarovar will also offer benefits such as flood control, pisciculture, tourism and domestic water supply. The cost of the project is close to \$5 billion.

Benefits: beyond raw statistics

But to visualize the real benefits that these projects will bring in, one has to get beyond the raw statistics (**Table 1**). These projects will bring water where water does not now exist and prevent the Great Indian Desert from moving farther east or north, by not only irrigating vast tracts of land in Gujarat, but also 75,000 hectares of desert lands in the Bemer and Jhalore districts of Rajasthan. The Gujarat state government has already initiated a detailed survey of agro-industry potentials that will be opened up with the expanded irrigation.

Narmada Valley Development Project in India's river systems



TABLE 1
Salient features of Narmada basin development (tentative)

	Irrigation		Beneficiaries		Power Installed capacity (MW)
	CCA* (m/ha)	Annual irrigation (m/ha)	Farm families (m)	Rural population (m)	
Madhya Pradesh	2.8	3.1	0.8	6.0	2,050
Gujarat	1.9	2.0	0.4	4.5	1,450
Rajasthan	<0.1	<0.1	<0.1	0.2	
Maharashtra	<0.1	<0.1	<0.1	0.1	
Total	4.0	5.2	1.2	10.8	3,500

*Cultivable command area

Gujarat has been a perpetual victim of erratic rainfall, and it is expected that the vast tracts of land which will be irrigated by the water made available from the Sardar Sarovar Project command area will eventually help to break the bondage of poverty and drought. Nearly 43% of Gujarat suffers acutely from drought. During the last three decades, according to available official reports, the state has suffered ten famines of varying degrees. During the semi-drought situation in 1986-87 and the full-blown drought in 1987-88, the total crop loss suffered by the farmers in Gujarat was close to \$3 billion, according to one estimate.

Apparently all this, or at least much of it, will change once the Sardar Sarovar Project is completed by the middle of this decade. Yet, the Narmada Valley Development Project has not been warmly welcomed by everyone. A significant number of people, including some public figures, has raised questions about its viability. While many detractors argue that the Sardar Sarovar and Narmada Sagar projects are both environmentally dangerous, the majority of antagonists are concerned about the fate of the people being uprooted due to the submergence of land or other aspects of the project.

Awash in controversy

The major issues that have been lined up to oppose the construction of the project are the following:

Submergence of land. According to available figures, the Sardar Sarovar Project and the Narmada Sagar Project together will submerge about 130,000 hectares, of which 54,000 are reportedly forest land. In return, the two projects will irrigate about 2 million hectares of land.

Displacement of local populace. The two projects, SS and NS, will displace about 230,000 people, a significant number of them tribals. The government of India claims that an adequate compensation scheme for those who are being uprooted has been implemented. The project's opponents claim that the compensation offered is inadequate. While there is reason to believe this is the case, the "antis" have not come up with a counterproposal for an appropriate compensation plan.

Economic non-viability of NS and SS. The antis fish out all kinds of figures to justify this claim, including their own "secret" findings that the SS project will not be able to generate half as much electricity as is officially claimed. However, the projects have been appraised several times over. The government engaged the Tata Consultancy Services, a private firm, in 1981-82 to make an economic appraisal. Tata came up with a benefit-cost ratio of 1.84. The project was again assessed in 1985 by the World Bank before sanctioning \$450 million credit.

At the time the project was cleared in October 1988, the Planning Commission calculated the benefit-cost ratio to be 1.99. The calculation took into consideration supply of industrial water, domestic water supply to urban and rural pop-

Environmentalists in full cry

Of all the opponents of the Narmada Valley Development Project, Baba Amte, a white-haired, elderly social worker who earned kudos for his work among the lepers, is undoubtedly the most respected. He has published a book titled *Cry, The Beloved Narmada*. While Amte takes a position against large dams in general, in the case of the Sardar Sarovar Project he argues that as many as 30 of the 52 districts of Gujarat will go without water even with completion of the project, and therefore it is not viable.

Baba Amte goes further. He has prepared a cost-benefit ratio for the Sardar Sarovar which shows the cost will be more like \$6.5 billion, and not \$5 billion as the government says. Amte's cost-benefit calculation has not gone unchallenged, but in the meantime the old crusader has shifted his home from the state of Maharashtra to the banks of the Narmada to counter allegations that the antis are carrying out their campaign from air-conditioned rooms. Baba Amte also denies a recent allegation that he had been somewhat noncommittal when a dam was built in his home district, apparently unwilling to infuriate his fellow locals.

While no one doubts the credentials of Baba Amte as a "do-gooder," the same cannot be said of many other antis. Take for example the case of movie actress Shabana Azmi. A product of the Bombay movies, where mafia dons, smugglers, and black money peddlers help to fi-

ulation, as well as minimization of the fury of floods to the extent water could be stored in the reservoirs between full reservoir level and maximum water level.

Failure to conduct a proper environmental impact study before approving NS and SS. As the government of India points out, the states are carrying out environmental impact studies on the flora and fauna as well as on historical monuments. But the anti-Narmada activists claim this is highly irregular, and insist this was why the Ministry of Environment and Forestry and the Planning Commission withheld final clearance for eight years before finally giving the go-ahead "under pressure from the previous prime minister."

A project of the size of the Narmada Valley Development Project will invariably create various opinions, and all of them may not be favorable. But there is no doubt that the environmentalists are trying to make capital out of blocking

nance the atrocious amounts of undeclared fees raked in by movie stars, the highly photogenic Azmi is invariably photographed at environmental happenings looking dreamily ahead or with a sullen gaze fixed on Baba Amte or somebody. A Muslim and a woman, doubly powerful credentials, Azmi is obviously surveying the political field, looking for an opendoor.

Of course, there are also the professional environmentalists who have become extremely active writing books, planting stories through their journalist friends, and frequently traveling to one or another Western mecca for re-charging. One such professional is Ramesh Billorey. Billorey has learned the art of telling big lies, as opposed to stringing together a lot of small lies, to shock people into a state of numbness. It is a perfected tactic and works very well where 70%, if not more, do not have any idea what Billorey is talking about.

In his book, *Damning the Narmada*, Billorey, concerned about the wildlife because of the submergence of certain areas, says: "Human beings can organize and disrupt even the construction of a dam. Animals, of course, cannot. Therefore, they are being left literally to the winds, to face a bewildering future or watery grave." Such hyperbole is characteristic of Billorey, a modern-day professional environmentalist. In this book he also threatens the human population that if the project is allowed to be built, the area may face a reservoir-induced earthquake causing devastation, waterlogging due to irrigation, and loss of fertile fields.

Then, there is Modha Patkar. A quintessential activist, slugging her rucksack and an armful of files, Patkar breathes fire and, often, pure hatred. She makes absolute statements like alleging that the Narmada Project "de-

stroys in the name of development." She says: "The Narmada project is like a Mohammed bin-Tughlak experiment that is doomed to failure" (a reference to the mad king who shifted his capital from Delhi to Daulatabad in 1327, causing an enormous waste of human lives and draining the treasury).

Patkar says the Narmada project is doomed because of the high siltation in the rivers on account of a degraded watershed. The experts, however, do not quite agree with her logic. They point out that 30 major dams, 135 medium dams, and some 3,000 minor dams will do well to trap the silt before it comes to the NS or SS reservoirs. They maintain that these reservoirs have a minimum life of about 333 years.

Patkar, like fellow environmentalists, is careful not to attack the Ministry of Environment and Forestry where Mrs. Maneka Gandhi, a self-proclaimed environmentalist, rules the roost. Mrs. Gandhi's claim to fame as an environmentalist rests in part on the publicity she receives (as all active Nehru family members do) for taking care of Delhi's stray cats and dogs, and sometimes monkeys. She is aware of her dubious credentials, and confided to a journalist recently her belief that behind her back people call her minister of cats and dogs.

Maneka Gandhi is a good friend of the German Greenie "suprema," Petra Kelly. More than a solidarity of tough women, Gandhi and Kelly see eye to eye on the environment issue. Mrs. Gandhi was recently accused by an opposition politician of using her authority in a meeting with a West German minister to goad him to influence the World Bank to withdraw its grant to the Narmada project. She refuted the allegation claiming it was a private meeting.

it. Besides high-level lobbying and snaring in such luminaries as Baba Amte, a respected social worker, a number of movie stars trying to emulate Jane Fonda and Liz Taylor (see box), and some literary figures, the antis put up an impressive demonstration, complete with torchlight procession and tribal dances, last September in the tiny village of Harsud in Madhya Pradesh. A number of then-opposition politicians, including the present Minister for Environment and Forestry, Maneka Gandhi, were present to cheer them on. Since those politicians are now running the government, the hopes of the anti-Narmada activists are running high.

The project is also a victim of local politics. Since the longest stretch of the river is through Madhya Pradesh, the Madhya Pradesh state government expects maximum benefits to go to that state and not to Gujarat. However, one of the major purposes of the project is to bring water to the arid lands of Gujarat and Rajasthan as well as Madhya Pradesh.

So, predictably, Madhya Pradesh politicians, irrespective of political party, have begun to raise the war cry that the state's ecology will be destroyed for Gujarat's benefit. Gujarat, for obvious reasons, does not want the project to be reevaluated or altered even minimally.

At the moment, the environmentalists, with a silent nod from the Minister of Environment and Forestry, are trying to bring the Madhya Pradesh politicians into their fold to stop the project work. Some amount of pressure has been exerted on the World Bank to reconsider the \$450 million financial assistance to the project that has already been approved, including airing of the issue in the U.S. Congress and a recent seminar on the Narmada Project in Washington reportedly organized by a Japanese non-governmental organization. The bank, however, recently restated its conviction that the project is both viable and essential, and announced there would be no suspension of funding.

'Black Friday' nears for Britain's Thatcher

by Mark Burdman

Ironically, the same institutions that have been insisting that nations in the developing sector and in Eastern Europe apply "Thatcherite free market" economic reforms, are now rating Mrs. Thatcher's Britain itself as an economic basket case.

On April 20, the International Monetary Fund, which imposes austerity policies and radical "free market" reforms on debtor nations, released its latest *World Economic Outlook*. The report stated that Great Britain had the lowest growth, the highest inflation, and the greatest current account deficit as percentage of size, of all the Group of Seven industrial nations.

On April 24, the chairman and chief executive of Britain's Midland Bank, Sir Kit McMahon, warned that Britain's domestic economic collapse, particularly the government's high interest rates, is hurting its banks. Midland's profits, he stated, are "currently running well below the level achieved in the very different conditions prevalent in the first half of the year." He pointed to the depressed state of the British housing industry and the sharp rise in British corporate bankruptcies, as factors driving the banking crisis. The *Financial Times* of London commented April 25 that the City of London "was taken aback by the bluntness of Sir Kit's message," and said his warning was "the first of its kind for several years from the chairman of a large U.K. clearing bank."

Midland Bank is a leading banking institution of the Anglo-American freemasonic establishment. One of its chief officials is Sir Michael Palliser, formerly a senior official in the British Foreign Office and for years the leading British spokesman in David Rockefeller's Trilateral Commission. Midland has been advised through the years by the Kissinger Associates consulting firm, which was busy throughout the 1980s bullying Ibero-American countries into adopting "Thatcherism."

Figures released on April 25 showed the collapse of construction. Orders for new private housing fell by 42% in the first three months of 1990, as compared to the same period a year ago. Britain's March trade figures were released the same day, showing a deficit of nearly £2.2 billion, second highest ever in Britain. This brought the FT-SE stock exchange index to its lowest point since October. One City expert was quoted by the *Financial Times* April 26 that "the market was looking for an improvement to temper the doom

and gloom. . . . Another sterling crisis is on the horizon." It is increasingly feared that the government will, as a result, raise interest rates again, from their current sky-high 15% level.

Thatcher's political future

Prime Minister Thatcher, the erstwhile "Iron Lady," is facing a new political fiasco in local council elections across the U.K. on May 3. A poll printed in the *Independent* newspaper of April 25 shows the Labour Party ahead by a 54-28% margin among those who intend to vote on May 3.

Financial Times correspondent Samuel Brittan wrote April 26, that the expected local councils' fiasco will only be a prelude to the anticipated events of May 11, "a day which can already be named Black Friday." On May 11, the April retail price inflation figures are to be released. These will be the first figures to reflect the effects of the Thatcher "poll tax," which went into effect in England and Wales on April 1. It is expected that the U.K. has entered a period of double-digit inflation during April, commented Brittan.

The poll tax is the main immediate cause of popular restiveness. This is a tax for local community charges imposed on a flat-rate basis, a change from the earlier policy of taxes imposed on the basis of ability to pay. Several U.K. commentators have likened the poll tax to the hated taxes imposed by the ministers of King George III in the mid-18th century on the American colonies, sparking the American Revolution against British colonial rule.

The poll tax was the main cause cited by voters in the opinion poll published by the *Independent*, for why they would be voting for Labour May 3. High mortgage and interest rates were the next most frequent reasons cited.

Britain is facing a new era of labor ferment. Manual workers at the giant Imperial Chemical Industries announced April 24 that they will demand a 14% wage increase. Similarly, the workers in the various unions in Britain's transport sector have indicated they will demand double-digit wage rises. On April 12, Jimmy Knapp, general secretary of the National Union of Railwaymen, declared that the members of his union "are faced with great financial pressures in the year ahead, with horrific poll tax bills, rent or mortgage increases, higher water, gas and electricity charges, and food, petrol and other costs." A spokesman for the Transport and General Workers' Union stated: "Government incompetence over the economy is driving our members into poverty, and quite properly they are making claims to protect their living standards. It is nonsense to say that working people are driving inflation."

Because of cutbacks in investment spending, heavy job losses are expected in the metalworking sector. A mid-April poll shows a complete collapse of Thatcher's base of support among skilled workers who had tended to support her as a protest against Labour in the 1980s, but who now show a 3-to-1 preference for Labour over the Tories.

Eco-fascists target tuna fishermen

by Andrew Rotstein

Acceding to pressure from the further reaches of the “animal rights” movement, the three largest canners of tuna sold in the United States announced in April that they would no longer market tuna caught by means that might endanger dolphins. The Starkist division of H.J. Heinz, Van Camp Seafood’s Chicken of the Sea, and the Bumble Bee brand, will stop buying tuna caught by the highly efficient purse seine technique, and will soon label all their products as “dolphin-safe.” The three firms together market 70% of the tuna sold in the country.

The step was taken in the face of a hysterical propaganda campaign that selected and grossly distorted the facts of the issue, and sought to portray tuna fishermen as a pack of buccaneering sadists.

As often happens with those misinformed-or-worse charlatans who hide behind the name of “environmentalists,” the effect of these actions will be anything but benign. The results will likely include increasing costs to the consumer, sacrificing U.S. jobs, and imperiling the tuna population by increasing the catch of younger fish. It is even doubtful that there will be any beneficial impact on the dolphin population—the cuddly marine mammals whose numbers are, in any event, actually *increasing*, according to scientists.

A model of efficiency

The controversy stems from the fact that the yellowfin tuna in the rich fishing grounds of the tropical eastern Pacific characteristically travel in schools, in the company of large numbers of dolphins. The reasons for this are not entirely understood, but may have something to do with their complementary feeding patterns.

Around 1960, the San Diego-based U.S. Pacific tuna fleet started using very large nets, called purse seines, to catch the fish, replacing much less efficient techniques. The productivity of the industry is crucial, because the price paid per unit weight of fish has fallen over the years. Thus, only the very large volume of catch made possible by the industry’s capital-intensity makes this excellent source of protein an affordable part of the diet of many Americans.

The dolphins normally swim above the tuna, and some get caught in the nets. Over the last 30 years, the industry has pioneered techniques of freeing the vast bulk of the dolphins, though some invariably perish anyway. Each registered

American vessel is required to carry a government inspector who carefully tracks the mortality count, which is limited by law to about 20,000 per year.

As the technology of the release mechanism and the skill of the crews have improved over the years, the mortality rate has plummeted. Government records indicate that of the 3,403 net-catches, or “sets,” conducted by the American fleet last year, fully 58% had *no* dolphin deaths, and nearly 90% had five or fewer, although in the average set, 650 dolphins are initially caught in the net. The U.S. dolphin toll dropped to 12,649 last year, compared to 17,000 in 1973—and this in a world where the spotted dolphins alone number over 6 million!

The anti-tuna interests maintain that a few government inspectors have underreported mortalities, and that the figures omit those animals that are seriously injured, leaving them vulnerable to predator sharks. Such scandal-mongering is, of course, the stuff on which unscrupulous “investigative journalists” and fundraisers thrive. But typically, it obscures the larger picture: Authoritative studies by marine scientists estimate that the population of various dolphin species, which had all declined between the 1960 initiation of the purse seine method and the late 1970s, have risen sharply since 1979, and are now approaching their pre-1960 numbers.

‘Don’t bother me with facts’

But the animal rights enthusiasts, who show more concern for warm-blooded beasts than for the human victims of malnutrition, appear unmoved by facts. They have instead concentrated their publicity campaign on the alleged wanton maiming and murder of innocent animals, an approach that nets fundraisers for groups like Greenpeace staggering sums each year.

The San Francisco-based Earth Island Institute has widely circulated an “undercover” video replete with gory shots of dead and dying dolphins. The problem is, the shots were taken on a Panamanian-flagged vessel of French design and French catch technology—quite different from the American versions, and unimpeded by U.S. regulations.

In fact, even the EEI and Marine Mammal Fund admit that foreign fleets kill many times more dolphins than American operators. Yet it is precisely the tuna boats of these other countries that will pick up the slack left by the American fleet. The U.S. boats, in turn, will be left either to fish for younger tuna—which do not travel in the company of dolphins, but whose catch will endanger the tuna population in the future—or they will have to travel to the western Pacific waters, where competition is intense and where transportation costs back to the American market will be higher.

A cult of animal worship

The animal rights movement, which has demanded everything short of luxury chateaux for farm animals, has created

a mystique around the dolphin. Although the animal has some interesting mental traits, and shows an endearing affinity for humans somewhat like a house pet, the save-the-dolphins fad is the work of a cult—and a highly lucrative one, at that.

Much of the interest springs from a scientist-turned-mystic named John Lilly. Lilly began by doing some purportedly serious studies of the dolphin brain in the 1960s, but by the 1980s was arguing with a straight face that dolphins relayed extraterrestrial guidance toward a higher consciousness. This notion attracted a swarm of those rigorous minds who are otherwise drawn to Hollywood, including Kris Kristofferson, Olivia Newton-John, and Phyllis Diller, all of whom communed and swam with Lilly's captive specimens in Los Angeles. Some aficionados apparently considered Flipper and his friends to be reincarnated intelligent beings from another planet—"Martians in wet suits," as *Time* magazine called them.

As the purveyors of the animal-rights hype began spreading their ideology to schoolchildren, saving the dolphins—that is, shutting down the tuna industry—became a *cause célèbre* for the super-sensitive and the earth-conscious.

One jet-setter who saw the spurious "dolphin-killer" film was Ani Moss, a former model whose husband, Jerome Moss, is the head of A&M records. She persuaded her husband to donate an A&M sound stage to put on a "Dolphin Awareness Evening" for the glitterati, and prevailed on him to lobby Anthony J.F. O'Reilly, the chairman of Heinz, with whom he shared some contacts through charitable activities.

On top of the Moss connection, there are rumors in the tuna industry that the Greenpeace group had been moving to accumulate a block of stock in the Heinz firm, and to otherwise influence shareholders through a corporate campaign. The *Wall Street Journal* reports that Heinz is now asking the government to strictly limit the number of "non-dolphin safe" tuna that can be imported, in a kind of back-door protectionist move.

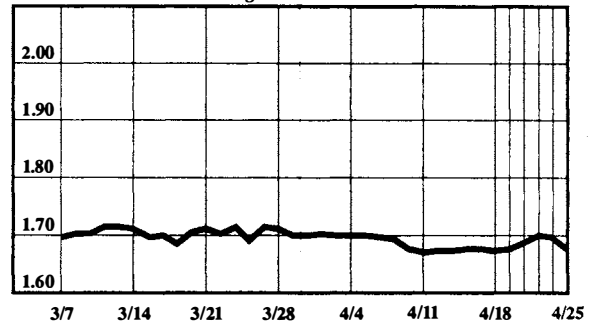
Ironically, while most U.S. tuna boat operators take care to preserve the dolphin for both economic and public relations reasons, other nations do not have the same view. According to one industry source, Peru harvests over 10,000 dolphins a year, and the meat sells for less than chicken in the market. In any event, squeezing U.S. tuna fishermen out of the eastern Pacific will leave these waters to South American operators with inferior technology and less painstaking practices, probably increasing the dolphin kill.

There are fewer than a hundred operating U.S. tuna vessels left, as two-thirds of the fleet was lost in the 1980s, along with 12,000 cannery jobs in southern California, in the last invasion of imports. Perhaps most ominously, the affair shows the influence a band of kooks can have when they cleverly play to the irrational feelings of an uninformed population.

Currency Rates

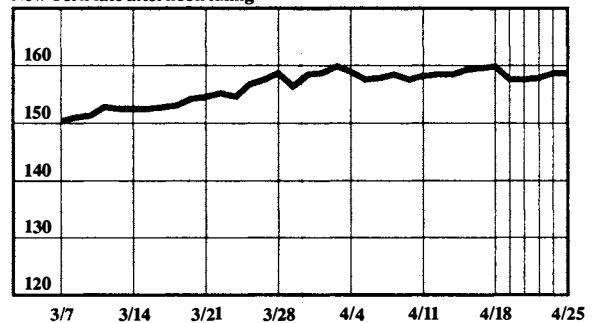
The dollar in deutschemarks

New York late afternoon fixing



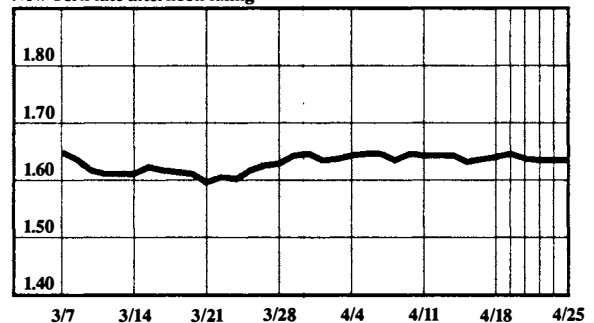
The dollar in yen

New York late afternoon fixing



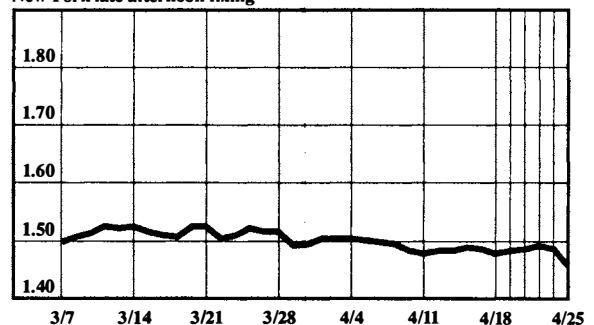
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Iowa to sue FmHA over poisoned corn

The Federal Land Bank and Farmers Home Administration created worst case of aflatoxin in the world.

As of April 23, the Iowa Attorney General was preparing to sue the Farmers Home Administration for negligence in causing a 12,755 bushel pile of aflatoxin-poisoned corn to appear in Iowa, and then failing to dispose of it. The FmHA had until April 20 to deal with the corn pile, now sitting in eastern Iowa, but no action was taken. The corn was grown in Oklahoma in 1989, and found its way to Iowa after a series of actions by the Federal Land Bank, the FmHA, and court officials in Oklahoma.

The corn may be the worst case on record of contamination by aflatoxin—a substance produced by a mold that tends to thrive on drought-stressed corn and other crops.

The history of the hazardous corn pile dramatically shows the role that many federal agencies related to the U.S. Department of Agriculture are playing in endangering crops, livestock, and people.

State laboratory officials estimate that the corn has 1,600 times the maximum allowable limit of aflatoxin for human consumption, although the crop is field corn for livestock use. Some of the corn that found its way into livestock feed last winter resulted in three dead hogs and other animals being sick.

There is a reading of 32,300 parts per billion of aflatoxin in the corn; 20 parts per billion is the upper safety limit set by the Environmental Protection Agency. During the killer drought of 1988, Iowa farmers worried when there were only 5 parts per billion present.

The corn was grown in Rogers County, Oklahoma. In early 1989,

George Gentry, an experienced farmer and political leader in the state, planted the corn on a 400-acre tract that he rented on a cash lease basis (i.e., not crop sharing) from a local farmer.

As the Gentry corn was growing—and promised to be a good, \$40,000-plus harvest—the Federal Land Bank, asserting possession of the farmer's tract, put the acreage up for sale and *illegally* offered the prospective buyer the rights to the Gentry crop growing on the land!

In this grasping action, the Federal Land Bank was following the practice of many other branches of the Farm Credit System, which has been foreclosing on farms and wreaking havoc on the agricultural sector for years.

Gentry got a lawyer and impounded the Federal Land Bank officials to back off. They refused. As the crop season progressed, they continued to advertise the property for sale, including in it the rights to the Gentry crop.

Finally, in August, to protect his claim, Gentry cut his crop early, under duress. The corn plants at that time had a 30% moisture content, when 18% is considered maximum.

Gentry then spent a month carefully storing and handling the corn, using natural gas and air dryers and all means he could, to dry out the grain and preserve it in the best condition possible.

While doing this, he continued to appeal to the Federal Land Bank officials to abandon their false claim and give him clear title to his own crop. Gentry needed the proceeds of this harvest in particular, to pay the costs

of fighting against the Farmers Home Administration (a USDA agency that was founded to function as a lender of last resort in order to help farmers stay in operation). The FmHA had been moving against Gentry for months to take his land and possessions, and shut him down.

Finally, in the fall, Gentry got an agreement from the Federal Land Bank to allow him to gain title to most of his corn crop. But in November, he had to declare Chapter 11 bankruptcy due to the disruption in his farming operations.

The FmHA, unsatisfied, then forced Gentry into Chapter 7 (involuntary) bankruptcy, and laid claim to everything he owned, including the corn.

Over the winter, FmHA officials repeatedly bullied Gentry saying he dare not dispose of so much as a kernel of his possessions without clearance from them first.

All the while, as if by an act of Divine Justice, mold was growing in the newly acquired FmHA corn crop on a scale never before seen. A September heat wave had spurred the mold, and by winter—when the FmHA seized all the Gentry possessions—there was massive aflatoxin contamination.

Acting as if unaware, the FmHA sold the corn to a scavenger-broker for eventual re-sale to the grain trade to be “blended” up to acceptable levels with clean corn. The corn was then transshipped to eastern Iowa, where officials discovered the massive contamination. The local sheriff is now patrolling the site to keep out the public.

The FmHA's attorney Robert Bird, in Stillwater, Oklahoma, lamely told the *Des Moines Register*, “Hell, I don't know 20 parts per billion from 5,000 parts per billion. All we're asking is for everybody to understand it was checked out with the FDA.”

Business Briefs

Asia

Soviet weekly praises Taiwan economic model

The Soviet weekly *New Times* printed a feature in its No. 15, 1990 edition, advising that "it's about time we took an objective and closer look at the enormous breakthrough Taiwan has accomplished before our very eyes."

Author Alexander Chudodeyev praised the intellectual circles of Chiang Kai-shek's Kuomintang and said that when they fled from the mainland in the late 1940s, "they were determined to preserve civilization and culture and to hold out against all the difficulties." Today, Chudodeyev writes, Taiwan is a "dynamically growing society in a class with the Asian industrial 'tigers.'"

"Without giving up the traditional values of ancient Chinese culture, the Taiwanese have adopted the latest achievements of the Western economic thought and gear them to their own needs," he wrote.

Chudodeyev stressed that "even 'daily bread' was in short supply" in the 1950s, but because land reform made peasants "masters of the land," farmers met the island's demand for food. "A complete solution of the food problem became possible in the eighties when agriculture became a highly profitable branch of the economy with a far-flung infrastructure," he asserted.

Eastern Europe

Czechs create framework for capitalism

The Czechoslovak Parliament has been in session since April 18 voting laws that change the status of property in the country, creating the legal framework for industrial capitalism.

A constitutional amendment was passed that recognizes private property and extends legal guarantees identical to those protecting state and collective property. Private companies can be established from May 1 without a ceiling on the number of employees or the amount of capital. Joint-stock corporations will be able to be created without prior state

approval. Foreign companies will be able to invest in either existing or new companies, including state enterprises to be turned into joint-stock companies.

The government increased health and social security taxes paid by employers from 15 to 25%, and decided that the state will keep control of companies in national areas of interest including transport, telecommunications, water, energy, and some large industrial concerns—about one-third of the productive sector—rejecting any "savage privatization."

Investment

U.N. says no Marshall Plan for East Europe

There should be no "Marshall Plan" for Eastern Europe, concluded a report released by the United Nations Economic Commission for Europe on April 17.

The report argues that Eastern European nations would not be able to absorb such assistance, even though the money proposed by 24 Western countries is far short of the \$65.4 billion (in current dollars) given to Europe under the Marshall Plan.

The report claims, contrary to sound economic policy, that donations should be minimal and technical assistance—which the U.N. economists specify as financial, judicial, institutional, and other overhead to help obtain reliable statistics purportedly indispensable for a market economy—should come first.

Finance

Prudential-Bache leaks Brady Plan for U.S.

The client report for the third week in April from the Wall Street brokerage firm Prudential-Bache, elaborated on Bush administration plans for the top-down reorganization of U.S. financial markets.

Citing Treasury Undersecretary Robert Glauber, who has been identified as a key member of Brady's secret "financial market

crisis team," Prudential-Bache says Brady plans to 1) merge S&Ls into banks (which *EIR* predicted eight years ago); 2) eliminate the Office of Thrift Supervision; 3) merge the S&L insurance fund, FSLIC, with the one for commercial banks, FDIC; 4) slash deposit insurance levels from \$100,000 per account to \$50,000; 5) repeal the 1930s-era Glass-Steagall law forbidding banks from trading securities; and 6) reshape financial regulation.

"Brady is so concerned about the massive S&L bailout and federal exposure to other financial ills that he wants a top-to-bottom overhaul of the financial industry on a par with legislation of the 1930s," the letter read. It added that the official details will not be made public until *after* the November 1990 elections.

Infrastructure

Supertanker system at breaking point

The system regulating supertankers in port is stretched to the breaking point, according to an internal Coast Guard study completed last October and secured by the *Seattle Times* through a Freedom of Information Act request.

According to the study, entitled "Report of the Tanker Safety Study Group," today's oil tankers are longer, wider, and deeper, but were built with 18% less steel. They are being kept in service longer, and are being sailed harder and faster than planned, causing many to develop cracks in the hull. But owners force the captains to keep the vessels in service under increasingly tighter schedules.

Tanker crews have been reduced in size, leading to increased work loads and strains being placed on them. The study reported repeated instances where exhausted chief mates fell asleep while being interviewed by Coast Guard inspectors after arriving in port. Human error is reportedly responsible for 75 to 90% of all tanker accidents.

The report said the Coast Guard does not have the resources to adequately inspect tankers, with less than 20% of the inside of cargo tanks inspected and foreign tankers getting less attention.

Written by a group of five Coast Guard officers headed by Rear Adm. H.H. Bell (ret.),

the report bluntly states, "The Coast Guard cooperates with the owners and operators by allowing ships to be unprepared for inspections by using the old excuse that we are facilitating commerce. While admittedly, part of the Coast Guard's mandate is to facilitate commerce, the more important mission is to ensure vessel and crew safety."

Transportation

GM to produce electric car

General Motors chairman Roger Smith said April 18 that the company will market an electric car for personal use and said GM's goal is to be the first automobile company to mass-produce an electric car that performs as well as current internal combustion engine vehicles.

Smith said GM has completed its business plans for an electric car and is working to complete production plans and marketing and service arrangements.

When GM unveiled its electric car prototype, the Impact, it said consumers expressed interest until they found out it could cost them an extra \$1,500 a year for batteries and electricity. Drivers would have to stop for two to eight hours to recharge the batteries—making long trips unfeasible.

While each of the big three U.S. auto-makers is testing a prototype electric vehicle, the United States lags behind other nations. In Europe, for example, Italy's Fiat will begin selling an electric version of its popular Panda subcompact model in June.

Third World Debt

Nigeria limits payments to exchange earnings

Nigeria has announced that it will limit debt service payments to 30% of its foreign exchange earnings. The announcement came after the member banks of the "London Club" rejected Nigeria's proposal in March to issue a 30-year bond yielding 3% interest in exchange

for \$5.5 billion of debt bearing 10% interest. Nigeria now owes to commercial banks.

Nigeria owes \$32 billion to foreign creditors, including \$5.5 billion to Western commercial banks, and was scheduled to pay \$4.5 billion in debt service this year. However, oil revenues, 90% of Nigeria's foreign exchange, have plunged from \$26 billion in 1980 to less than \$9 billion last year, and are expected to be \$7.5 billion this year. Nigerian Bonnie Light crude is selling for \$16.15 a barrel, down \$2 from mid-March and production is running at around 1.8 million barrels a day, 200,000 over Nigeria's quota in OPEC.

Nigeria's Gross National Product per capita has plunged from \$1,090 in 1981 to about \$250 last year.

AIDS

Uganda caseload doubles in one year

Sam Okwaare, the director of the Ugandan government's AIDS control program, said in a speech April 20 that there were 12,444 confirmed AIDS cases in Uganda at the end of February, Reuters reported. This is double the roughly 6,000 cases that were reported to the World Health Organization at the same time last year.

Okwaare said 10.5% of the AIDS victims in Uganda were children under 12. One of the major arguments against insect transmission of the AIDS virus is the supposed lack of infections in this age group.

The Argentine government also estimates that there are between 15,000 and 40,000 carriers of the AIDS virus in that nation, and has warned that intravenous drug use is the means by which the virus is spreading most rapidly throughout the population. Dr. Jorge Uzal, Buenos Aires' medical director, reported at a recent conference in Mar del Plata that there are 100 cases of full-blown AIDS and approximately 10,000 infected in the province of Buenos Aires.

The World Health Organization recently warned that the region made up of Argentina, Uruguay, and southern Bolivia showed a 217% increase in AIDS cases last year.

● **GATT HEAD** Arthur Dunkel attacked national sovereignty in an interview at a General Agreements on Tariffs and Trade meeting April 18 in Puerto Villarta, Mexico. "There does not exist a country in the world that can consider itself sovereign in the sector of economic policy," he said.

● **THE PHILIPPINES** approved an electric power-rationing plan for Manila to cope with daily blackouts across the city, Reuters reported April 18. Labor Secretary Ruben Torres said "We don't have sufficient rain to fill our dams which generate electricity . . . compounded by some breakdowns in the oil-fired generating plants."

● **JAPANESE** companies took the four top slots in U.S. patents awards in 1989. Hitachi was granted 1,053 patents, followed by Toshiba (961), Canon (949), and Fuji Photo Film (884). The top U.S. company, General Electric, with 818 patents, was in fifth place.

● **INSURANCE** companies are cutting coverage of personal policies due to unprofitability, the April 23 *Wall Street Journal* reported. Stricter state regulation, increasing competition, and higher costs, including lawsuit settlements, are making lines like auto and home policies into losers.

● **DOWN'S** syndrome may be treatable "within 10 years," Dr. Jerome Lejeune, director of the Center for Research in Human Genetics and Disorders of Intelligence in France, told the Eighth World Conference on Love, Life, and the Family hosted by Human Life International in Miami, on April 18-22.

● **THE SECURITIES** and Exchange Commission is opening a private market for stocks and bonds for institutional investors. It will allow companies to issue securities without the disclosure demanded of firms that offer shares or debt to the public.

The Space Telescope's mission in the solar system

The Hubble is not often thought of as a solar system probe, yet over 10% of observing programs accepted so far are solar system studies. David Cherry reports.

The Hubble Space Telescope lifted off aboard the Space Shuttle Discovery on April 24 at 8:34 a.m. amid great rejoicing. Lyman Spitzer, the Princeton professor emeritus called grandfather of the project, was on hand to see the telescope go up. Also at Cape Canaveral were many of the scientists who have devoted years to ensuring success for what James Beggs, NASA Administrator in the early 1980s, once said might be "the most important scientific instrument ever flown."

The telescope—a joint project of NASA and the European Space Agency—is best thought of as an entire observatory. The various instruments in the observatory exploit different wavelength bands within the wide sensitivity range of the central mirror, on which they all depend. The central 94½ inch mirror (2.4 m) is sensitive from the ultraviolet, through the visible band, and into the near-infrared.

The mirror is more exact than any mirror to come from the hand of man. At no point does the mirror depart from the intended figure (curvature) by more than 25-millionths of a millimeter. If the mirror were stretched to fill the extent of the United States from coast to coast, that maximum deviation would only amount to a quarter of an inch! Such perfection has no value for ground-based telescopes. The constantly varying refraction of the atmosphere that causes the stars to twinkle degrades the images formed by telescopes.

Escaping the atmosphere also has other major advantages. It allows the telescope to detect major portions of the spectrum—in the ultraviolet and infrared—that simply do not penetrate the atmosphere, or do so weakly. It also allows very faint sources that are washed out by "sky brightness" to be seen. Sky brightness is a low level of scattered light that illuminates the sky even in the darkest night.

When Lyman Spitzer first proposed a large telescope in Earth orbit in 1946, he identified four objectives for such an

instrument: 1) The extent of the universe, 2) the structure of galaxies, 3) the structure of globular clusters, and 4) the nature of other planets. Today the list has not changed much, nor has the order of the priorities. The instrument has been built according to Spitzer's vision, to favor the study of the universe on the largest scale. As this magnificent exemplar of the human spirit goes about its cosmic business, it has a crucial role to play in exposing to view the workings of our own solar system. Its other objectives will be reported in these pages in weeks to come.

The Space Telescope observes the solar system

In several ways, the Space Telescope will provide information about the solar system that is superior to that gathered by the fly-by missions. The quality and variety of its instrumentation is superior to that of the fly-bys; it will be able to track atmospheric and other changing features on the planets over several revolutions; and it can return to its subject again and again over the years. The Space Telescope gives us a presence in the solar system that we have never had.

Unfortunately, these advantages will not yet be available for solar system bodies when observing begins in earnest after testing and calibration. The acquisition, pointing, and tracking system, as explained above, is based upon guide stars. Complicated computer programming is therefore necessary to acquire and track a moving planet or a feature on a planet. This programming has fallen 12 months behind schedule, owing to an unforeseen workload at the Space Telescope Science Institute in programming for the testing and calibration phase that follows launch.

The ephemerides of the solar system bodies (their positions on the sky, as they change hour by hour) have been computerized, but that still leaves the problem of moving

back and forth between a planet's or a satellite's ephemeris and the guide stars. The rapid motion and high parallax of Comet Austin at its closest approach to Earth, for example, would require the acquisition of new guide stars about every 15 minutes, and would operate the tracking stability function at its maximum speed of about 0.2 arc seconds of apparent motion per second.

Harold Weaver, an associate astronomer at the institute, reports that the necessary programming may not be complete until the summer of 1991, and even at that point it will still require a period of testing. "I think there is still some hope that we might be able to push completion to an earlier date, however," Weaver said. He is working on methods to obtain some solar system observations before the programming is finished, such as getting snapshots of Comet Austin with very short exposures—0.1 to 0.5 seconds—during which the comet would not move enough to degrade the resolution. There is more than enough sensitivity to make such short exposures worthwhile.

A sample of proposed solar system observations

Out of 162 guest observer proposals accepted by the Space Telescope Science Institute for the first 12-month cycle of observing, 20 are solar system proposals with targets ranging from Earth itself, in one unusual case, to Pluto. There were apparently no proposals accepted for the first cycle that involve the observation of Venus, Mercury, or any of the asteroids. Earth and the Moon are generally not considered as suitable targets, and to point the telescope at the Sun would destroy its detectors. For the same reason, the telescope will not be put at risk by pointing at a full Moon. Descriptions of some of the projects follow.

Mars watch

A program for global monitoring of Mars in selected seasons over a three-year period is the work of Philip B. James of the University of Missouri at St. Louis and his collaborators. They will also map specific regions of the Mars surface in multiple wavelengths with the Planetary Camera. The Space Telescope will permit resolution of Mars near opposition "comparable to Viking approach images," according to James.

Cloud observations during the first and third years will provide information on diurnal changes in the W-shaped cloud complex. Much of the dust storm season will fall in the second year of observations, and James says his program will then study the Hellas and Solis Planum regions, where global and local dust storms originate. James's team plans to study the same seasons in consecutive Mars years to learn about interannual variability. The Mars year is 687 Earth days.

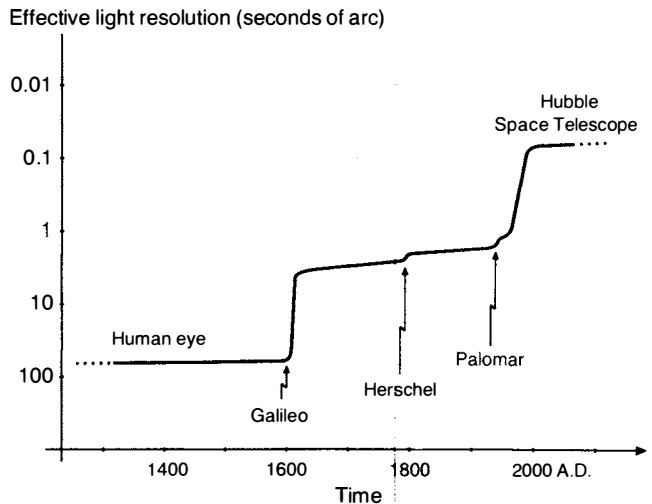
The program will include Planetary Camera imaging with standard blue and red filters like those used to distinguish between surface and atmospheric phenomena on Mars during

the Viking mission and in NASA's ground-based Planetary Patrol observations of 1969-1982. Comparability of results is therefore expected. Ozone concentrations, indicative of water abundance, will also be studied.

A new Voyager encounter every year

An ambitious program to analyze the rich array of atmospheric processes on Jupiter and Saturn disclosed by previous observations is headed by Reta Beebe of New Mexico State University at Las Cruces, New Mexico. "The Space Telescope can provide the equivalent of a new Voyager encounter every year," according to Beebe. But it "surpasses Voyager in its multicolor imaging capability, which is required to obtain vertical structure information and to monitor composition and [indications of] atmospheric motions." The Space Telescope, according to Beebe, can actually provide "a continuous record of wind, cloud, aerosol and composition variations spanning significant changes in insolation [rate of solar energy received] and convective activity that will not be mapped by any spacecraft."

FIGURE 1
A revolution in resolving power



The Hubble Space Telescope is the life of the mind improving and extending itself. Its importance can be seen from this graph showing our progress in resolving power. Not since the first general dissemination of telescopes in Galileo's day has there been any such major improvement in resolving power as the Space Telescope promises.

While big Earth-bound telescopes have improved mightily our ability to obtain images of faint objects (light-grasp), their improvement in distinguishing detail (resolving power or resolution) has been modest.

Resolution is given here in seconds of arc of apparent size on the "surface" of the sky. One second of arc is 1/360 of a degree. The diameter of Jupiter seen from Earth is just over 60 seconds of arc.

When the Galileo atmospheric probe descends into Jupiter's atmosphere in December 1995, it will enter between Jupiter latitudes 6.5° and 6.9° North. Beebe states, "It is essential to be able to remotely characterize the local environment in which the probe descends in order to relate the measurements it will make to the Jovian atmosphere at large." It is therefore a high priority of Beebe and her co-investigators to focus on long-term variation of Jupiter's atmosphere between -10° and +10° latitude from the beginning, and to continue to do so at least until the Galileo Orbiter mission ends in 1997.

Outer planets in the ultraviolet

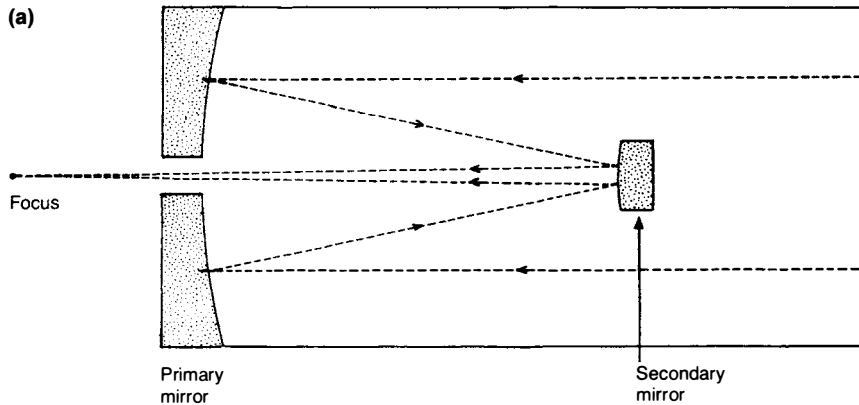
An ultraviolet survey of the outer planets from Jupiter to Neptune, including Saturn's moon Titan, is led by Laurence

Trafton of the University of Texas at Austin. Trafton plans to "survey the far ultraviolet emission spectrum for each of these bodies, to locate sources of intense auroral emission and obtain their spectra, and to study the charged particle environments of these bodies." He hopes to obtain an understanding of the interaction between their atmospheres and their charged particle environments. The survey will obtain spectra with about the same spectral resolution as is available on the International Ultraviolet Explorer (IUE), but with a sensitivity 1,000 times greater, by using the Faint Object Spectrograph.

A prime target for Trafton will be Jupiter's auroral emission near the region where the flux tube from Io is attached (see Figure 4). The flux tube is a plasma structure capable of transmitting mega-ampere currents, and is oppositely

FIGURE 2

Design of the Space Telescope



The Space Telescope employs the well-known Cassegrain design (a). Incoming light is focused by the primary mirror onto the secondary, whence it passes through a hole in the center of the primary to the focal plane beyond. This is also seen in (b) within the general architecture of the telescope. The science instruments and supporting equipment are modular, and can be serviced or replaced in space.

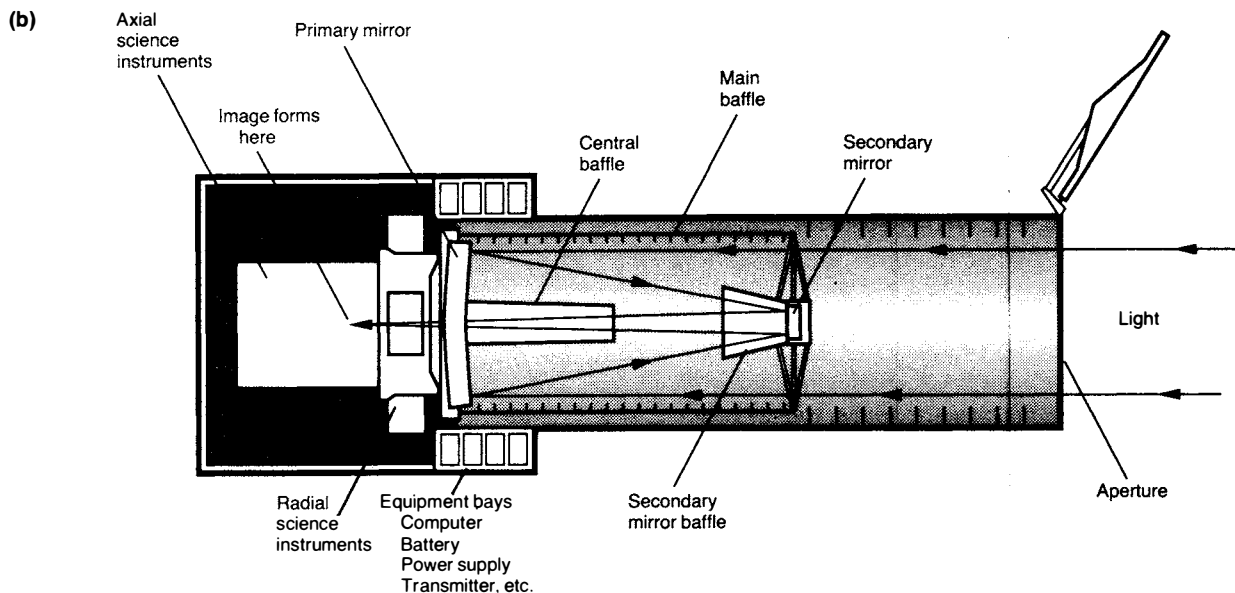
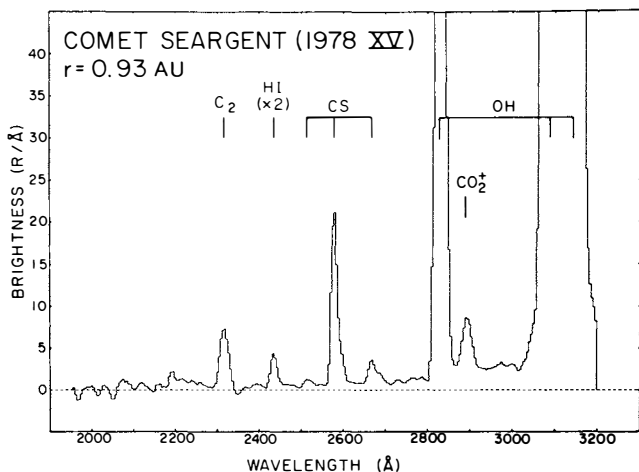


FIGURE 3

What ultraviolet spectra reveal



Source: P.D. Feldman, "Ultraviolet Spectroscopy of Comae," in *Comets*, Laura L. Wilkening, ed. (1982).

The Space Telescope is well equipped to produce images and spectra in the ultraviolet. The ultraviolet portion of the spectrum is rich in lines that disclose the composition of the emitting body. On this spectrogram of Comet Seargent, obtained by the International Ultraviolet Explorer, the chemical identities of the peaks (or "lines") are provided.

The identifications are based upon laboratory measurements of the wavelengths these chemical species emit when excited. From left to right they are: molecular carbon, neutral atomic hydrogen, carbon sulfide, ionized carbon dioxide, and the hydroxyl radical.

charged on its inside and outside. He writes that here "emission is suspected to be especially strong because of strong Birkeland currents predicted between Jupiter and Io. The High Resolution Spectrograph will have the spatial resolution to locate such emission and test the theory that predicts it."

Excitation of atmospheres: Io and Titan

The excitation of atmospheres is the subject of a program to observe Jupiter's Io and Saturn's Titan in the near and far ultraviolet. The principal investigator is John T. Clarke of the University of Michigan. Evidence is strong for a substantial atmosphere on Io, according to Clarke. What is not known, he says, is whether this atmosphere is a function of vapor pressure equilibrium that depends on solar energy, or whether it is produced by volcanic plumes. Io's atmosphere is interesting in itself, and is also important in a larger picture. Jupiter is surrounded by a giant plasma torus, and Io orbits Jupiter within this torus (see Figure 5). Since the torus exhibits long-term stability, how is plasma supplied to the torus? It is thought that the neutral gases of Io's atmosphere may be the source, and initially become charged through electron impact dissociation, excitation, and ionization.

Another interesting study of Titan addresses the mystery

of its North-South albedo contrast. The principal investigator is Peter H. Smith of the University of Arizona. The 25% contrast in blue light was first discovered when Martin Tomasko, also of the University of Arizona, and Smith analyzed Pioneer data. This program proposes to discover whether the contrast is seasonal, a permanent feature, or is correlated with the solar cycle, and at what depth the contrast is produced. The surface of Titan is obscured by clouds and haze, according to Smith. The albedo contrast is therefore due to variations in the properties of the clouds and haze.

Mapping Pluto

The Space Telescope will provide a view of Pluto "almost equivalent to a naked-eye view of the Moon from Earth," according to University of Colorado astronomer Alan Stern, the principal investigator of a program to map Pluto's entire surface. Pluto, now 2.7 billion miles from Earth, was not included in the just completed Voyager 2 grand tour of the planets, and has appeared as scarcely more than a point of light until now (see Figure 5).

Stern's team will map the planet with the WF/PC and Faint Object cameras, with emphasis on the ultraviolet and infrared for best resolution. The result will be a Mercator projection composed of 50 picture elements. Pluto, whose linear diameter is 2,315 km, has an angular diameter of 0.2 arc seconds when seen from Earth. The Faint Object Camera in its high-resolution mode has a resolution of 0.022 arc seconds, although the mapping will not quite have the indicated resolution for other reasons. Stern believes the mapping project may lay the basis for future missions to Pluto.

Spectroscopic studies from ground-based telescopes indicate the likelihood of bright polar caps and a thin surface layer of methane frost interspersed with dark spots, Stern says. It is thought that Pluto has an atmosphere of methane when it is closer to the Sun, which then turns into methane snow as the planet recedes in its 248-year elliptical orbit.

Exceptional solar system objects

Today we still know the inventory of solar system objects only to about the 16th magnitude. Who knows what "interesting new objects or even new types of objects may be discovered" and studied by the Space Telescope? It is Benjamin Zellner—mentioned above in connection with the study of the Mars satellites—who asked that question. Zellner is the principal investigator of a unique program to search all of the images obtained by the telescope for previously unknown bodies. He points to the question of where comets may originate in the distance range between Saturn and Neptune, and to the possibility that another major planet exists.

Nearly all Space Telescope images of more than three minutes' exposure will be examined by the institute's Observation Support System within hours after they are made. The examination will include a check for trails made by moving objects—trails that could reduce the usefulness of the image.

A tour of the Hubble science instruments

The instruments associated with the Space Telescope accomplish imaging, photometry (measurements of brightness), spectroscopy (peaks and valleys of an object's brightness, wavelength by wavelength), and astrometry (measurement of star positions).

What are these instruments? The Wide Field and Planetary Camera (WF/PC) is really two cameras in one. In the Wide Field mode, it has the largest field of view of the telescope's imaging instruments, yet it would take ten snapshots in this mode to cover a band across the middle of the Moon. In the Planetary mode, the WF/PC zeroes in on a smaller field of view with greater resolution. Here it can image the full disk of Jupiter with the clarity of the Voyager probes about five days before nearest approach.

The Faint Object Camera (FOC), built by the European Space Agency, has an even smaller field of view (and is sensitive to a narrower spectral range) but achieves the highest resolution.

The telescope has the pointing and tracking accuracy consistent with this tremendous resolving power, an accuracy that would allow someone atop the Empire State Building in New York City to lock onto a dime on top

of the Washington monument in Washington D.C., 210 miles away! The telescope is expected to point within 0.01 arc seconds of its target, and hold the target, if necessary, for 24 hours with a deviation no more than 0.007 arc seconds, yet the telescope orbits the Earth about once every 90 minutes.

The measure of resolving power is the amount of field of view, in arc seconds, that is included in one pixel. The pixels (picture elements) are the tiny photon buckets arrayed in the plane that film occupies in a conventional camera. The array is called a charge-coupled device (CCD).

The High Resolution Spectrograph (HRS), for use only in the ultraviolet, can sample extremely narrow wavelength ranges, and take exposures as short as .05 seconds to analyze processes with rapid variability.

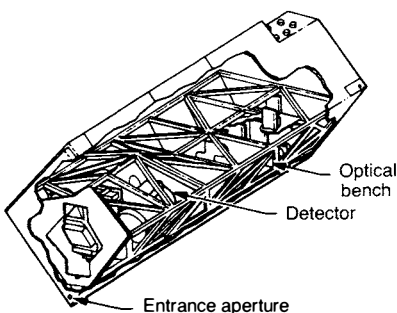
The Faint Object Spectrograph (FOS) sacrifices spectral resolution in favor of greater light-gathering power when the subject is faint.

The High Speed Photometer (HSP) measures brightnesses, and for rapidly varying sources, it can sample brightness 100,000 times per second.

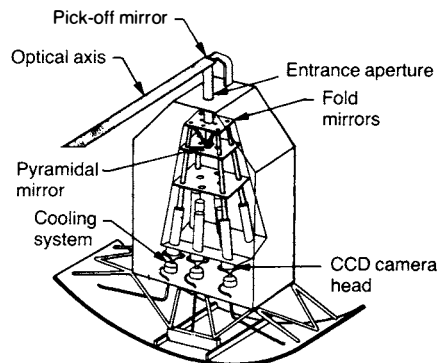
The three Fine Guidance Sensors (FGS) enable the telescope to find its way within small regions of the sky. To fix the telescope's aim, two of the sensors must lock onto guide stars while the telescope orbits—stars that are specified in the computerized *Guide Star Catalog*, of 19 million entries. The third sensor is for astrometry.

Testing and calibration is expected to last well into the fall of 1990. The world waits expectantly.

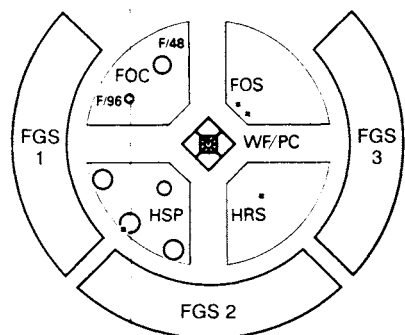
(a) High resolution spectrograph



(b) Wide field/Planetary camera



(c)

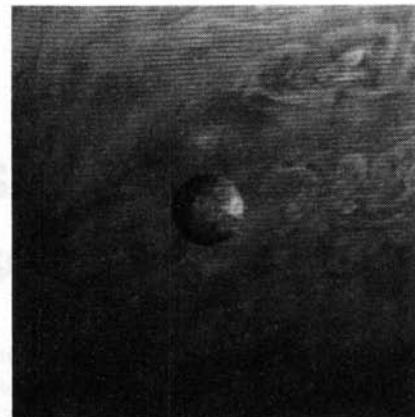
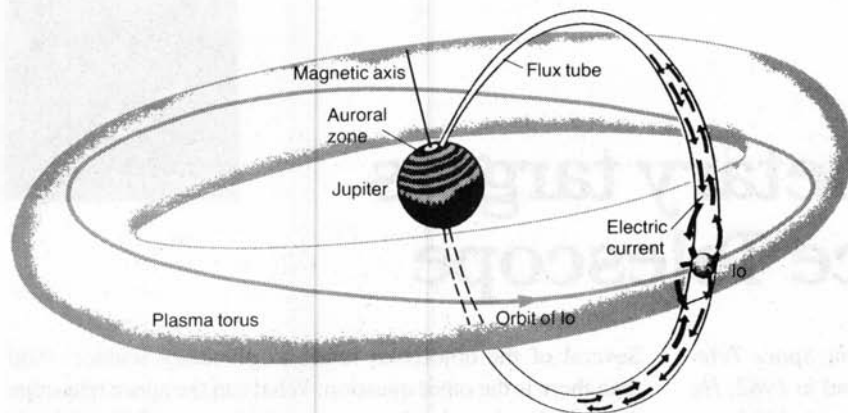


Four of the science instruments are stowed axially (see Figure 2(b)). Each is about the size of a telephone booth. The High Resolution Spectrograph (HRS) shown in (a) is one of the four. The two remaining science instruments, the Wide Field/Planetary Camera (WF/PC) shown in (b) and the Fine Guidance Sensors (FGS), are stowed radially.

All of these instruments share the focal plane (c), about the size of a dinner plate. In its center, the square is the image area of the Wide Field Camera (2.6×2.6 minutes of arc). The smaller square within it is that of the Planetary Camera (1.1×1.1 arc min, just enough to get all of the largest planetary disk—Jupiter's—in one exposure).

The larger square is surrounded by four quadrants. The apertures for each axial instrument are located in a different quadrant (FOC, FOS, HRS, HSP). Each of the three Fine Guidance Sensors has a segment of the surrounding horseshoe.

FIGURE 4
Planetary aurorae



JPL/NASA

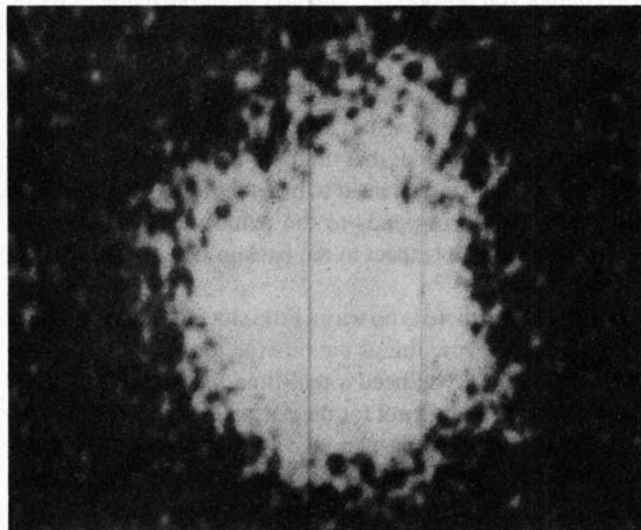
Anthony Peratt/LANI.

An ultraviolet survey of the outer planets from Jupiter to Neptune will probe these planets' atmospheres in relation to their charged particle environments. This spectrographic study will look especially for sources of intense auroral emission.

Jupiter's charged particle environment includes the plasma torus that surrounds it, and within which Jupiter's nearest moon, Io, orbits. It also includes the flux tube that joins Io to Jupiter's magnetic poles. The flux tube is a plasma structure, oppositely charged on the inside and outside, capable of carrying mega-ampere electric currents. Intense auroral emission is expected to be found around Jupiter's north magnetic pole.

At right: Io passes before mighty Jupiter. This Voyager 2 image has a resolution of about 125 miles. Hubble's Planetary camera will obtain even better images of Jupiter, with a resolution of about 95 miles.

FIGURE 5
First map of Pluto



U.S. Naval Observatory

Our ignorance of Pluto is shown in the poor resolution of this 1978 ground-based photo, on which Pluto's satellite Charon was first discovered (the bump at 1 o'clock). The Space Telescope will provide a view of Pluto "almost equivalent to a naked-eye view of the Moon from Earth," according to Alan Stern. Stern leads a team that will map Pluto's entire surface, a project of great value to any future missions to this least known planet.

Zellner's project calls for the addition of a routine by which any such trails found in potentially interesting portions of the sky are reported to the Minor Planet Center in Cambridge, Massachusetts for followup. Any short trail—indicating a slow-moving object—that is out of the ecliptic plane is "likely to represent an unknown object of substantial interest," he says. More discriminating criteria must be used within the ecliptic to screen out ordinary asteroids and comets.

In the case of compelling discoveries, Zellner's program calls for breaking the telescope's schedule to obtain images of the find. Zellner does not expect such discoveries very often—certainly not more than once a year. If they were more frequent, he says, "that fact itself would represent one of the more significant discoveries of the Space Telescope."

Beyond the Hubble

Again and again, astronomers planning observations point out the superiority of the Hubble Space Telescope to earlier instruments. But the Hubble is not the last word. There are numerous proposals for additional telescopes of advanced design in Earth orbit or on the Moon. The Space Telescope Science Institute itself sponsored a workshop in September 1989 entitled, "The Next Generation: a 10-16 meter UV-Visible-IR Successor to the Hubble Space Telescope," and while the Hubble was being lifted into orbit, the International Astronomical Union had a colloquium under way on "Observatories in Earth Orbit and Beyond."



Tracking planetary targets with the Space Telescope

Planetary scientist Robert A. Brown joined the Space Telescope Science Institute in Baltimore, Maryland in 1982. He became Project Scientist for the Space Telescope in 1983 on a two-year appointment, moving to the Marshall Space Flight Center in Huntsville, Alabama to fill that role. He is now back at the Institute as an Associate Astronomer. Brown was interviewed by David Cherry, associate editor of 21st Century Science & Technology, on April 5.

Q: What were your duties as Project Scientist in Huntsville, and what kind of work have you been doing since you returned to the Institute?

Brown: My job there was to be the chief scientific spokesman for the Space Telescope, and to be the chairman of the science working group for it. The key function in that job was to advise the project manager on all aspects of development and testing of the telescope that have to do with its scientific functionality. The year before, when I had first come to the Institute, I was the first planetary scientist to be hired, and my responsibility was to assure that the capabilities for studying planets would be understood, and developed.

I came back to the Institute, and have been working on a variety of problems including the planetary capabilities problem. But my work has been much broader than that. Over the past couple of years, I've been working on questions of what kind of educational programs might be associated with the telescope that could turn this country into a nation of 250 million astronomers.

Q: Have planetary observations been one of the objectives of Space Telescope planning from the beginning?

Brown: The history of the telescope and its planetary capabilities can be traced at least as far back as the Announcement of Opportunity that NASA issued in 1977, which was a call to the scientific community to propose to build instruments—to join instrument development teams—and to define the initial science program. In the document NASA lays out the kinds of things that it expects HST is going to be able to do.

Several of the objectives relate to planetary science. And then there is the other question: What can the space telescope do to find and study planets around other stars? That idea is in the original 1977 announcement also.

Q: It appears that perhaps the biggest problem, technically, for planetary operations, is that the planets move across the sky relative to the stars. So, while the telescope apparently has excellent pointing capability and can lock onto a star while the scope continues to move in its orbit, the computer programming available now does not also provide the capability to track planets.

Brown: For the telescope, the easiest thing to do is to point at something that doesn't move, you are right. But then if you are going to point at something that is moving, there are two things you need to do, and you mentioned one of them, which is to track it. The other is that you need to acquire it. To acquire it you have to be able to predict where the planet is going to be on the whole sky, and to select—given *when* you want to make the observation—a pair of guide stars that is going to be nearby at that time. Once you lock onto a pair of guide stars, then you need to be scooting off from them in a pattern that corresponds to the pattern that the planet is going to take with respect to the background stars.

Q: I guess that there is no way a little slot of real-time control could help, because things are moving too fast?

Brown: In fact, you need a real-time interaction to get the best pointing, but it's not for the reason that you're thinking. The planets do move fast enough so that you need to plan a specific observation at a specific time, and so you need to do that on the ground system. The real-time interaction is actually needed to bootstrap the pointing accuracy, the acquisition accuracy, from about the one or two arc-second level, down to a factor of 10 or even 50 better than that, down to the level of 0.2 arc-seconds or better.

The reason for that is very fundamental. We know extremely accurately where the planets are, because we send spacecraft there. So we know where the planets are in the

dynamical system of the solar system, but where the stars are—which we know to the level of the 13th to 14th magnitude stars—is much less certain. The reason that it's uncertain is that all the work that has gone into figuring out where the stars are has been done on the ground through telescopes that don't have better than one or two arc-second image quality, and furthermore, the little buggers move. The guide star catalogue for the Space Telescope has about 20 million stars in it, stars that are available for locking onto them. Each one of them moves a little bit, every day, year by year it moves, so we have a saying in the Space Telescope project that about every five or six years the sky "goes out of spec."

They do move in straight lines, to very good accuracy, so we've based our initial catalogue of 20 million stars on a survey that has been done, at a definite time, and now we will go back and remeasure with the Space Telescope, take new points, to show where they are at a new time. We will be able to figure in that linear motion and predict where they are for all useful time in the future.

The problem has to do with reference frames. There is a reference system in the solar system in which the places of the planets are predicted very accurately. Then there is the astrometric system of where the stars are, based on all the plates and all the surveys and the work of astronomers and observatories over the last couple of hundred years. Now the problem is that those two systems are not well rectified to one another. They are well coupled down to the one or two arc-second level, but they are not well coupled to a factor of 50 finer than that.

So what you can do, based on preplanning, is to get the telescope to acquire accurately a planetary target, within one or two arc seconds, anywhere in the sky. But then you need an additional bootstrap, which is just to take a picture of that point, and then you have set forever the relationship between guide stars and where the planet is, because you took a picture of the planet while you were locked on the stars. It was not understood how to do this job operationally, what it would require in terms of flight software and ground software, until the mid-1980s. And so part of our job is to go back and fill in the computer programming that would let any given observation go through that series of steps.

The planet side of the story has a kind of richness of its own. At this point, the kinds of questions that we're asking are really rather specific. We already have a very good picture of Jupiter, and now what the scientists want to do is to make very specific measurements here, there and then over there. So you need to know the longitude and latitude of what you are talking about. You are pointing a small-aperture instrument at Jupiter and you want to acquire and track it in a definite point.

If you write down all the different kinds of planetary motions, it is really rather complex. You've got rotating planets, then you've got atmospheres that move. On Jupiter,

for example, you've got different longitude systems, because each of the longitude systems rotates at a different rate. You've got the satellites, and the satellites also rotate, of course.

You probe a satellite's atmosphere by looking at starlight that comes to you from beyond it, but due to refraction in the atmosphere, the star appears to move. So you've got all kinds of wonderful complexities. It was kind of a shock to the engineers and managers that the telescope was really going to be useful for planetary science.

So that's the basic reason why this job is such a difficult challenge for the Space Telescope: Its pointing relies on "walking on stars."

Q: Let's consider some of the science projects that have already been approved. As I have talked to the scientists, I have tried to understand what the conceptual frameworks were within which the different projects were conceived. There are at least two, although they are rarely explicit: One is that of learning how the solar system came into being. The other is that we are continuing our mapping of the solar system, and it's like the mapping of the New World in the 15th and 16th centuries, in that we are going to continue to go to these places and there are lots of us who think that Mars could be a nice place to live, relatively speaking.

Brown: Yes. I think that there will be more observations like that, because of the Human Exploration Initiative announced by President Bush. I think that there is a role for the telescope in making Mars investigations, for example, that relate directly to human exploration, and some of it will have to do with site selection and surveys, and so forth.

More importantly, in the case of Mars, there are questions about the variable nature of Mars, its weather, the growth and evolution of dust storms, which are marvelous, and obviously have great importance for humans being there. That implies scientific investigations that could be done by the Space Telescope, or could be done with a future telescope I'd like to call the Eye on Mars. This country is setting out on a great course, towards Mars, and we really need a telescope that is dedicated to synoptic studies. Today, there could be a dust storm arising on Mars and the American people wouldn't even read about it in the newspapers! We need to have not only scientific investigations, but a kind of Mars consciousness, that can be achieved through having a fairly modest telescope that is dedicated to that objective.

The Space Telescope, first of all, is not optimized for tracking planets, and secondly, it's got priorities of other kinds, it's just not set up in that way. It's not set up as a support to the exploration of the solar system. Whereas a telescope could be set up in that way. If you designed a telescope for studying planets, you would go about it in a different way. Obviously you'd track on the object itself, you'd get your basic tracking signal from the object, and not from the stars.

The Brazilian monetary reform, a two-edged sword

by Lorenzo Carrasco Bazúa

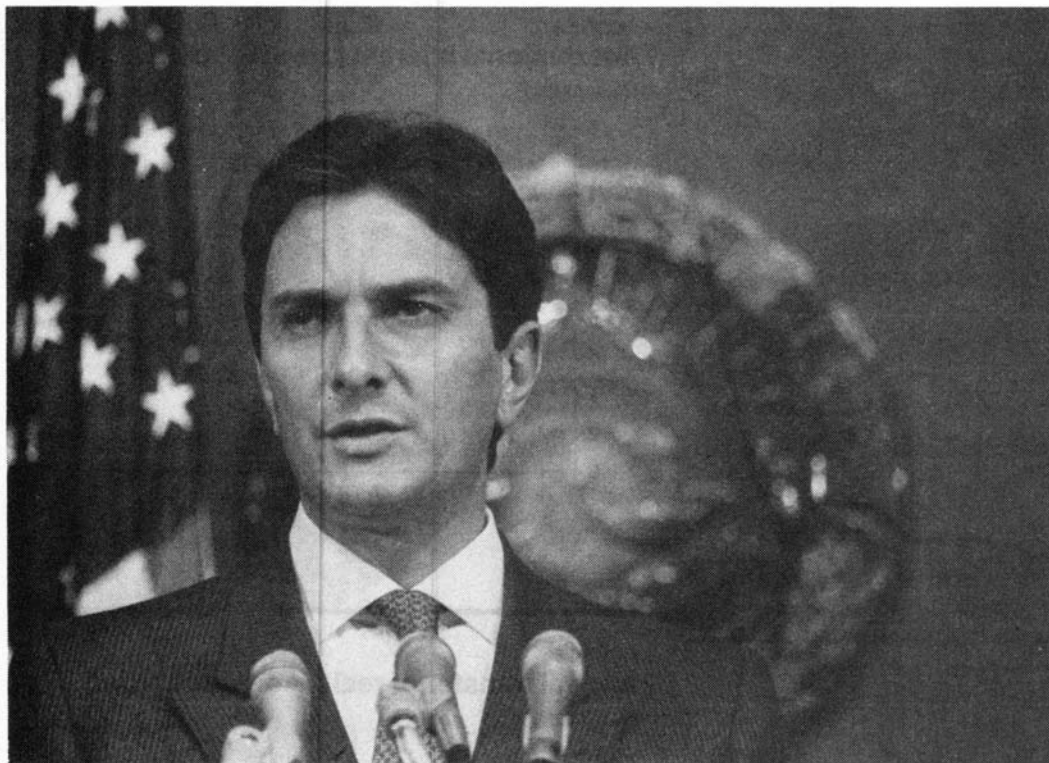
The heterogeneity of the New Brazil plan announced by the Fernando Collor de Mello government, has caused great confusion, not only among the knowledgeable public, but also, especially, among economic analysts around the world. The confusion stems from the fact that the reform simultaneously defends two economic viewpoints which, under current conditions of world depression, are mutually exclusive.

On the one hand, President Collor announced his reform within a dirigist framework, arguing for the reestablishment of the state's capacity to generate credit and money, declaring open warfare on financial speculation, and attempting the urgent utilization of monetary and credit resources for productive sectors and infrastructural projects, all with the intention of relaunching the industrial development of the country.

But, at the same time, President Collor proposed the so-called "re-entrance of Brazil into the world economy," which presupposes trade and financial concessions to foreign creditors—such as the surrender of state sector companies—which contradict the declared intentions of the monetary reform itself, namely, the strengthening of the state's capacity to invest in the economic infrastructure of the nation. The President's insistence on privatization of the state sector is a clear reflection of that contradiction.

One month after the announcement of the monetary measures, the economic health and survival potential of the country depends on a massive injection of long-term, low-interest financial resources, to set into motion major infrastructural works in the energy, transport, communications, capital goods, and agricultural sectors. Such a credit infusion is the only means for both defeating structural inflation and rescuing the nation from profound economic depression. This resource flow for infrastructural development will only be effective in the short term through the leading state companies, which must be immediately capitalized.

For a better understanding of the reform and its problems, it is necessary to



Stuart Lewis

Brazil's new President Fernando Collor de Mello. The question of Brazil's survival is not whether to privatize the state sector or not, but how to capitalize it.

turn our sights to the origin of the Brazilian economic crisis, and especially to the situation immediately prior to the release of the New Brazil program. Before the reform, the country was on the verge of entering into a Weimar-style hyperinflationary process. In February 1990, monthly inflation surpassed 80%, and in March broke the 100% barrier (**Figure 1**). Under this situation, every productive company with a will to survive was forced to participate in highly speculative markets which handled internal public debt paper and offered stratospheric profits to the private banking system. When the monetary reform was announced, the banking system's participation in the Gross National Product was an insane 20%. Following the reform, banking participation will be reduced to 5% of the GNP.

The crisis did not originate domestically. The Brazilian crisis, like that of the rest of Ibero-America, stems essentially from excessive interest payments on the foreign debt. The so-called Volcker revolution of 1978, which decreed a unilateral U.S. increase in interest rates (**Figure 2**), created effects similar to those of the reparations payments which slammed Weimar Germany following the Versailles Treaty. As of 1981, Ibero-America was subjected to war reparations conditions, and its physical infrastructure suffered the equivalent of a strategic bombing.

The means for implementing this destructive process were the demand for enormous trade surpluses, with which to service the foreign debt. In the 1980s, Brazil transferred abroad nearly \$85 billion, equivalent to four times the re-

sources invested in Europe by the postwar Marshall Plan (**Figures 3, 4, and 5**).

These enormous trade surpluses did not come from an increase in Brazilian economic productivity, however, but from a cheapening of its products through constant wage gouging, and by means of ever-increasing subsidies. The economic deformations thus generated ended up destroying the internal financial structure of the state, while driving healthy public companies into bankruptcy.

Autopsy of usury

The destructive dynamic is very simple. The state, which possessed foreign exchange to pay its foreign creditors, bought the trade surplus generated by its exporters (often thanks to government subsidies), by means of ever-increasing issues of government paper which, of course, were backed neither by an increase in productivity nor by an increase in real physical wealth. This created the breeding ground for inflation.

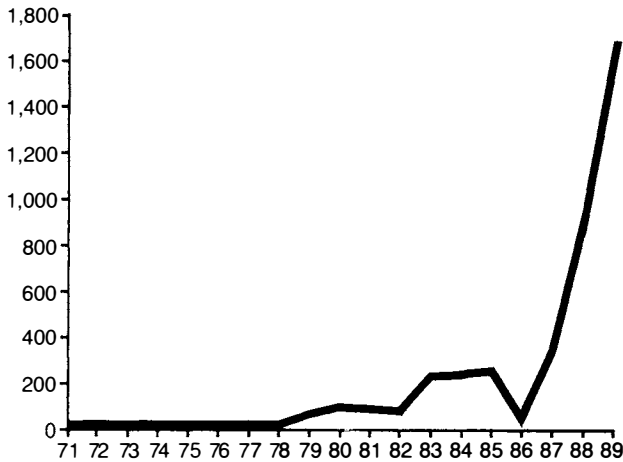
The loss in value of the Brazilian currency primarily affected those sectors whose prices are pre-fixed, such as wages, taxes, and public service rates. This triggered a major financial crisis for the state itself. The process reached its most lunatic heights when the government stopped collecting taxes on financial investments, for the explicit purpose of motivating the purchase of its own public bonds on the overheated overnight markets.

In the Jan. 20, 1989 issue of *EIR*, we warned ("Brazil's

FIGURE 1

Official inflation rate

(% per year)



Source: National Accounts

autopsy of usury”) that if this destruction of the country’s public finances continues, “there will be no force on Earth capable of halting the hyperinflationary holocaust that will be unleashed.” We showed how the self-aggravating inflationary process did not stem from an excess of currency printing, but rather in the exponential growth of internal public debt bonds. As noted in **Figure 6**, which deals with financial assets, we can see that such monetary instruments as checking accounts and paper currency in the hands of the public have been in constant decline, reaching a mere 6.1% of total assets. Federal, state, and municipal public debt holdings, however, represent 52.8%, to the detriment of all savings or time deposits.

Although this represents next to nothing in terms of the real economy, it does reflect certain truths that directly contradict the dogmatic defenders of the monetarist “quantity theory of money.” For example, the Summer Plan, launched in March 1989 by then Finance Minister Maílson da Nóbrega, was based on the dogma that inflation could be controlled by a drastic increase in interest rates which would in turn reduce liquidity in the economy. This, however, is insanity, in the context of a totally indexed economy in which currency had practically disappeared altogether. As a result of this process, the public debt in 1989 surpassed the foreign debt (**Figure 7**). The internal debt grew to such a point that, even though interest payments on the foreign debt were suspended, the internal cancer had already metastasized and was growing under its own dynamic. In 1989 alone, recycling of the internal debt stripped the public coffers of \$16 billion.

In fact, the country had lost any concept of money. What

FIGURE 2

International interest rates (LIBOR)

(% per year)

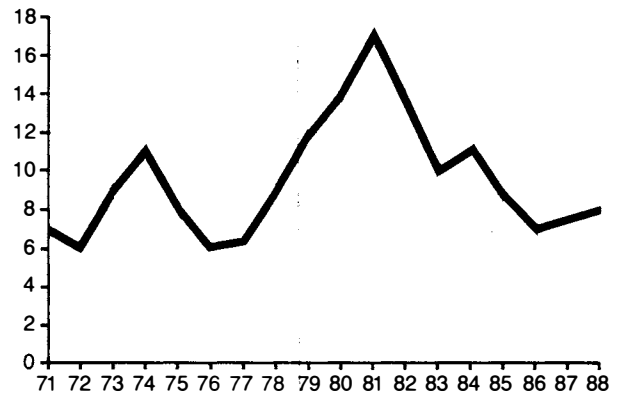
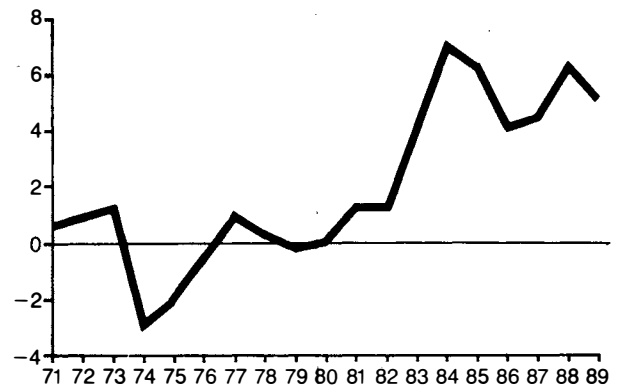


FIGURE 3

Annual transfer of real resources abroad

(% of GDP)



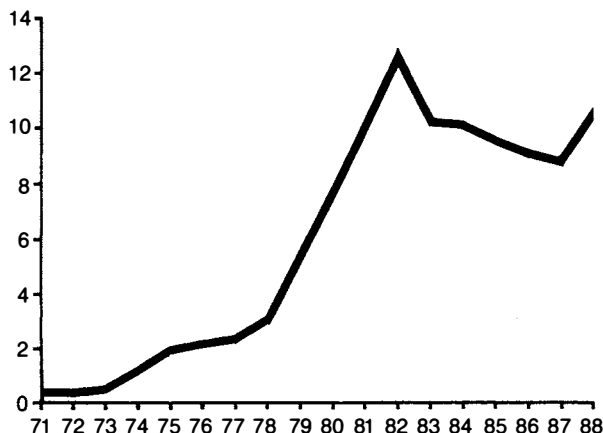
Source: Brazil Central Bank

existed in reality was a currency daily renewed on the *overnight* markets by public bonds representing immediate liquidity. That is, the public debt in its entirety was liquid at any moment. The threat of a bank run would pulverize the financial structure, dragging the real economy into an economic depression.

The solution: a ‘sovereignty shock’

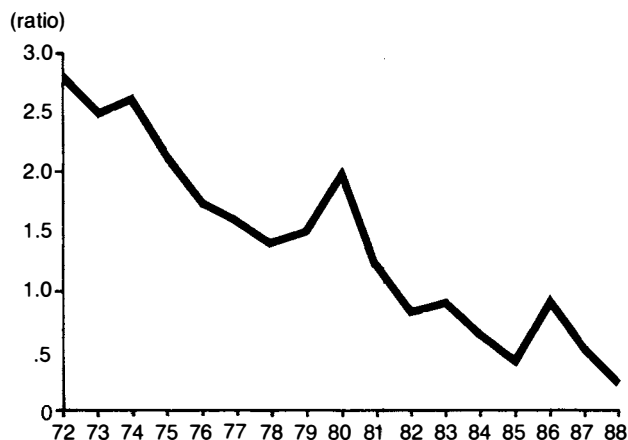
In the Oct. 6, 1989 issue of *EIR*, we published several recommendations, inspired by *EIR* Founding Editor Lyndon LaRouche, under the title “Brazil faces financial panic: time to exercise sovereignty!” The Brazilian government, we wrote, “should drastically reform the national financial and banking system, with the primary purpose of isolating government paper, which must then be protected from the specu-

FIGURE 4
Annual interest payments on foreign debt
 (billions \$)



Source: Brazil Central Bank

FIGURE 6
Ratio of monetary assets to Federal bonds and bills
 (ratio)



Source: Brazil Central Bank

FIGURE 5
Annual profit and dividend remittances abroad
 (billions \$)



Source: Brazil Central Bank

lative oscillations of the markets and exchange rates of foreign currencies. . . . With the backing of the national Congress, the government has the prerogative of buying back these bonds with new debt instruments, setting fixed interest rates and longer repayment deadlines. This task would be simpler than it appears, since 80% of the market for government paper is concentrated in the hands of private banks, non-financial companies, and financial brokers, who should

understand that this is the only possible—not to mention patriotic—way out of the current crisis. These new government debt instruments could be viewed by the companies as discountable assets . . . once it is demonstrated that the money would be invested in the company's own expansion.”

The reform announced by President Collor attacked precisely this speculative bubble created through the financial markets, which, at the same time, usurped the function of issuing currency and credit, thereby reducing the central bank to a rediscount agency for the financial operations of both national and foreign bankers. As a whole, the financial markets handled something on the order of \$120 billion, composed of \$70 billion on the overnight market, \$20 billion in bearer bonds and short-term funds, and \$30 billion in savings accounts, which, during the weeks just prior to the reform, had served as a refuge for the major financial speculators.

The creation of the cruzeiro as a new currency to replace the cruzado novo allows for a process of differentiation between real currency and the consolidated internal debt. Although the central bank is retaining nearly 80% of the \$120 billion, this does not mean that money in the hands of the public, or in checking accounts, is reduced. In fact, during the first 15 days of Collor's program, the amount of money in circulation actually doubled.

Although a large percentage of the central bank's frozen funds are actually public debt—which automatically went from paying interest of 3-4% above inflation per month, with 24-hour turnaround, to a 6% annual interest rate payable in 18 months—\$20 billion of the total frozen funds is actually working capital and future investments of productive companies—in other words, resources upon which these companies depend for their survival.

As Lyndon LaRouche noted in an article published in *EIR* on Sept. 8, 1989 (“Ibero-America’s response to the coming crash”) the measure the government should immediately take to confront the crisis is “to get existing resources—this means agriculture, manufacturing, and basic economic infrastructure—into motion at all costs. Every viable section of physical production and development, and maintenance of economic infrastructure, must be put back into motion as rapidly

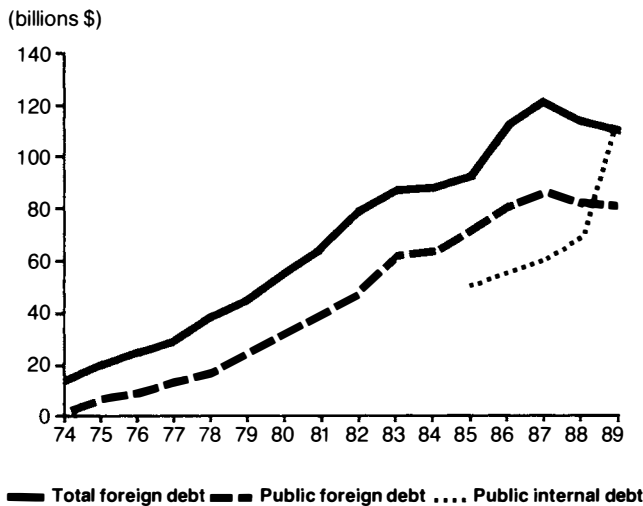
as possible. What must be done is that the new issue of national currency must be loaned through national banking at a modest discount for medium-term and long-term loans to agriculture, manufacturing, to investments in maintenance and improvement of basic economic infrastructure, and to some degree, for financing of foreign trade, in order to get the economy moving again.

“No significant loan, except for special governmental uses, such as national defense, should be made directly to any other sector of the economy, such as the finance sector. But rather, the other sectors of the economy, apart from agriculture, manufacturing, and infrastructure, should rely on secondary credit generated through banks on the basis of deposits by agriculture, manufacturing, and infrastructural activities. That’s the basic recovery program: physical economy.”

The Brazilian monetary reform has de facto re-nationalized the central bank and reestablished its sovereign capacity to issue money and credit. Nonetheless, the reform is insufficient to resolve the serious problems the Brazilian economy suffers. Because of continued adherence to the model of paying the foreign debt at all cost, there is constant loss of economic productivity, long-term inflation, and consequent economic and financial deformation.

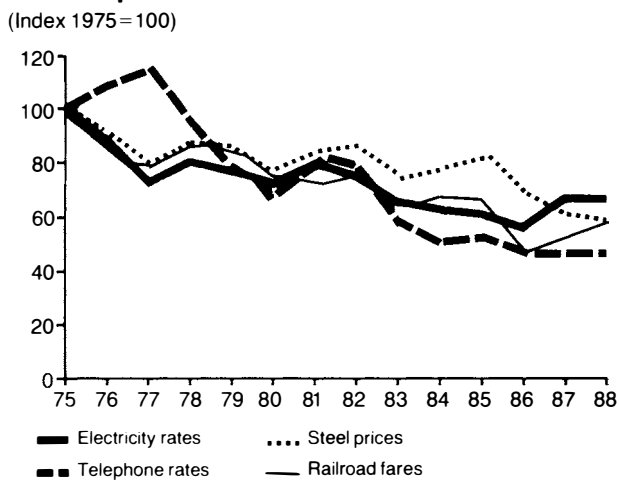
The process of economic looting in the 1980s fell most heavily upon the productive state sector, which has been drastically decapitalized. And this was not caused by the “inherent incompetence” of the public sector, as the free enterprise oracles of Thatcherite neo-liberalism try to prove in their zeal to plunder the public patrimony with the indiscriminate sale of state companies to private domestic and foreign interests. What actually happened during the past

FIGURE 7
Total foreign debt, and public sector debt, foreign and internal



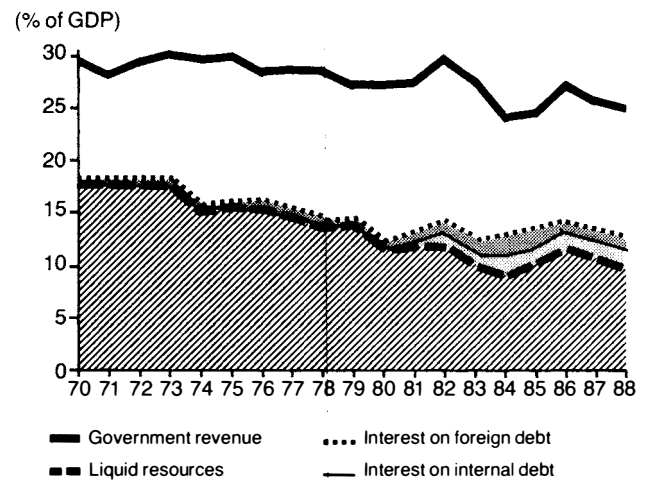
Source: Brazil Central Bank

FIGURE 8
Inflation-adjusted prices, rates and fares for Brazil’s public sector



Source: C.N.I.

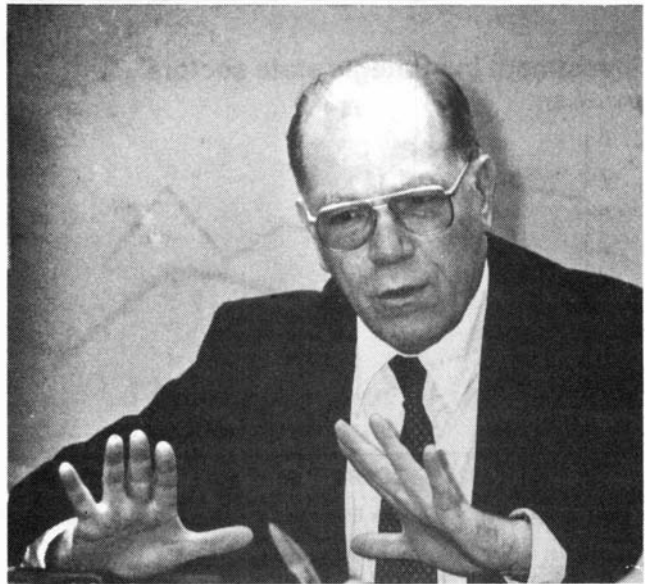
FIGURE 9
Government revenues compared to liquid resources and interest



Source: National Accounts and Brazil Central Bank



Stuart Lewis



Dana Scanlon

The problem: The policy of the creditors' cartel, whose main unofficial adviser throughout the 1980s has been Henry Kissinger, has been to loot Ibero-America, by plundering especially the productive state sector industries.

The solution: Lyndon LaRouche recommended last September that Brazil should immediately "get existing resources—this means agriculture, manufacturing, and basic economic infrastructure—into motion at all costs," using a new issue of national currency to generate credit for productive investment.

decade, was that a criminal policy was adopted, of deliberately asphyxiating the productive public sector to force it into either bankruptcy or privatization. This strategy was adopted at the 1983 Vail, Colorado meeting of the "creditors' cartel," run unofficially by Henry Kissinger.

The story begins around the end of the 1970s with the policy of trying to combat inflation through reduction of prices and public service charges. As can be seen in **Figure 8**, electricity, telephone, and railroad costs had fallen an average of 25% over 1975 levels. As of 1982, the government

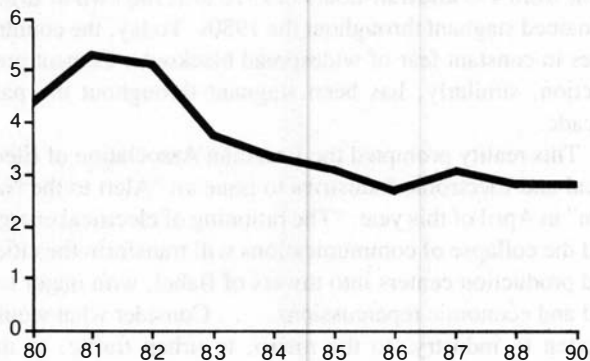
resolved to solve its balance of payments problems caused by the drastic rise in international interest rates by forcing state companies to 1) accept unnecessary foreign loans for operating capital, and 2) grant subsidies to exporters by reducing prices and tariffs by as much as 40% compared to 1975 levels. The most shocking example was that of a kilogram of flat steel, which now cost the equivalent of a dozen bananas.

The maxi-devaluations imposed on Brazil by the international financial agencies dramatically increased the debts of the state companies, especially of Siderbras and Electrobras, which are responsible for half of the total state sector indebtedness. At the same time, the federal government significantly reduced its own tax base (**Figure 9**). Between 1982 and 1984, it lost tax revenues equivalent to 2% of the GNP—some \$5 billion worth. Also in 1984, available liquid funds had fallen to less than 10% of GNP, as compared to nearly 18% in 1975. This represented the equivalent of \$20 billion that the government lost in one year.

The result of this process was that the operating costs of the state sector companies went through the ceiling. In the period of 1980-84, these costs tripled as a percentage of GNP, going from .84% to 2.58%—around \$4 billion per year. During that same period, investments in the state companies fell from 5.2% to 3.33% of GNP. Today, they are down to a mere 2.8% of GNP (**Figure 10**). This translates into a loss of nearly \$10 billion worth of annual investment into the infrastructure of the country.

A closer look is even more striking. Investments in the

FIGURE 10
Investment in state sector industries
(% of GDP)

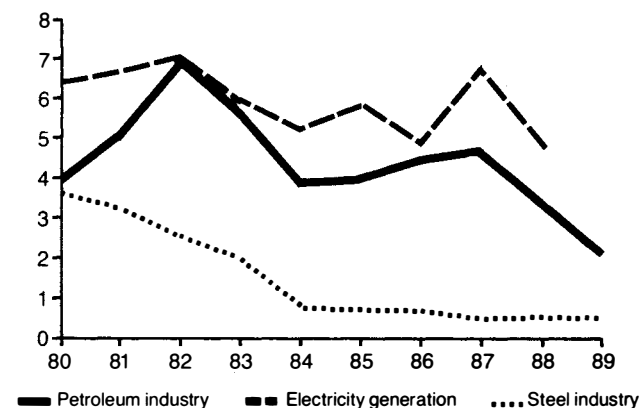


Source: Brazil Central Bank

FIGURE 11

Investment in strategic state sectors

(billions \$)

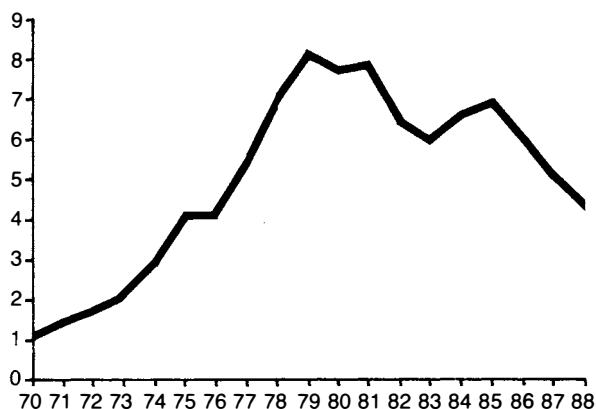


Source: C.N.I., Petrobras, Siderbras, Electrobras

FIGURE 12

Production of capital goods

(billions \$)



Source: C.N.I., ABDIB

state oil monopoly Petrobras fell from \$7 billion in 1982 to slightly more than \$2 billion in 1989. The same with state steel company Siderbras, which received \$3.6 billion worth of investments in 1980, and scarcely \$500 million in 1989. In 1982, the state electricity company Electrobras invested \$6.9 billion in infrastructural works, and only \$4.9 billion in 1988 (Figure 11).

This process of decapitalization of the public sector is reflected in the collapse of the average annual growth rate of overall investment in Brazil. According to World Bank reports, this rate saw an average annual increase of 10.2% between 1965 and 1980, but became -5% a year between 1980 and 1985. At the same time, the rate of gross capital

formation—which was 25% of GNP in 1965—fell in 1985 by exactly the same percentage as investments in productive state enterprises.

As dramatic as these figures are, the nominal monetary value of gross capital formation does not reveal the true dimension of the damage: first, because the GNP remained virtually constant throughout the 1980s; and second, because the participation of civil construction in gross capital formation was 74.3% in 1988, as compared to scarcely 25.7% for capital goods production. These figures in 1970 were 55.6% and 42%, respectively. That is, the destruction of infrastructure is qualitative, and not merely quantitative.

Agony of the capital goods industry

Although the impact is on the overall economy, the capital goods industry has been the hardest hit by the decapitalization of the public sector. For example, Petrobras alone is responsible for 20% of all capital goods purchases in Brazil. The relation of the state companies to the capital goods sector has the most significant multiplier effect on the productivity of Brazil's physical economy, and consequently, the most negative impact. We can see this in greater detail.

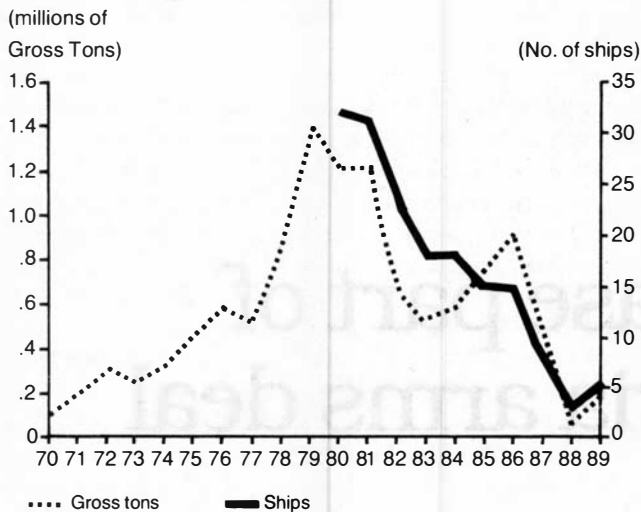
In 1980, thanks to a policy of building great infrastructural projects, the capital goods sector—production of boilers, metal, electrical, shipbuilding, and railroad products—reached the figure of \$8 billion a year. Starting with the debt crisis of 1981-82, this production collapsed to \$4 billion in 1989, with an idle capacity of nearly 40% (Figure 12).

The hardest-hit sectors were shipbuilding and railroad, with dramatic falls in their orders. The shipbuilding industry, which in 1979 produced 32 ships worth \$1.4 billion, fell virtually to zero in 1988 (Figures 13 and 14). The same could be said of the railroad industry, which in 1976 produced \$4.5 billion worth of freight cars, 106 locomotives, and 87 passenger cars; in 1989 it produced only \$2.5 billion worth—4 locomotives and 13 passenger cars.

This clearly reflects a deterioration in living standards as well. For example, per capita consumption of steel rose from 64 kilograms in 1970 to 120 kg in 1980, and fell to 85 kg in 1988. Similarly, per capita consumption of electricity, which grew from 490 kilowatt-hours in 1970 to 1,100 kwh in 1980, remained stagnant throughout the 1980s. Today, the country lives in constant fear of widespread blackouts. Cement production, similarly, has been stagnant throughout the past decade.

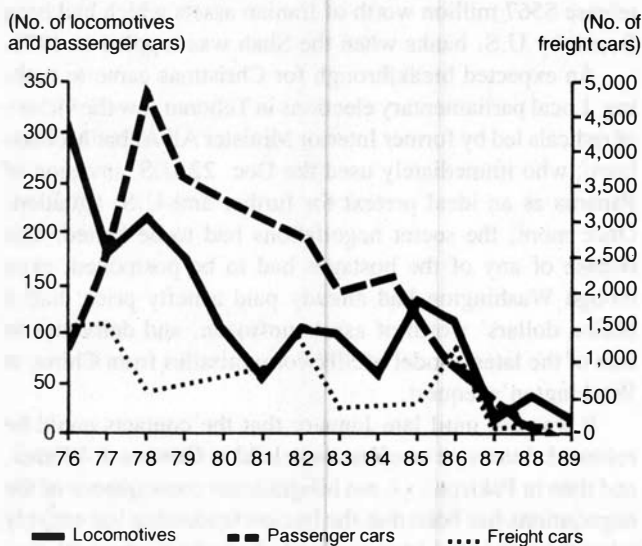
This reality prompted the Brazilian Association of Electrical and Electronic Industries to issue an "Alert to the Nation" in April of this year: "The rationing of electrical energy and the collapse of communications will transform the cities and production centers into towers of Babel, with major social and economic repercussions. . . . Consider what would happen to industry, to the metro, to urban traffic, to the water supply, to schools and hospitals, to the loss of life, the paralysis of refrigerators, elevators, public and residential

FIGURE 13
Shipbuilding industry

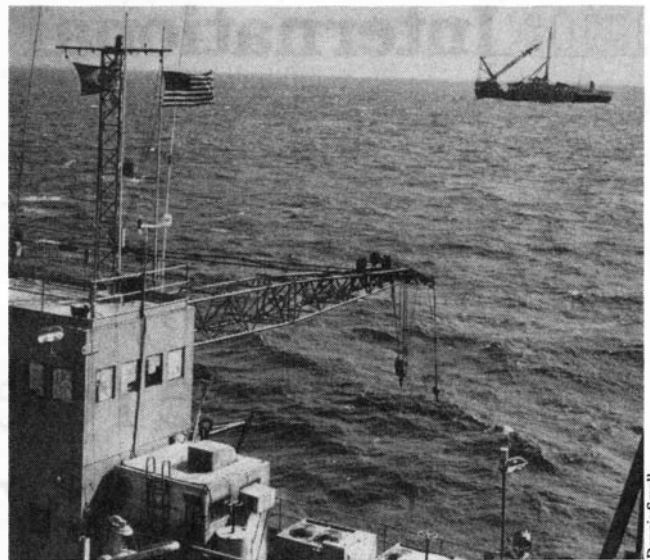


Source: ABDIB

FIGURE 14
Production of railroad rolling stock



lighting, traffic lights, computer and telecommunications systems . . . and you will get some idea of what the blackouts will bring. . . . In view of these facts, it can be said that Brazil will need an Itaipú [Dam] every four years. . . . We should have installed nearly 3 million or more kilowatts a year between 1986 and 1990, raising installed capacity from 43,000 megawatts in 1986 to 58,000 necessary megawatts in 1990. Backwardness in planning is irreversible, aggravating the probability of insufficient supply and the risk of an



The Enchova platform drilling for oil off the coast of Brazil in 1982, using U.S.-built equipment. The state oil company Petrobras is capable of generating massive capital investment, but only if it stops being looted.

energy deficit. We urge the installation of a million telephone terminals each year. . . . This is imposed on us by the reality of the modern world. It is the crossroads between underdevelopment and development, between a great power and a third-rate one."

As we have seen, the economic and financial crisis of the country is not the result of inherent inefficiency of the public sector. Any strategy that is not premised on the rapid capitalization of the state sector is a guaranteed failure. The state sector companies like Petrobras and Eletrobras are the only ones capable of injecting investments into the high-productivity sectors of the economy. Petrobras and Eletrobras alone would be capable of delivering \$20 billion worth of infrastructural investment this year. Such an infusion, together with the transport sector, would produce the rapid recovery of the strategic capital goods sector, today on its last legs. Investments in agricultural infrastructure projects, such as irrigation and mechanization, would set this South American giant in motion again.

To achieve these ends, the Collor de Mello government does not need to surrender the public patrimony to its bank creditors, through a precipitous privatization program based on the illusion that this will somehow bring in foreign capital. The deep crisis affecting the international financial system requires the country to launch a high-growth strategy with its own resources, based on reclaiming the capacity to issue sovereign credit—the stated purpose of Collor's monetary reform.

The question is not whether to privatize the state sector or not, but how to capitalize it. On this depends the nation's capacity to survive.

Hostage release part of U.S.-Iran-Syria arms deal

by Thierry Lalevée

Whatever the White House may be saying nowadays, money and weapons have been thrown into the balance of the latest round of the secret negotiations between the United States and Iran, in order to obtain the release of Robert Polhill, former professor at the American University of Beirut, who was kidnaped on Jan. 24, 1987. But seven Americans, three British, two West Germans, four Belgians, two Swiss, one Irishman, and one Italian are still being held hostage, not to mention the countless Lebanese and others who have also been kidnaped and whose fate is clearly of no interest to the White House and most other Western governments.

Polhill is the first American hostage to be released since November 1986. The last hostage was released as part of Oliver North's infamous "Arms for Iran" operation. Polhill, his colleagues, and others were subsequently kidnaped as the result of the exposure of what became known as the Irangate scandal. In order to politically survive the consequences of the scandal within Iran and prove his "revolutionary" good faith, Iranian President Hashemi-Rafsanjani personally had become involved in hostage-taking and, for example, ordered the kidnaping of Anglican Church mediator Terry Waite in January 1987.

More U.S. arms for Iran

Polhill's release was part of the most recent stages of American-Iranian negotiations which have been going on with numerous interruptions ever since 1986. Last year's expectations of an impending breakthrough were quashed by the international crisis around the author Salman Rushdie, whose book *Satanic Verses* moved the Iranians to put out an international death warrant for him; and then by the death

of Ayatollah Ruhollah Khomeini, which led to months of political instability within Iran. A new round in the fall of 1989 led to George Bush's decision in late November to release \$567 million worth of Iranian assets which had been frozen by U.S. banks when the Shah was toppled in 1979.

An expected breakthrough for Christmas came to nothing. Local parliamentary elections in Teheran saw the victory of radicals led by former Interior Minister Ali Akbar Mohtashemi, who immediately used the Dec. 22 U.S. invasion of Panama as an ideal pretext for further anti-U.S. agitation. Once more, the secret negotiations had to be halted. The release of any of the hostages had to be postponed, even though Washington had already paid a hefty price: half a billion dollars' worth of assets unfrozen, and deliveries to Iran of the latest model of Silkworm missiles from China, at Washington's request.

It was not until late January that the contacts could be resumed. Intensive sessions were held in Geneva or Vienna, and then in Pakistan. (A not insignificant consequence of the negotiations has been that the Iranian leadership has entirely taken the side of Pakistan against India in the Kashmir crisis.)

The governments of Pakistan and Algeria were the go-between the United States and Iran. In Iran itself, the Swiss and Japanese embassies were called on to deliver messages. By late February, a deal was struck. On the military front, it involved delivery of large shipments of cluster bombs from Pakistan, originally coming from the stores of the U.S.-based International Signal and Control corporation of James Guerin, a maverick businessman whose companies have been used for the last decade by the U.S. Central Intelligence Agency in the Middle East and South Africa. Teheran, on its

side, sent additional financial support and military deliveries to the Hezbollah in Lebanon.

The phone call to Bush

None of these negotiations was smooth. In mid-March, the deals almost went sour when the story of a direct phone call between the White House and Teheran became known. Intelligence sources report that the White House had decided to make it public in order to preempt a scandal, floating the line that the President had talked to an "impostor." In reality, such a phone call had been reportedly agreed at the last meeting in Pakistan. The plan was that Bush and Rafsanjani would get on the phone as the final confirmation that the deal was on.

The White House initiated the call, and Bush spoke with Mahmoud Rafsanjani, the Iranian President's brother, and Foreign Ministry official Sheikholislamzadeh. The choice of Mahmoud Rafsanjani was no coincidence. He had been chosen by his brother to negotiate with the Lebanese Hezbollah. The phone call meant that he could additionally carry a verbal commitment from the U.S. President.

Fearing that the contents of the call, which was obviously monitored, would be made public by the radicals around Mohtashemi, the White House decided to go public with its own perverted version that Iran had initiated the call and that nothing had come out of it.

Meanwhile, to cover their own involvement in the affair too, the Iranian leadership sponsored a wave of articles depicting the ridiculous efforts of Bush to get in touch with Iran at all cost. "Is another Irangate in the making?" the Iranian media trumpeted.

At the same time, yet another game of manipulation of public opinion was going on concerning Iraq. Timed with the latest round of negotiations in Pakistan, and the reaching of some kind of agreement, the U.S. news media discovered a great Iraqi military and political threat to the entire region. The game was easy enough: The arrest of a few Iraqis at London's Heathrow Airport and widely publicized reports that Iraq was about to deploy a nuclear weapon, were sufficient to convince the Iraqi leadership that their country was coming under severe attack.

There was actually more to it: American intelligence had provided Baghdad with precise information about an Israeli attack in the making. The information was provided by Washington in full knowledge of the effect it would have on the Iraqi leadership. A few days later, Iraqi President Saddam Hussein fell into the trap and went into a lengthy diatribe against Israel, threatening to annihilate it with chemical weapons—just the kind of threat that worldwide media could use to further corner the Iraqis.

That Iraq, equipped with chemical weapons, represents a regional danger, is true enough. Iraq's neighbors along the Persian Gulf are nervous enough about that prospect. Yet no one raised the real issues of the whys and hows of such a

campaign.

How is it that 90% of all of the companies supplying Iraq with deadly weapons are American? Why was it that, while this had gone on for more than four years, it was exposed just now? Why was it that, at the same time that Baghdad was involved in developing such dangerous weapons with American technology, Washington had taken the political decision to become increasingly dependent on Iraqi oil, whose supplies to the United States have more than tripled since 1986?

And was it a coincidence that just a few days after Polhill's release, Bush sent a personal message to Saddam Hussein, underlining his commitment to maintaining good relations between the two countries, just as the day before the U.S. State Department had sent a memorandum to the Iraqi authorities assuring them that Washington was pressuring Israel to the utmost not to attack Iraq?

Denouncing Iraq was therefore just part of a broader game. It had several purposes: First, it could create a general environment in which, compared to Iraq's potential madness, both the Syrian and Iranian leadership would appear moderate. (Israeli reports about Syria's ability to deploy chemically equipped Scud-B missiles were conveniently ignored.) After all, even if both Syria and Iran possess exactly the same kind of weapon, neither Syrian President Hafez al Assad nor Hashemi-Rafsanjani were indulging in the kind of diatribe used by Saddam Hussein.

No less important, it paved the way for the next major U.S. offensive in the Middle East, together with the Soviet Union: the imposition of an Intermediate-range Nuclear Forces-type treaty over the entire region, effective over both Arab and Israeli missiles.

The Washington-Damascus-Teheran axis

A direct result of this campaign has been Washington's ability to throw all caution to the wind in underlining the need for good relations with the terrorist states of Iran and Syria. The environment had been created, and a gesture was just what was needed; the release of Polhill was that gesture. Prior to it, Bush had sent a personal message to Hafez al Assad on the 44th anniversary of Syrian independence, in which Bush praised Assad's "personal efforts to eliminate the danger of international terrorism."

Following Polhill's release, Bush's tone became even warmer. This was no surprise to Syria: Since the beginning of the year, it had hosted former Secretary of State Cyrus Vance, former President Jimmy Carter, and U.S. Senate minority leader Robert Dole, keeping them informed of Damascus's role in the secret negotiations. Vance's visit had been used to test the possibility of direct negotiations between Syria and Israel, on Syria's terms. This could only be welcomed in Washington, which is all too eager to establish a good working relationship with Damascus, if only as an efficient means of control over Israel.

Yeshiva crazies try to spark new religious war

by Joseph Brewda

The ongoing illegal occupation and desecration of a Greek Orthodox Church property in the Christian quarter of Jerusalem by a terrorist cult passing itself off as a Jewish religious school, or yeshiva, has dramatically heightened the danger of religious warfare in the Middle East. The real story behind this provocation reaches into some very kooky—and high-level—circles in international freemasonry, the masterminds of the “Temple Mount” project to blow up the Al Aqsa Mosque in Jerusalem and rebuild Solomon’s Temple on the site. *EIR* was the first to expose this strange project, and its international controllers, in a Special Report published in 1983, titled “The Jerusalem Temple Mount: A trigger for fundamentalist holy wars.”

The yeshiva, Ateret Cohanim, was formed in 1978 by three active duty officers of the Israeli domestic intelligence agency Shin Bet. Since 1983 it has been caught on several occasions attempting to blow up the Al Aqsa Mosque.

Ateret Cohanim’s latest provocation began on April 11, when 150 of its religious students moved into a Greek Orthodox-owned 72-room hostel adjacent to the Greek Orthodox-managed Church of the Holy Sepulcher. The yeshiva had illegally purchased a lease to the property by posing as a Christian religious community. The timing of the occupation, in the middle of the Christian Holy Week marked by Palm Sunday and Easter, could not have been more provocative. The church, which is the traditional site of Christ’s burial, and where the crucifix is still housed, is one Christian-ity’s holiest sites.

In response to this takeover, the church ordered the Jewish settlers to leave, but Israeli courts granted an injunction allowing them to stay in the building at least through Easter weekend. To further inflame the situation, the Jewish settlers covered up the crosses on the church hostel’s facade with Jewish Stars of David, as the Greek Orthodox community prepared for Good Friday.

On Maundy Thursday, the day before Good Friday, a Greek Orthodox priest reached up and tore down a Star of David from the illegally occupied building’s facade. Israeli troops charged the gathering crowd. The aged Greek Orthodox Patriarch of Jerusalem, Diodoros, was overcome by tear gas. Still later that day, Israeli police fired tear gas and rubber

bullets into the Church of the Holy Sepulcher itself, claiming that it was being used to safe-house stone-throwing Palestinian youths.

Shortly after the violence, Israeli Housing Minister David Levi, a rabid Israeli expansionist, publicly gloated that the leasing of the church property had been financed by the Israeli government. The yeshiva claimed that \$2 million in Israeli government funds had been covertly conduited to Panamanian front companies to disguise its origin. The Israeli government issued a statement dismissing the lease purchase as “an ordinary commercial real estate transaction.”

A freemasonic conspiracy

Although Israeli expansionists, especially of the religious fundamentalist variety, have never been noted for sanity, the ultimate origin of the yeshiva’s lunacy is not found in Israel, but in England.

Shortly after the Israeli Army seized control of East Jerusalem in 1967, one Asher Kaufman, an operative of London’s Quatuor Coronati Freemasonic lodge, arrived in Jerusalem to oversee an assault on Jerusalem’s holy places. Quatuor Coronati’s lodge, the “research” lodge of the mother London Grand Lodge headed by the British Royal Family’s Duke of Kent, has long been dedicated to rebuilding Solomon’s Temple on the Temple Mount, currently the site of the Al Aqsa Mosque. Upon his arrival, Kaufman began sponsoring “archeological work” related to rebuilding the Temple and building a religious-terrorist network.

A related purpose of Kaufman’s deployment is that the London freemasonic lodge has also been intent on taking control over Jerusalem’s Christian holy sites, all of which have been under the control of the Roman Catholic Church or Eastern Orthodoxy. To a significant degree, Britain’s historic patronage of Zionism has been linked to the expectation that a Jewish state would eventually allow various freemasonic-controlled Protestant churches to displace Catholic and Orthodox control of these holy places.

Ateret Cohanim was formed in 1978 with the avowed purpose of blowing up the Al Aqsa Mosque, and rebuilding Solomon’s Temple. This idea had first been proposed within Jewish circles as far back as 1921 by Rabbi A.I. Kook. Kook later became the spiritual mentor for the terrorist Stern gang and Irgun, out of which the Israeli parliamentary Likud bloc was formed. Former Stern gang assassin Yitzhak Shamir, who is now attempting to form a new Likud-controlled Israeli government, is one of the more prominent supporters of the yeshiva.

The yeshiva soon began receiving large amounts of funds from some of the more kooky U.S.-based Protestant sects, centered in the American Jerusalem Temple Fund. These sects are distinguished by their fervent hope for an apocalyptic Middle East war, a battle of Armageddon, which would bring on the Second Coming—and also kill many Jews in the process.

'Down with Li Peng' now heard in Moscow

by Mary M. Burdman

Chinese Prime Minister Li Peng, the man who ordered martial law in Beijing last May to crush the demonstrations in Tiananmen Square, arrived in Moscow on April 22 for a state visit with Soviet President Mikhail Gorbachov. Li arrived very soon after the first anniversary of the massacre of nationalist demonstrators in Tblisi, Georgia on April 9, 1989, and in the midst of the Soviet efforts to crush Lithuanian independence.

Thanks, not to glasnost, but rather to the growing national unrest inside the Soviet empire, Li was greeted by several hundred demonstrators at the Foreign Ministry in Moscow protesting his visit, the first time that a demonstration against such a high-level official guest in Moscow has ever been allowed. The demonstrators included 22 members of the Moscow City Council, who also introduced a motion to the council denouncing Li's visit.

The demonstrators chanted "Down with Li Peng!" like those in Tiananmen Square last spring, and carried banners reading "Yesterday China, today Lithuania, tomorrow Moscow." They were organized by the Moscow Students Club, the Russian Popular Front, and by the organization set up by the late Dr. Andrei Sakharov, Memorial. A representative of this organization, speaking in East Berlin at the first joint conference of the Chinese exiles' group, the Federation for a Democratic China, and the East German New Forum on April 21, announced the anti-Li Peng demonstrations. He described how Dr. Sakharov was cut off in his speech to the Soviet Chamber of Deputies denouncing the butchery in Tiananmen Square last June, by none other than Gorbachov himself, who is now greeting Li Peng. In Moscow, a student announced a one-day hunger strike in Red Square for May 13, the anniversary of the first hunger strikes in Beijing. It is also the anniversary of Gorbachov's visit to Beijing last year.

The demonstration in Moscow was not the only evidence of the upheavals in both the communist giants surrounding this summit, the first visit of a Chinese prime minister to the Soviet Union since Chou En-lai was there 26 years ago. In the far western Chinese province of Xinjiang, reports say as many as 80 people have been killed by Chinese forces after the Turkic-speaking Uighur Muslims began a revolt April 5-6. Tensions have been very high in Xinjiang, which is still predominantly Muslim despite heavy immigration of Han Chinese to the province, and there have been violent protests at the universities.

The situation is of strategic importance for China: Xinjiang borders on the Soviet Muslim republics of Kazakhstan, Tadjikistan, and Kirghizia, as well as Afghanistan and the troubled province of Kashmir, divided between Pakistan and India. Xinjiang is the site of China's nuclear testing facilities and the source of critical raw materials.

There is no doubt that the crisis in Xinjiang was on the agenda between Li Peng and Gorbachov, because the provincial governor, Tomur Dewamat, accompanied Li to Moscow. There have been bloody protests in the Soviet Muslim provinces through the winter, sparked by the desperate economic situation left by decades of Soviet looting. Beijing's policy toward Xinjiang and the other interior provinces, including emphatically Tibet, has been the same. The economic gap between east and west China has worsened dramatically in the past decade, as the west has been forced to sell its raw materials to the east at state-set prices that have meant billions of yuan in losses to the region every year. Under the Deng Xiaoping "reforms," government and foreign investment has been concentrated almost exclusively in the eastern coastal provinces, leaving the interior impoverished.

Empires in crisis

The Soviet and Chinese leaderships are attempting to consolidate a working relationship as they both weather internal political and economic storms. While the communist giants' relations, including military, have been greatly strengthened in the past months, much of this seems aimed at keeping relations stable while each empire tries desperately to cope with economic collapse. European analysts report that the Soviets fear—with good reason—another political explosion in China.

The summit resulted in an agreement in principle to reduce military forces along their common border. A Chinese Foreign Ministry spokesman quoted Li Peng that the two countries had made steady progress in political relations and talks on the demarcation of Sino-Soviet border were also in progress.

Soviet Foreign Minister Eduard Shevardnadze and his Chinese counterpart, Qian Qichen, signed a broad agreement for the reduction of armed forces and for military confidence-building measures along the 4,380-mile Soviet-Chinese frontier, and Li and Gorbachov signed a number of agreements, including a long-term program for economic, scientific, and technical cooperation until the year 2000. Li told Gorbachov that China would continue reforms but would guard against "instability."

But ironically, as the *Financial Times* pointed out April 25, these plans may amount to little. Trade between the two nations fell below the target of \$3.1 billion agreed to in March by \$700 million, and was even lower than the 1988 figure. Indeed, China's exports to the Soviet Union seem to be expanding most in one field—labor. Thousands of Chinese are being sent over the border to work in Siberia.

Bush administration is sheltering Kashmiri terrorists

by Joseph Brewda

Over recent weeks the Bush administration has claimed to be gravely concerned about the possibility of a new Indo-Pakistani war, and together with the Soviet Union sponsored a meeting of the Indian and Pakistani foreign ministers on this very real threat. Despite its pronouncements, however, the U.S. administration has continued to harbor Amanullah Khan, the leader of the Jammu and Kashmir Liberation Front. JKLF kidnaping and murders have played an important role in the ongoing crisis in the Indian-controlled state of Kashmir, over which two previous Indo-Pakistani wars have been fought.

On April 10, Khan gave a speech at the United Nations announcing the death of an Indian television executive and five Indian air force officers who had been kidnaped by his organization just days before. The victims were killed by his followers the next day. Despite the fact that Khan ordered an execution on U.S. soil, the Bush administration has only belatedly responded—and only after intense diplomatic pressure—by revoking Khan's visa. The U.S. government has refused to order the murderer's deportation. Khan has lightly dismissed this visa revocation, accurately noting after a Washington press conference on April 20, that he could remain in the U.S. for years fighting out the administration's slap-on-the-wrist measure, if he wanted to.

It could hardly be said that the U.S. embassy in Islamabad did not know who Khan was when he applied for his visa earlier this year. Indeed, U.S. Ambassador Robert Oakley used to lead the State Department office on counter-terrorism. That office's publications have formally listed the JKLF as a terrorist organization.

Who is protecting this terrorist?

That the U.S. government is protecting Khan can not be reasonably denied. The main base of Khan's Washington activities is the Kashmiri American Council, directed by Dr. Ghulab Fai. The most extraordinary feature of this obscure council is that its public relations are handled by Black, Manafort and Stone, a firm closely tied to the U.S. intelligence community. Charles Black, the founder of the firm, had earlier founded the National Conservative Political Action Committee together with the late Terry Dolan in 1975. NCPAC was one of the more important covert financial conduits for

the Reagan/Bush administration's Iran-Contra operations, as court and U.S. Senate testimony has since determined.

Peter Kelley, another partner in the firm, is the treasurer of the National Democratic Institute, one of the four formal arms of the National Endowment for Democracy which oversaw Iran-Contra funding. The NED was established in 1985, in the explicit pronouncements of its founders, to run overtly what State Department intelligence and the CIA's propaganda and covert operations division had previously run covertly. It was Kelly's NDI, for example, which ran the 1986 overthrow of the Marcos government in the Philippines. The NDI has repeatedly demanded that India open up its economy to external investment if it wants to be considered democratic.

Indira Gandhi's killers

It is also no surprise that Amanullah Khan's U.S. operations are sustained by the same circles which killed former Indian Prime Minister Indira Gandhi. For such reasons, Khan has worked out of the World Sikh Organization offices in Washington. The WSO had been formed by Khan's decade-long associate, Dr. Jagit Singh Chauhan in London in 1984, with the express purpose of assassinating Mrs. Gandhi. When Gandhi was assassinated later that year, Chauhan took the credit, and the then British-based Khan praised the murder.

Didar Singh Baines, the wealthy Yuba City, California-based prime funder of the WSO, is reportedly the main U.S. funder of Khan's JKLF. Khan admits that one of the prime reasons for his trip to the United States, and recent meetings in California, is to acquire funds for his operations. Most weapons used by both the Sikh and Kashmiri separatists are still reportedly obtained from U.S. arms shipments to the Pakistan-based Afghan Mujahideen. Former WSO president Ganga Singh Dhillon has been credibly reported to be a U.S. Defense Intelligence Agency asset.

Yet another figure who has provided crucial assistance to Khan has been Nayyar Zaidi, news correspondent with the Pakistan daily *Jang* and a one-time employee of the U.S. Information Agency in Karachi. Zaidi reportedly played a similar role for Sikh terrorists. Zaidi is overtly hostile to the Pakistani government of Benazir Bhutto, and has often taken to defending Henry Kissinger, the murderer of her father, former Prime Minister Zulfikar Ali Bhutto.

Zaidi's role, among other evidence, indicates that those who are fomenting the Kashmiri crisis are also intending to destabilize Pakistan, and are not merely anti-Indian. This is coherent with the fact that the ultimate backers of Khan are actually centered in London, whose policy toward the subcontinent has always been one of "divide and conquer." Unfortunately, ever since the Dulles brothers-dominated Eisenhower administration, the White House has tended to follow this traditional British policy against the subcontinent—whatever Bush may now claim about his alleged fear of a new Indo-Pakistani war.

‘Tell the truth about Azerbaijan’

The following interview took place between Mehdi Mamedov, a representative of the Azerbaijan Popular Front, and EIR correspondent Joseph Brewda on April 17 in Virginia. Dr. Mamedov is a professor of history at the University of Baku, the capital of Azerbaijan. He is now on tour in the United States to increase Americans understanding of the current situation in Azerbaijan following the Russian invasion on Jan. 16. That invasion was approved by the Bush administration as a reasonable effort to restore public order, purportedly because of Armenian-Azerbaijani riots.

EIR: Could you characterize the current situation in Azerbaijan, now, after more than three months of Soviet military occupation?

Mamedov: Today we have a military dictatorship which is ruling Azerbaijan. There is no place in the Soviet Union where human rights are being violated more than in Azerbaijan today. Groups that claim that they are concerned about human rights have to become concerned with Azerbaijan.

There were pogroms against Azeri people in Azerbaijan. Armenians in Baku did not want to kill or be killed. No one wanted to kill. The pogroms were organized. The Soviet troops came into Baku under the screen of pretending to defend the Armenians. What then occurred was a massacre organized by Soviet troops and Soviet intelligence agencies with tanks and automatic weapons.

It's a tense situation. It's not good at all. All the fighting will not conclude in anything in favor of anybody. Both Armenia and Azerbaijan have been progressing toward democracy; the situation is slowing down that progression.

However, the situation in the three Baltic republics has now created a situation which Gorbachov does not want to face. It's very difficult for Moscow. Gorbachov does not want to face a similar situation in the Caucasus.

The central government fears the unity of the three republics in the Caucasus which would be a threat to its rule. The unity of Armenia, Azerbaijan, and Georgia is not in Moscow's interest, so Moscow is not really interested in stopping ethnic violence.

This violence could continue because Azerbaijan is not going to give up Nagorno-Karabakh [the autonomous Armenian region within Azerbaijan] and Armenia is not going to stop wanting it. This conflict between Armenia and Azerbaijan on this issue is not good for Georgia, which doesn't know what its position on the conflict should be. Some Armenians who know the situation is not good for Armenia want to talk. Azerbaijan doesn't want any territory from Armenia, and it also does not want to give up any territory. So the borders should stay the way they are.

My conclusion, after reviewing this conflict, is that all the problems we see in the region are caused by a third party.

EIR: Most Western press portrayed the Russian invasion of Azerbaijan as required to put down ethnic strife. Many papers even claim that the Azerbaijan Popular Front is Islamic fundamentalist and supports Iran and Khomeini. What do you have to say about this characterization?

Mamedov: I'll tell you one fact. For the past 10 or 20 years, there has been a growing emigration out of Iran to Europe and America. About 4 million people have left, and out of these 4 million, 3 million are from southern Azerbaijan, now held by Iran. These Azeris of Iranian citizenship have been fleeing the Khomeini regime; they have been fleeing Islamic fundamentalism, leaving it behind.

I have been speaking to southern Azeris of Iranian origin in the United States. They curse Khomeini. If the southern Azeris from Iran curse Khomeini and flee fundamentalism, what do you think the northern Azeris in Russia think?

What is the real issue? What is the relation of northern and southern Azerbaijan? The Araks River divides one people. When two brothers want to see each other, that is normal. Is that fanaticism or fundamentalism? What Khomeini is for southern Azerbaijan, Gorbachov is for northern Azerbaijan. We say we need a relation to Iran—which means southern Iran. Azerbaijan is part of two states: Iran and the Soviet Union. The border which divides Azerbaijan is called the Soviet-Iranian border. When American newspapers wrote that the Azeris are violating the Soviet-Iranian border, they forget it is our border. The American press cries, "My God, they're violating the Soviet-Iranian border!" So when Americans read these newspapers, they then say "blood is flowing," "The Azerbaijanis are killing the Armenians," "They're terrorists, butchers."

You see, this type of propaganda and disinformation is a kind of poison.

As far as supposed religious conflict goes, the problem in Azerbaijan is not a problem between Christians and Muslims, as it is often portrayed. In Azerbaijan, a Christian-Muslim problem simply does not exist. That is absurd; that is a screen.

EIR: What should the U.S. do?

Mamedov: First of all, tell the truth.

U.N. gets LaRouche rights case

The case of the unjustified political prosecutions of Lyndon LaRouche and associates is now before the United Nations. Part III of a series.

The Paris-based Commission to Investigate Human Rights Violations and Helga Zepp-LaRouche, wife of political prisoner Lyndon LaRouche, filed a second petition to the Commission on Human Rights of the United Nations in Geneva, Switzerland on Feb. 2, 1990, seeking U.N. action against human rights abuses committed against LaRouche and his political movement by federal, state, and court authorities in the United States. A first petition had been submitted at the end of May 1989, but has yet to be deliberated upon.

Part II of this series described the unsuccessful attempts to overturn the unjust conviction of LaRouche and six associates in the Alexandria, Virginia federal prosecution. The section which follows takes up two of the most outrageous cases in American legal history: the Virginia state prosecutions of Michael Billington and Rochelle Ascher. Billington, whose own lawyer attempted unsuccessfully to have him declared mentally incompetent because of his insistence on a jury trial, was sentenced to 77 years in prison for securities violations. Ascher was sentenced by a jury to 86 years, though the sentence was later reduced by the judge to 20 years.

2. The case of Michael Billington

Michael Billington is one of the six people tried and convicted with Lyndon LaRouche in Alexandria, Virginia, and sentenced to three years in federal prison in January 1989. He is also the second of 16 individuals and five corporations to face trial in the Commonwealth of Virginia, on charges that the political loans they raised were "securities."

Delegates from the International Commission to Investigate Human Rights Violations, who observed Mr. Billington's trial in Roanoke, Virginia, characterized this procedure as maybe the most blatant example of "Soviet-style justice" conducted in a Western country.

Michael Billington was charged in Virginia on nine counts, carrying a maximum sentence of 90 years. The charges, based on the same evidence as the Alexandria charges, stem from Virginia's co-sponsorship of the 400-man federal and state raid on LaRouche political headquarters on Oct. 6, 1986. On Oct. 24, 1989, the jury in Roanoke, after deliberating seven and a half hours, returned a guilty verdict on all nine counts of selling unregistered securities, failure to register as a securities broker/dealer, fraud, and conspiracy, and recom-

mended a sentence of 77 years in prison. On Dec. 1, trial Judge Clifford Weckstein confirmed this sentence!

The indictment in this case dates from Feb. 17, 1987. At that time the Commonwealth of Virginia had not yet ruled that political loans were securities. A temporary restraining order against further loans was issued two days after, but it was not until March 1987 that the State Corporation Commission ruled, after some initial hesitation, that the notes of indebtedness issued for political loans were "securities," and the state authorities issued a "cease and desist" order against further issuance of such notes.

The trial for Mike Billington in Virginia was scheduled for April 1989 in Leesburg, scene of the October 1986 raid, where the local press had run a four-year hate campaign against anyone linked to Mr. LaRouche. The full impact of that contamination of any possible jury became clear when in April 1989, Rochelle Ascher was convicted on all counts and sentenced to 86 years in prison. (See section B. 3. *infra*.) The judge in the case was Carleton Penn, who in February 1989 grudgingly agreed that there was no such thing as a fair jury in Loudoun County for defendants linked to LaRouche, and granted Billington's motion to move his case to a different location. Trial was set for July 5, 1989.

At a pre-trial hearing before Roanoke Circuit Court Judge Clifford R. Weckstein on June 7, Billington's counsel, Jim Clark, filed a motion to withdraw, citing differences that had arisen concerning the conduct of the defense, in particular, "the witnesses to call in [Billington's] own defense," and emphasizing that the differences involved "more than trial strategy." At that time, attorney Clark refused to reveal the precise nature of the differences, saying they would "implicate the attorney-client privilege" and "could reveal all or part of [Billington's] theory of defense."

Judge Weckstein accepted a motion for Brian Gettings to step in as Billington's attorney of record. Gettings stated for the record that he did not have the same difficulty that Mr. Clark had, a clear reference to trial strategy. At that time, the trial was rescheduled for Sept. 19, 1989. At the June hearing, Judge Weckstein made clear that a defendant is uniquely responsible for three decisions in his case: whether to plead guilty or innocent; whether to have trial by jury; whether to testify on his own behalf.

Up until two days before the trial started, there was a

clear outline of the strategy, tactics, and witnesses to be called by the defense agreed upon by Mr. Billington and his attorney. Both were committed to use the trial in Roanoke to present a complete defense to the jury that had been prevented in the mistried Boston case (where Billington had been a defendant, too), as well as in Alexandria.

In a pre-trial hearing on Sept. 14, Judge Weckstein denied the convincing defense motion to dismiss the case on grounds of double jeopardy. The judge ruled that even though the acts cited in the Virginia indictment derived from the same evidence on which Billington was convicted in Alexandria, the state of Virginia nevertheless had the sovereign right to bring its own charges against the defendant. Ultimately, the exact same witnesses, testifying on the exact same evidence, testified against Billington in Roanoke.

Judge Weckstein suggested to Brian Gettings, that Billington should consider waiving the right to a jury trial because, "judges in this part of Virginia do not set aside jury sentences." After that hearing, attorney Gettings told his client, that he could not wage the kind of defense Billington wanted unless he gave up his fundamental constitutional right to a jury trial. Gettings argued that a judge would be more lenient than a jury in sentencing, were Billington found guilty. Billington asked for time to consider and consult with other lawyers and friends.

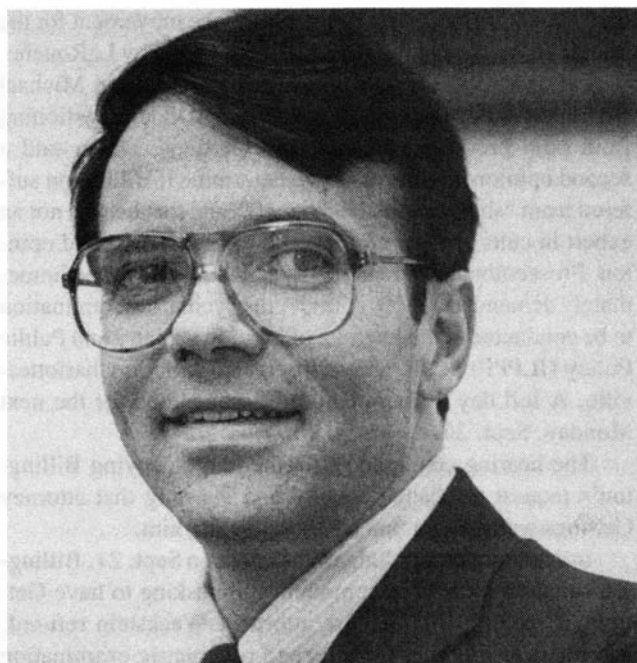
This he did, and concluded that the only acceptable result was total acquittal, which he believed could only be possible in Virginia with a jury trial. He refused to be intimidated by the threat of a 90-year sentence, and insisted that presenting the whole truth was the only chance for justice.

Mr. Gettings strangely reacted to his client's decision with rage and insults, accusing him of offending his professional pride, denouncing him as mad and acting under orders from LaRouche, although he admitted at the same time that the choice of a jury trial is entirely up to the defendant and that the trial was moved out of Loudoun County in the hopes of finding a fair jury elsewhere.

At an emergency hearing on Sept. 18, the eve of scheduled trial, Brian Gettings introduced a motion to withdraw from the case, charging that "irreconcilable differences of opinion now exist" as to how to proceed in defending the case. "These differences are fundamental . . . Counsel . . . now has reason to believe that . . . Mr. Billington's free will is so impaired that he cannot intelligently assist counsel in making decisions as to how best to try the case."

Gettings's motion was carefully crafted to invoke the Virginia statute calling for Billington to be declared incompetent by the court. On the suggestion of the prosecution, Gettings seconded a proposal for Billington to undergo psychiatric evaluation, against which the defendant protested.

At the same time, the second track of egregious violations of civil liberties came into play. During the trial, Billington was detained at the Roanoke County jail, since on or about Sept. 8, 1989, when he had been moved from a lowest level



Stuart Lewis

Michael Billington: stabbed in the back by his own attorney, and sentenced by the judge to 77 years in prison.

federal security facility. For reasons never explained, Billington was immediately placed in solitary confinement, and allowed to make phone calls only to his attorney. He was held in a 9-by-12 cell 24 hours a day, given only three hours a week in the gym to exercise, and no calls but to his lawyer. He was not even allowed to call his wife, who could talk to him through a glass window only two days a week for 15 minutes. On Sept. 16-17, while Billington was considering the issue of a jury trial, Sheriff Cavanaugh suddenly withdrew paralegal visitation rights to the two people who had worked on his case for two and a half years. On Sept. 23, the sheriff issued orders to prevent Billington from having telephone contact with any attorney other than Brian Gettings. So he was effectively cut off from contact with everyone except an attorney who was committed to proving his client mentally incompetent to assist in his own defense. On Sept. 30, a third and the last remaining paralegal allowed to visit Billington, Sanford Roberts, found his permission was denied. Even several weeks after sentencing, Billington was still held in solitary confinement, from which he was released no earlier than Dec. 21, 1989, and returned to federal custody!

On the evening of Sept. 18, Billington did allow local psychiatrist Dr. Conrad Daum to interview him for one hour in the jail. The examination included many questions about Billington's political beliefs. The following morning, the local newspaper blared: "LaRouche aide trial delayed: Billington to undergo mental test," and quoted Mira Boland, director of the Fact-Finding Division of the Anti-Defamation

League, which had attacked the LaRouche movement for the last 20 years, describing it as a “cult” directed by LaRouche.

On Sept. 19, Dr. Daum testified in court that Michael Billington was competent to stand trial. Under questioning from both prosecutor Russell and Gettings, Daum said a second opinion was necessary to determine if Billington suffered from “shared delusional beliefs” and that he was not an expert in cults and therefore would welcome a second opinion. Prosecutor and defense attorney joined forces and immediately demanded a second, in-depth psychiatric examination to be conducted at the Institute of Law, Psychiatry and Public Policy (ILPPP) at the University of Virginia in Charlottesville. A full day’s examination was scheduled for the next Monday, Sept. 25.

The hearing concluded with the judge denying Billington’s request to change counsel and insisting that attorney Gettings was doing a fine job of defending him.

In a hearing before Judge Weckstein on Sept. 21, Billington submitted a written communication asking to have Gettings released as his defense attorney. Weckstein refused, and reissued an order for a second psychiatric examination despite Billington’s objections. The judge did not allow Billington to speak on his own behalf.

On Sept. 24, a *pro se* motion from Billington was delivered to Judge Weckstein’s home. In the motion, Billington asked the judge to stop the psychiatric examination and let Billington hire another attorney.

On Sept. 25, Billington was transported to the Institute of Law, Psychiatry and Public Policy in Charlottesville, Virginia. He refused to participate in the second examination and was brought back to Roanoke.

On Sept. 26, Brian Gettings brought in his own lawyer Harvey Cohen to argue his motion to withdraw. Both argued that Gettings could no longer represent Billington, and that Billington was not competent to stand trial, that he was a dupe, being used in a conspiracy of LaRouche and associates while the defendant still had no counsel to protect him against these charges.

After the prosecutor did a total about-face and protested profusely his firm belief in Mr. Billington’s competence, the judge declared he found “not an iota or scintilla of evidence” of incompetence. Weckstein upheld Billington’s concerns that the ILPPP was not a “disinterested party”: In fact, the Institute for Law, Psychiatry and Public Policy is financed by the U.S. Department of Justice and the Virginia Attorney General’s office—the prosecutors against Michael Billington—plus the FBI, and enjoys a strong relationship with the latter two; the ILPPP director, Richard Bonnie, prides himself as a forerunner of the movement to decriminalize drugs in the United States, a role that had been exposed and sharply attacked by political friends of LaRouche in the late 1970s.

Judge Weckstein then refused to let attorney John Flannery substitute for Gettings and ordered the trial to begin the

next day, with Gettings representing Billington. Despite the judge’s finding as to Billington’s competency, Gettings said even though he could not prove it, he believed Billington was not using his free will. He even suggested to send his client off to a state mental institution for 30 days’ observation.

On Sept. 27, jury selection began. Judge Weckstein conducted most of the *voir dire* of two 35-person panels, all of whom said they had heard of LaRouche and several of whom had read publicity concerning the Billington case. There had been extensive television coverage the night before of attorney Gettings’s charges in court that he had been “set up” by individuals in the LaRouche organization concerning his representation of Billington. On the same day the jury was sworn in.

On Sept. 28, the defendant was escorted into the courtroom by three sheriff’s deputies, in front of the jury.

From this point forward, Gettings’s overriding concern seemed to be to argue for his view that his client was “directed” in his approach to the case, instead of defending him against the criminal charges. The rest of the trial, from jury selection to closing arguments, was an agonizing effort to simply get evidence introduced. The prosecution proceeded to fill the record with the prejudicial hearsay evidence, including, not direct testimony from lenders, but testimony of their children and lawyers.

Billington filed no fewer than four separate motions *pro se*, pressing for substitution of counsel. Two of the motions requested mistrial on the grounds that he could not exercise his constitutional right to testify in his own behalf or to call witnesses, when his own lawyer was looking for any opportunity to prove his incompetence at trial.

The following part of objections which Billington filed Oct. 3 documents how attorney Gettings acted against the interests of his client: “(1) My request that a motion for a change of venue be filed following a full week of TV, radio, and newspaper coverage of my lawyer’s efforts to have me declared incompetent and the ADL accusations about ‘cults’ thereby facilitated in the *Roanoke Times and World News*, was refused by Mr. Gettings. (2) Repeated requests for legal actions to break the complete cut-off of contact with paralegals who have worked on the case for three years and one year have been refused. I am not allowed to speak with the paralegal who is in court during the trial. This is particularly damaging since Gettings continues to maintain I am mentally incapable of assisting counsel. (3) On Wednesday [during the initial jury selection—ed.], I was brought out before the entire body of 24 potential jurors in the custody of deputies. I approached Gettings and objected that the entire panel had observed my entry in custody. Mr. Gettings did not object to this until after the entire jury had been chosen and excused. The court ruled that it was too late to object.”

Billington also objected against Gettings’s refusal to utilize jointly prepared material in the examination and for the

impeachment of one of the main prosecution witnesses. At one point, the Roanoke newspapers quoted Gettings that a defense strategy citing "government harassment" was not in the best interests of his client! In one instance, Billington sought to call one of his Virginia co-defendants, Richard Welsh, who also was represented by Gettings, to the witness stand. At a hearing to determine the pertinence of the testimony and the conflict issues for Gettings, the prosecutor rallied to Gettings's defense and declared in open court that if calling this witness in Billington's case meant aborting the charges against the witness in Virginia, then he, the prosecutor, would make sure the witness was indicted and prosecuted elsewhere. Gettings was allowed to withdraw as counsel for Mr. Welsh, who was then left without counsel familiar with his case. The Welsh testimony would have been essential for Billington's defense, as Billington documented in a written statement filed with the court. Because of the unresolvable conflicts of interest, he moved for a mistrial, which was denied.

On Oct. 17, attorney John P. Flannery filed an *amicus curiae* brief arguing that the court-appointed counsel for Michael Billington, Brian Gettings, has "acted as a witness against his own client." The brief details the events as they unfolded in Billington's trial. It shows in particular, that no fewer than five off-the-record backroom conferences among prosecutor, judge, and Gettings occurred, in the process of which it was decided that Billington would be subjected to psychiatric examinations. Furthermore, in these conferences, attorney-client confidences between Gettings and Billington were revealed, and, once Billington had filed a motion requesting a mistrial on grounds of the Welsh conflict, judge, prosecutor, and Gettings collaborated behind doors on how Welsh would be summoned as a witness so as to avoid the conflict issue raised!

Judge Weckstein announced on the record, that he would accept the Flannery brief for the record; however, he "would not read it."

On Oct. 19, the court called Welsh to the stand. He invoked his Fifth Amendment privilege, referring to "advice formerly given to me by Gettings and repeated to me two nights ago by my former attorney." Now Judge Weckstein ruled that under the Virginia immunity statute he could not compel Welsh's testimony since it would not afford him the immunity he needed. Thus, Billington was denied an essential witness for his defense.

The jury trial lasted exactly 15 days, from selection to verdict. The coup de grace came with the closing arguments on Oct. 23, 1989. Brian Gettings told the jury that in some cases, these political loans were indeed securities, and implied that his client had committed fraud, but begged for leniency. His parting words were high praise for the prosecution. The judge concluded the day by telling the defendant that, were he in Mr. Billington's shoes, he could not have wished for a better closing argument than Mr. Gettings's.

Brian Gettings left town the following morning, and was not in the courtroom when the jury, after only seven and a half hours of deliberation, convicted Michael Billington on all nine counts of securities fraud and assigned a sentence on each count, totaling 77 years. Sentencing was scheduled for Dec. 1, at which day Judge Weckstein confirmed the recommendation of the jury! Prosecutor John Russell, in arguing for the sentence, had said that "Michael Billington was told by his counsel that he had a choice as to whether to proceed with a judge or a jury . . . he chose a trial by jury and he must now live with those results." In addition, Russell had argued that upholding the 77-year sentence would "send a message" to "Billington's co-defendants, who also wish to exercise their right to a jury trial about the result of exercising that right" and it would "send a message to the LaRouche organization which continues to wreak havoc throughout the United States by continuing to raise funds."

Ironically, before trial, Billington had been offered an Alford plea: If pleading guilty as charged he would have received a three-year prison sentence to be served concurrently with his previous conviction in federal court, i.e., no additional jail term!

Conclusion

In this case, another political friend of Mr. LaRouche was

- denied constitutional protection against double jeopardy;
- effectively denied the right to jury trial by his attorney's action in filing his motion to withdraw and inflicting well-publicized competency proceedings against his own client;
- denied his Sixth Amendment right to testify on his own behalf, since it is tough enough to face one prosecutor, let alone three: judge, prosecutor, and your own attorney;
- denied his Sixth Amendment right to call witnesses in his own behalf;
- denied his right for counsel and free access to the courts.

3. The case of Rochelle Ascher

This sentence is the harshest ever handed down in the history of the courts of Loudoun County and resulted from the seating of a contaminated jury, prejudicial actions by the judge, and a host of serious violations in courtroom and prosecutorial procedure. After the verdict, Judge Penn described the 12 county residents, who had returned the verdict, as the "most conscientious, patient, and attentive jury that I have ever seen."

At a formal sentencing hearing on June 5, 1989, Judge Penn denied all post-trial motions and modified the sentence to 20 years, 10 of them suspended, with restrictions barring political activity by Ascher. (For the incredibly high punishment see section C of this amendment.) During sentencing,



Stuart Lewis

Rochelle Ascher: sentenced by a jury to 86 years in prison, the harshest sentence ever handed down in Virginia's Loudoun County.

Penn announced that he considered the jury verdict "sacred." He denied Ascher's request to be freed on bond pending appeal, because Ascher's conduct was "willful," evidence of guilt was "overwhelming," and "she expresses no remorse." Ascher was arrested in the courtroom and immediately sent to jail, although, under state law, in order to deny bail the judge was required to find that Ascher would not appear when directed, or that she was a danger to herself or to the public.

Judge Penn also announced he was considering a contempt citation against her attorney, John P. Flannery of Leesburg.

Two days later, on June 7, the Virginia Court of Appeals overruled Judge Penn and ordered that Ascher be freed on bond. "We hold that the trial judge abused his discretion in denying bail," the Appeals Court ruled. Some weeks later, in a further attempt, the Commonwealth requested that the Appeals Court reconsider, arguing that Ascher's continued political activity was itself evidence of criminality and a "danger to the public. . . . The record reveals that Mrs. Ascher exercised considerable influence within the LaRouche organization and will continue to do so if conditions are not placed on her bond." Noting that Ascher had been a highly effective fundraiser for the LaRouche movement, Assistant Attorney General John Russell continued: "There must be some restrictions imposed on the defendant's bond, to cut off her activities within the organization."

On July 19, 1989, the Appeals Court denied the Commonwealth's demand; on July 21 a three-judge panel ruled that Mrs. Ascher be allowed to remain free on bond. Ascher's

attorney filed notice of appeal on July 3. The appeal is still pending. In Virginia, though, unlike most states, an appeal is not a matter of right. The defendant must first petition the court to grant the appeal.

Both the indictment and the way the trial itself was conducted are highly unconstitutional:

- The indictment charged that Mrs. Ascher was in effect selling securities when she accepted loans from political supporters of Mr. LaRouche. The Commonwealth of Virginia charged the failure to register the securities, to register herself, and the misrepresentations that these loans would be repaid amounted to securities fraud; the Commonwealth contended, and the Court so instructed the jury, that any note or evidence of indebtedness was a "security." In fact however, such political loans had never before been considered securities in Virginia, and the State Corporation Commission only got around to ruling that they were, three months after indictments were handed down on Feb. 17, 1987. The trial judge virtually directed the verdict by instructing the jury that any note was a security, and that Ascher did not have to know that the notes were securities!

- Despite documentation about a four-year history of pre-trial publicity, the majority generated by statements of federal and state prosecutors, which so inflamed the Loudoun community that it was impossible to get an impartial jury, the trial judge denied a pre-trial motion requesting a change of venue. The court forced Ascher to go to trial, even as the sentencing of Lyndon LaRouche and six other Alexandria defendants blared in the area media. "The Commonwealth repeatedly told veniremen that this case was not about LaRouche, although LaRouche's name was invoked no less than 1,500 times throughout the trial," said Ascher's defense attorney John Flannery. Virtually every juror finally selected to sit on Mrs. Ascher's case said he or she had formed an unfavorable opinion about Mr. LaRouche.

- During the trial, there was massive juror misconduct, which was confirmed by post-trial interviews with jurors. The jury misconduct itself should have led to a mistrial.

- Most of the loans in question were not due until after April 1987, when bankruptcies were imposed (please compare section B.1.e. on the bankruptcy issue) on the debtor entities. Nevertheless the judge instructed the jury that in order to come to a guilty verdict, the jury did not have to find that Rochelle Ascher personally intended to violate the law.

- The prosecutors failed to produce exculpatory material known to them prior to trial and did not give notice of the evidence they intended to present, resulting in an "ambush."

- Other issues argued in Ascher's appeal include the court restricting cross-examination of the prosecution's chief insider witness and refusing to grant subpoenas which would have produced evidence to refute him, and allowing the testimony of a witness whom the prosecution cited for three counts of the indictment, although the woman had a stroke and could not remember the financial transactions at issue.

Mexicans fuming at 'Thornburgh' outrage

by Valerie Rush

Mexican government officials are warning that a serious diplomatic rupture could occur between the United States and Mexico if an adequate explanation is not immediately forthcoming regarding the April 3 kidnaping of Mexican citizen Dr. Humberto Alvarez Machain.

Dr. Alvarez, who is wanted by U.S. authorities for his reputed involvement in the 1985 mafia torture and assassination of Drug Enforcement Administration agent Enrique Camarena, was seized by unidentified individuals at his home in Guadalajara, Mexico, and handed over to waiting DEA agents in El Paso, Texas. It is widely believed that the DEA orchestrated the kidnaping, whether or not its agents were directly involved on the Mexican side. As of now, Dr. Alvarez is expected to stand trial in Los Angeles on May 1, despite official Mexican requests for his return.

Speaking April 19 in Ixtapa, Mexico before an OAS-sponsored anti-drug conference, Mexican Attorney General Enrique Alvarez del Castillo warned that "We cannot and should not tolerate unilateral measures and subjective or arbitrary positions in the war on drugs, which defame, threaten, and offend the sovereignty of peoples and the dignity of individuals."

At that same event, speaking before visiting U.S. Attorney General Richard Thornburgh, President Carlos Salinas de Gortari pointedly warned: "We will not permit anyone, neither narcos nor their pursuers, to violate Mexican law. . . . We have energetically moved against the drug traffickers and will continue to do so. We will also energetically act against those who, in fighting it, violate the law and human rights, be it nationally or abroad," the President declared.

Not accidentally, the very violation against which Salinas was protesting was carried out under the so-called Thornburgh Doctrine, the "legal opinion" issued by the U.S. Justice Department and sanctioned by the Supreme Court, which asserts that U.S. authorities may "depart from international law" in conducting their operations abroad. It was precisely that doctrine which "justified" the invasion of Panama, conducted under the pretext of arresting Panama's Gen. Manuel Antonio Noriega.

Whether the Mexican government's strong statements are a serious response to Washington's illegal cross-border

raid, or is mere rhetoric intended to calm domestic outrage over the deed, remains to be seen. What is clear is that pressure is building for President Salinas to let Washington know—in no uncertain terms—that the kidnaping of Mexican citizens and any subsequent applications of the "Thornburgh Doctrine" will not be tolerated.

'An act of arrogance'

On April 24, several newspaper editorials were rushed into print, warning both the Mexican and U.S. governments that the affair could not be swept under the rug. *La Jornada's* editors wrote: "It is clear that our protest over the kidnaping of Dr. Humberto Alvarez Machain has not been understood by the United States, or that the arguments of the Mexican government, however conclusive, seem irrelevant or purely rhetorical to them over there. It is time that they understood that that negligent behavior—if such an adjective and not a worse one is applicable—is extremely wrong and dangerous. . . . From the point of view of Mexican society, it is an inadmissible act of arrogance, within an erroneous policy of new hegemony, of new spheres of world influence. Certain aggressively irrational sectors in the United States think that in view of recent world changes, anything is permissible in Latin America."

The prominent daily *Excelsior* editorialized the same day: "It is absolutely inappropriate for our country to allow a precedent of tolerance for a condemnable violation of Mexican sovereignty. If such a precedent were to prevail, the United States might choose at any moment to attempt the kidnaping of Mexicans undesirable for that country. It would no longer be a question of criminal suppositions. Nationalist officials, critics of U.S. policy, social fighters, and any individuals not pleasing to that government would be at risk, and one pretext would be as good as another."

On April 26, with no U.S. response forthcoming, the widely read *Proceso* magazine hit the stands, carrying the names of the 57 DEA agents who operate "with diplomatic immunity" inside Mexico, and mentioning the existence of many more, operating without immunity, "without control," and without the knowledge of the Mexican government. The magazine also identified the DEA's six centers of operation in the country. The DEA immediately put all of its agents in Mexico in a "state of alert" and redoubled their security. *Proceso's* editors would not reveal where they had gotten the agents' names, but declared that the list was on record at the Mexican Foreign Ministry, suggesting the source of the leak.

Reflecting the Mexican government's fear of Washington's new "big stick" approach to foreign policy, *El Universal* editorialized April 25, "It would be inexplicably ingenuous to believe that a rupture of anti-drug collaboration with the United States is not going to lead to reprisal from that country, in the form of a rupture in some other area of collaboration." In view of the Bush administration's irrational behavior toward its own allies, such a fear may be well justified.

Pro-nuclear party on the ballot

Twelve candidates in a small town in northern Italy aim to send a national signal to politicians.

In Caorso, a tiny town of 5,000 inhabitants in northern Italy, stands the nuclear plant which is the symbol of Italy's wrong energy policies in the last 20 years. It's a modern plant which displays the best of "made in Italy" technology, but it sits idle while Italy imports electricity.

That is why on April 6, an uproar broke out when a slate of 12 candidates filed for the city council elections under the name Italians for Progress. Their platform is to reopen debate on nuclear energy, not just in Caorso. They see the Caorso vote as a kind of test for national energy policy.

Italians for Progress want to return to nuclear energy, which was shut down in late 1987 by a national referendum. "Because," as candidate Angelo Spinelli, a Milan dental technician, explained, "by deciding to return to nuclear we can undertake the indispensable path to reaching self-sufficiency in electricity production." Today, Italy imports 80% of the energy it consumes.

"Worst of all, more than 20% is imported as electrical energy," adds candidate Giuliana Sammartino, "mainly from France and Switzerland, countries which have lots of nuclear plants. So why should we keep our own nuclear plants shut down? Why import energy produced by our neighbors' plants, with all the price hikes and loss of know-how this involves?"

"Caorso must be reopened," said slate leader Marco Fanini, vice-president of the national Schiller Institute, in a regional newspaper interview published April 11. "The plant can go

back on line, as the safety conditions have been continually verified." On April 8 the nationally circulated Milan daily *Corriere della Sera* quoted Fanini saying that "now is the time to send a signal to the politicians," since there are more and more blackouts, and no way to satisfy increasing energy demand.

A storekeeper in Caorso confirms that "most people here are pro-nuclear. The plant is not dangerous, if it is operating. It is dangerous now, because it is fueled up but not running, the personnel are demoralized and understaffed, and the maintenance may be under par." Townspeople rapidly filled the petitions to nominate the slate, as soon as they heard it was pro-nuclear.

Back in 1987, while the Socialists, Communists, and Greens were pushing the anti-nuclear referendum, Caorsans recall that groups of "ecologists" camped out there demanding that the plant be shut. "Wherever they went, the grass all died," said one resident wryly. They blockaded roads, slashed tires, and defaced walls and street signs. Now, the plant is inactive, although it could operate. A "Green" congressman is working to turn this limbo into a definitive shutdown.

Given the electoral system, in which the slate that gets the most votes takes 16 of 20 council seats and the second-runners take the rest, Italians for Progress may not win any posts. But since not one of the leading parties—Christian Democrats, Socialists, or Communists—has defended nuclear energy, any votes for the

Progress slate will send an important signal.

Candidate Enrico Levi said in his campaign statement to Caorsans: "By ecology we mean the study and care of the environment. If an industry pollutes, it must be operated so as not to pollute any more, or else another industry must destroy its wastes in a better, more complete, and more economical way, above all by deriving from the waste as much as possible in the form of energy or fertilizer: Normal incineration is not the most rational way.

"Caorso's plant has been shut for years. It could produce energy, which we badly need. Its radioactive waste is a problem, but a very minor problem which can be solved, while burning coal and oil gives off quantitatively much greater and uncontrollable pollutants."

Engineer Levi recalls, "In '39 I fled to Switzerland because of the racial laws. I studied physics at Lausanne University and in '45, when the Hiroshima bomb exploded, Professor Haenny explained to me how it worked, but he also said the process could be controlled. And that's what happened.

"Your plant is about 20 years old—that's not old. Like all big plants it may need improvements and new technology. But it is a heritage that must be put back into the service of the community as soon as possible: It must produce energy, to help our country's economic development, create prosperity and jobs, and free us from slavery to petroleum.

"As long as the plant is closed, your capital is lost. It is the symbol of development, blocked by the irrationalism of the Greens and their fellow travelers. And I assure you that the radiation in your basement will not increase. It will be the same as 50,000 years ago."

Brazil under Kissinger's eye . . . again

Kissinger is promoting a new "special relationship" between the U.S. and Brazil—within the superpower condominium.

The personal intervention of former U.S. Secretary of State and Trilateraloid Henry Kissinger as President Bush's interlocutor toward Brazil is a good indication of the magnitude of pressure being exerted to force this country to accept the designs of the Anglo-Soviet-American condominium of power. Kissinger's intention is to refurbish the "special relationship" that existed between the two countries during the 1970s, but this time in the context of the superpower condominium. The success of such a hemispheric scheme is dependent on the foreign policy direction taken by the new Brazilian government of President Fernando Collor de Mello.

On April 12, in an interview granted both to Brazilian television and to the magazine *Manchete*, Kissinger promoted his hope that Brazil would soon become a privileged trading partner of the United States, on the Mexico model. Brazil's geographic distance, said Kissinger, is unimportant: "Any American foreign policy is going to recognize that Brazil is potentially the most important economy of the hemisphere, after the United States. The distance means nothing." He added, "I have proposed that the Bush government reorient its foreign policy to give priority to the hemisphere, recognizing Brazil's role. With the development of the European and Pacific common markets, it would be a way of reinforcing our negotiating power."

Kissinger also boasted of the power he has with the current administration in Washington: "I spoke of this with President Bush, and more exten-

sively with [National Security Adviser Brent] Scowcroft, and with [Deputy Secretary of State Lawrence] Eagleburger." Specifically, Kissinger emphasized that negotiations over Brazil's enormous foreign debt would be the beginning of his policy: "I believe that we should make a deal with Brazil on its debt."

Kissinger's sudden and urgent interest in Brazil has already led to two meetings with President Collor. The first was in January, when, as President-elect, Collor began an international tour with a trip to the United States. The second meeting was in Portugal, at the conclusion of his tour, at Kissinger's insistence.

And during his Ibero-American tour, U.S. Vice President Dan Quayle announced a diplomatic offensive for a supposed hemispheric integration, which he dubbed "America 92."

Brazil's importance in this renewed Kissingerian scenario is also evident in the behavior of the creditor banks themselves. On April 22, Goldman Sachs Vice President Robert Albertson declared that the success or failure of the Brazilian economic program, and above all of that country's negotiations with the banks, would determine the outcome of the debt crisis and the future presence of U.S. banks and investors in Ibero-America.

Despite Collor's insistence, in his inaugural address, that Brazil's most immediate concern was its relations with its continental neighbors, there exists a group of diplomats within the Foreign Ministry which has taken on the role of representing Kissinger's

ideas. This grouping is known as the "universalists." They propose an unconditional relationship with the United States, an end to timid efforts at hemispheric integration, total "free market" opening of the economy and trade, and ratification of the Nuclear Non-Proliferation Treaty, which Brazil has refused to sign in its determination to safeguard its right to access leading technologies. It was under pressure from the "universalists" that banker Marcilio Marquez Moreira was named ambassador to Washington.

Although the fight is ongoing, the Brazilian government has begun to define its foreign policy, while keeping a prudent distance from the Kissinger grouping. In early April, at an international conference on drugs in London, Brazilian Foreign Minister Francisco Rezek censured the U.S. invasion of Panama: "Energetic combat against drug trafficking is no justification for compromising the territorial sovereignty of states. This was used as the pretext for interventionist actions."

At an April 17 press conference to announce his upcoming visit to the United States, Rezek reported that he will meet with Secretary of State James Baker. "Our visit will be open and cordial. But this doesn't mean that Brazil is going to change its positions on the environment, international law, and the Nuclear Non-Proliferation Treaty; that is, those aspects that have caused permanent conflicts with the United States."

It is widely known that Brazil-U.S. relations—currently at rock bottom—began to deteriorate under the Jimmy Carter presidency, primarily due to technological and trade pressures. Thus, this will not be the first time that Brazil experiences the imperial flavor of a Trilateral Commission government.

Bank wants drug money repatriated

The World Bank's call for an "economic opening" by Colombia disguises an itch for drug dollars.

The World Bank is demanding the repatriation of capital to Colombia as part of its program for "opening" the economy. This is a euphemism for the influx of millions, even billions of drug dollars into the country. President Virgilio Barco's government, desperate for new credit from foreign private and multilateral institutions, is trying to apply that "conditionality," which could well be the reason why the war against the drug cartels has slowed down.

Any decision on the repatriation of capital depends on "the policy the government decides concerning the drug trade," said Alejandro Linares, head of the foreign investment staff of the National Planning Department. In a speech before a conference organized by the Bogotá stock exchange, Linares suggested that the government's decision has already been made: "The question today is: If there are some frozen accounts outside the country, why don't we repatriate capital? I will let you answer this question."

The World Bank has been demanding the opening up of the Colombian economy since at least 1988. Although implementing the "opening" slowly and in stages, the Barco government has nonetheless been reluctant to fully comply, aware that such a policy will destroy Colombia's developing industrial sector. In August 1989, after the drug mafia hired assassins to kill presidential frontrunner Luis Carlos Galán, President Barco called a halt to the "opening," declaring it "politically inappropriate." He also declared total war on the drug

traffickers in his country.

However, in January 1990, under the pressure of insufficient foreign exchange to service the foreign debt and a fall in income due to the collapse of coffee prices, Barco resumed talks with the World Bank.

That same month, former President Alfonso López Michelsen issued a statement, in the name of a group of prominent individuals modestly calling themselves "Notables," which promised the drug cartels "benign treatment" by the terrorized Colombian justice system. López also helped edit the mafia's response letter, in which they claimed to acknowledge the government's victory over the cartels, and offering to surrender. Of course, not one drug trafficker has surrendered, and narco-terrorism has continued unabated.

López's action, however, has served to swing the political pendulum in favor of negotiations with the drug cartels, precisely as intended.

In addition to demanding changes in Colombia's foreign investment laws in order to attract capital, the World Bank program includes the free-market recipes that have already wreaked havoc in such countries as Argentina: freeing imports (which would bankrupt local industry), privatization of state companies, deregulation of exchange control, opening to foreign investment, deregulation of the banking system to allow secret accounts, etc.

Barco's government, aware of the unpopularity of such measures, has attempted to sell the World Bank program as the "modernization" of the

Colombian economy, while promising that it will be applied "gradually," over a five-year period.

Almost all of the economic sectors of the country, from labor unions to business associations and farmers, have opposed the plan. Only the bankers and merchants' associations have publicly supported the "opening."

The cattle-growers' research institute said April 23 that the "opening" will cause not only the destruction of national production, but a 15% increase in imports against the backdrop of a stagnant export sector. This, said the institute, would cause a trade deficit and force the country to search for new credits, creating the ironic situation of making Colombia "contract new credits, in order to import, to meet the requirements of the foreign banks that will give credit to increase the foreign debt."

In the meantime, an International Monetary Fund mission to Colombia is demanding a government cutoff of credit to industry, because there is "too much liquidity" in the economy. Instead of urging a clampdown on the real source of "excess liquidity"—drug money—the IMF would instead choke Colombia's productive sector, forcing it to become indebted further to foreign creditors, or to go bankrupt. The Barco government is obediently postponing state investment and trying to collect funds through issuance of new internal debt bonds. However, the IMF insists that the only way to reduce liquidity is by freeing imports.

The "opening" will also cause an increase in unemployment, now at nearly 10%. The National Association of Manufacturers is already saying that if the government continues to push for the "opening," labor laws will have to be changed, starting with the one which obliges employers to get ministry permission for layoffs.

U.S. aims at annexation

A proposal to formally annex Panama and give it commonwealth status bares U.S. colonization plans.

Panama would become part of the United States if a proposal made public by Howard Phillips, the head of the Conservative Caucus, gains acceptance. The plan would make Panama a U.S. commonwealth, having the same status as Puerto Rico, according to an Associated Press wire published by *La Estrella de Panamá* April 20.

Described as "small but influential within the U.S. conservative movement" by the press report, the Conservative Caucus provided cadre to the "conservative revolution" of the Reagan-Bush administration and was actively engaged in so-called "public diplomacy"—the job of selling the drug-running Nicaraguan Contras as "freedom fighters" to the American public. Now, it wants President Bush to abrogate the 1977 Panama Canal treaties, and to begin the process of annexation, "because it will make it easier for the U.S. to keep its military bases in Panama."

A poll of the Caucus membership found that most favor annexation but the majority does not want Panama to become the 51st state. Instead, Panamanians would be granted some self-government and U.S. citizenship "except the right to vote in U.S. elections," reported *La Estrella*.

The release of the proposal provoked an outcry in Panama. Reflecting the government's nervousness about popular reaction to the annexation plan, the pro-government daily *El Siglo* denounced it on April 24 as "madness." The newspaper, which most closely supports U.S.-installed President Guillermo "Porky" Endara (who is scheduled to meet with Bush in Washington on April 30), the least

powerful member of the governing troika, made the incredible assertion that *EIR* founding editor Lyndon LaRouche was behind the plan.

"Jaime Ortega, vice president of the [pro-government] Authentic Liberal Party, told *El Siglo* that the idea of making Panama into a commonwealth of the United States was hatched by [opposition legislator] Mario Rognoni and Lindon LaRouche [sic], when they met during a conference at Harvard University," it claimed.

It is not clear what the government hoped to gain by this assertion, since LaRouche is well known in Panama and throughout Ibero-America as a staunch defender of Panamanian sovereignty. Nor are Panamanians likely to believe the unfounded charges against Rognoni, one of the most vocal opponents of the Dec. 20 invasion and of the continuing U.S. occupation of Panama.

While the Conservative Caucus might have revealed the annexation plan too soon, their proposal is Bush administration policy. Gen. Marc Cisneros, head of U.S. Army South, said on April 18 during a trip to Costa Rica, that the U.S. will renegotiate the treaties to retain military bases beyond the year 2000.

Cisneros, who is the U.S. military proconsul in Panama, has said publicly that he is out to remake the identity of Panamanians to make them more amenable to American domination. "They need to have a little infusion of Anglo values," he told the Jan. 20 *Los Angeles Times*.

To ensure the continued presence of the U.S. Armed Forces in Panama, Cisneros oversaw the dismantling of

Panama's Defense Forces. "The institution needed an enema," he told the *Times*. During his trip to Costa Rica, where he visited the remote town of Jabillos on the border with Nicaragua to "inaugurate 'civic action' projects built by U.S. soldiers," he told the press that the bulk of the American troops that have been conducting search-and-destroy operations and occupying all of Panama's nine provinces, will not be pulled back to their bases in the Canal area until June.

Panama's economy is totally dependent on the U.S. The country does not even issue its own money; the U.S. greenback is the only currency in circulation. At this point Panama has less self-government than Puerto Rico.

Appointments to the U.S.-installed Panamanian government are based on the recommendation of the U.S. Southern Command, according to its head and Cisneros's nominal boss, Gen. Maxwell "Mad Max" Thurman. "We give [the government] whatever information we have available, so that they can make their own judgment, as to who remains in what position or who has to go," he told the Panamanian daily *La Prensa* April 15.

The Bush administration is so pleased with the results of its Panama adventure that it now wants to extend its benefits to all of Ibero-America. Lt. Gen. Carl Stiner, who ran the Panama invasion, has been tapped as chief of the Pentagon's Special Operations division, which oversees all Special Forces of the Army, Air Force, and Navy. This command is in charge of implementing the Thornburgh Doctrine of sanctioned coups, murders, and arrests. On April 22, it was announced that a new U.S. military base will be built in Peru to help fight subversives, and a similar base is planned for Bolivia.

International Intelligence

Pope announces synod of European bishops

Pope John Paul II has announced that an extraordinary synod of all Catholic bishops in Europe will be convened in the near future. The announcement, made April 22 in Czechoslovakia at the conclusion of the Pope's short visit there, came as a total surprise. As the French daily *Le Figaro* stressed, such an extraordinary synod, bringing together the approximately 1,000 bishops from all over Europe, East and West, is unprecedented in European history. The Church would thereby be doing what governments cannot.

The Pope asserted that such a synod would "concern itself intimately with this continent torn apart by centuries of war, but which has the presence of innumerable saints." He said the event would allow "my brothers in the Episcopate to reflect more intensely" on the important historical moment that is occurring for Europe and for the Church.

Earth Day promotes genocide for S. America

In celebration of Earth Day April 20, the United States Information Service (USIS) arranged a phone conference of environmentalists from Peru, Argentina, Mexico, and the United States to denounce nuclear energy, fossil fuels, and all industrialization.

The major presentation on the call was made by Dr. Michael Oppenheimer of the Environmental Defense Fund, who has served as an adviser to President George Bush's science adviser, Alan Bromley, and to William Reilly, director of the Environmental Protection Agency.

In the midst of Ibero-America's devastating economic crisis, in which even the most fundamental necessities of life cannot be met, the environmentalists called for "reorganizing the world's economy, so as to preserve the environment." They called for halting the use of fossil fuels, and for a "de-

velopment model" which "would not go through the industrialization phase," adding that there is still time for Ibero-America to avoid industrialization. Recommendations included the use of ethanol and solar energy, stopping the use of cars, and reducing population growth. Participants on the call also denounced the use of nuclear energy.

Environmentalist Jan Hartke told listeners, "We hope to create a wave of human concern so great, so diverse, so powerful, that it cannot be ignored by political, government, and business leaders, around the world."

While Peruvians starve, Earth Day public relations coordinator Diane McEachern called on ecologists to "combat the feelings of impotence which citizens around the world feel" regarding the deterioration of the environment.

'European Triangle' plan presented in East Berlin

Webster Tarpley, the president of the U.S. Schiller Institute and a contributing editor of *EIR*, briefed an audience of Chinese and East European students in East Berlin on April 21-22, on Lyndon LaRouche's plan for a European "development triangle" linking Paris, Vienna, and Berlin, which would form the core of a high-technology European industrial expansion. Tarpley was a speaker at the first conference of the Interforum, an organization founded by the Federation for a Democratic China, New Forum, and other East European organizations. The conference was on "East Europe and China in Transition—Past, Present, and Future."

About 150-200 people attended, most of them Chinese students, with students and speakers from Lithuania, Czechoslovakia, Poland, the Soviet Union, East and West Germany, and France.

Tarpley addressed a colloquium on the economic future of China, where he was the only speaker to call for the program for China designed by Sun Yat-sen 70 years ago. Schiller Institute organizers at the conference distributed copies of the LaRouche "triangle" program and *EIR*'s Chinese-language newsletter.

S. American bishops seek continental integration

"The Fourth General Conference of the Latin American Episcopate, to take place in Santo Domingo upon the 500th anniversary of the discovery and evangelization of America, will have as its primary objective the promotion of Latin American integration, according to the document prepared by its organizers," an AP wire published in the April 17 edition of *El Occidental*, in Guadalupe, Mexico, reported.

According to the report, the draft document prepared by the Latin American Bishops Conference (CELAM) affirms that "Latin America is a society in disintegration," and that the current political-economic crisis has taken from Ibero-America any power of negotiation or leadership in the world.

CELAM president, Colombian Bishop Dario Castrillon stated, "We should reaffirm our role as producer and creator of wealth, leaving aside false nationalisms." He continued, "The Church must be a pillar of integration and have the infrastructure to assume this role, aside from the faith which unifies us. . . . The Catholic Church can be the primary support for real Latin American integration."

Soviets to withdraw from Kurile Islands?

A senior Soviet official said that Moscow may reduce or withdraw military forces from disputed islands north of Japan to speed up regional disarmament, the Kyodo News Service reported April 21. Deputy Foreign Minister Vladimir Petrovsky also called for exchanges between Soviet and Japanese officers and military experts as a "confidence-building measure."

"We must look for solutions to the question of reduction or withdrawal of the Soviet military presence on Sakhalin and the Kuriles," Petrovsky was quoted in an interview. Petrovsky was in Tokyo for talks with Japanese officials on a planned visit by Foreign

Minister Eduard Shevardnadze later this year.

Japan thus far is saying no to any type of formal dialogue with Moscow on military matters. Foreign Ministry spokesman Taizo Watanabe April 10 told reporters Japan has no intention of agreeing to Soviet proposals to set up new forums for talks on "confidence-building measures in the Asia Pacific region."

Akira Hiyoshi, director general of the Defense Agency's Defense Policy Bureau, reportedly told a parliamentary committee that the Soviets continue to qualitatively improve their forces in the region while making only minor quantitative reductions. State Minister Uozo Ishikawa, in charge of the Japanese Defense Agency, told the same committee that Japan has no intention of putting a freeze on its defense budget, which rose 6.1% in fiscal 1990.

Japan's Defense Agency also released figures last week showing that Soviet planes still account for the vast majority of foreign violations of Japanese air space. Figures indicate that Soviet planes were responsible for some 80% of the 812 scrambles of Japan's Air Self-Defense Force in 1989.

Lafontaine assassination attempt shocks politicians

West German Saarland state prime minister and Social Democratic Party candidate for chancellor Oskar Lafontaine was seriously injured in an assassination attempt by a 42-year-old woman at an SPD election campaign rally in Cologne April 25. The attack has shocked politicians throughout Germany.

The woman, Adelheid Streidel, approached Lafontaine on the podium, handed him a notebook and a pen, and stabbed him in the neck with a kitchen knife when he bent over to sign his autograph, missing the jugular.

A Cologne police spokesman said April 26 that Streidel had been planning the attack for several months. Streidel declared in the police interrogation that she decided around Christmas 1989 to "set a sign by killing a leading politician." She singled out as her

target either Johannes Rau, prime minister of Northrhine-Westphalia, or Lafontaine.

Police reported that she declared during the interrogation that she knew about "the existence of a secret system of underground tunnels throughout the entirety of Europe, that is harboring man-factories (*Menschenfabriken*)." Streidel reportedly declared she decided to kill a prominent politician to call the attention of the public to this.

This peculiar story resembles somewhat the most recent book by Umberto Eco, *Foucault's Pendulum*, which is on the history of the occult and mentions a secret system of underground tunnels being used by cults and sects.

Izvestia covers du Pont Smith push for sanctions

The April 18 Soviet daily *Izvestia* attacked Lyndon LaRouche associate Lewis du Pont Smith for his demands that the Soviets free Lithuania or face a trade cut-off by the Du Pont company. *Izvestia's* New York correspondent, A. Shalnev, wrote:

"It must be noted that demands for harshness have also started to be heard in American business circles. Literally days ago, Lewis du Pont Smith, one of the heirs of the du Pont family, announced that at the annual meeting of stockholders of the concern, upcoming in the 20s of April, he will try to obtain a resolution on cessation of all economic and financial operations with the Soviet Union—until, the announcement says, the U.S.S.R. recognizes the sovereign rights of the republic. I would remind you, that last year DuPont's trade turnover with the U.S.S.R. comprised several hundreds of millions of dollars."

For contrast, Shalnev pointed to "quite influential [business] figures, who are rather critical of what the Lithuanian government has undertaken, and don't allow even the thought of any sort of economic sanctions against the Soviet Union."

But, he concluded, "It is difficult not to take note, as the *Washington Post* reported, that a whole series of Soviet-American talks on trade and economic questions could be threatened."

● **A SERIES OF STRIKES** crippled communications in Nicaragua just days before the April 25 inauguration of Violeta Chamorro as Nicaragua's new President, in an evident flexing of muscle by the outgoing Sandinistas. A debate has broken out within the Chamorro cabinet over whether to permit Humberto Ortega to remain as head of the army, with one faction arguing that that was the best guarantee against a Sandinista coup.

● **PRINCE SIHANOUK** has finally agreed to the latest tactic being pushed by Thailand and Japan to attempt to settle the Cambodian war. Sihanouk has agreed to meet with Phnom Penh Prime Minister Hun Sen alone in Tokyo the first week in June, without the Khmer Rouge, according to the *Bangkok Post*.

● **JAPAN** will continue its defense buildup despite East-West detente, Prime Minister Kaifu said April 23. The *Washington Times* quoted Kaifu speaking at a budget committee session of the House of Representatives.

● **DEPUTY SOVIET** Foreign Minister Ernest Obminsky told the U.N. General Assembly April 23, "The potential of peace dividends is not limited to Soviet-American relations." "The process of international detente and the settlement of regional conflicts also permits reductions of military expenditure in the developing countries."

● **NORTH KOREAN** troops are reported to have quelled a riot by workers at a chemical factory in Hamkyong-namto. The riot is said to have erupted after a demonstration by students in the capital of Pyongyang against the rule of dictator Kim Il-Sung. According to a source "well versed in North Korean affairs" quoted in news reports, the rioting "might have been on a large scale," and reflected the spread of reformist impulses from the East bloc.

'Another Munich': Bush policy on Lithuania

by William Jones

In his most abject act of bootlicking the Kremlin dictators to date, President George Bush decided to do nothing to pressure the Soviet Union to cease its attempts to economically strangle the Republic of Lithuania. As Moscow boss Mikhail Gorbachov began to impose a total blockade on Lithuania, shutting off oil and gas supplies, the White House sent out signals that it was weighing "appropriate measures" if the Soviets continued with their boycott. President Bush met with members of the National Security Council on April 23, and the media began to spin the yarn that Bush was preparing some form of sanctions.

When interviewed on April 22 on ABC's *This Week* with David Brinkley, Speaker of the House Thomas Foley (D-Wash.) and Senate Minority Leader Robert Dole (R-Kan.) voiced bipartisan agreement that negotiations for expanded trade and credits with the U.S.S.R. ought to be taken off the agenda of the next summit. Dole noted CIA reports on the grave ills of the Soviet economy (see p. 64), and he said that such measures could really hurt the Soviets. The White House, however, responded "no comment" on whether there would be a trade agreement at the next summit.

Soviets tighten the noose

Meanwhile, Moscow's thuggery has escalated against Lithuania, a country which was annexed to the U.S.S.R. under the Hitler-Stalin Pact and has never even been recognized by the U.S. as part of the Soviet Union. On April 23, Gorbachov's military adviser Marshal Sergei Akhromeyev warned that "if Lithuanian separatists break the law, then we will take measures to enforce the law. I'm not afraid of using force if necessary." Already on April 21, Soviet paratroopers took over the printing plant in Vilnius, the Lithuanian capital, and seriously injured several people, including a parliamentarian trying to calm things down.

As a total blockade was gradually imposed on Lithuania, to force revocation of the March 11 Declaration of Indepen-

dence, the temperature began to rise in the United States. Yet on April 24, after conferring with European allies and congressional leaders, President Bush announced that he would take no steps whatsoever to pressure the Soviets to back off from Lithuania.

The Capitol Hill lawmakers at the White House meeting, who, like Rep. Dante Fascell (D-Fla.), had been demanding sanctions against the Soviets, came out of the meeting with the President bleating like lambs. "There is not any action that I believe at this point could be taken which would be a constructive one in the way of sanctions or other activity," said Fascell. Sen. Claiborne Pell (D-R.I.), chairman of the Senate Foreign Relations Committee, praised Bush for "recognizing that if the situation is escalated it could be of mutual damage." Sen. George Mitchell (D-Me.) commended the President for his "care and prudence." "Prudence"—a word which President Bush uses often to describe his general outlook, and now his refusal to impose sanctions—has become synonymous with "cowardice" during this administration.

Munich replay

It seems that the "toughness" Bush found in abundance when it comes to invading tiny Panama, is in short supply when it came to confronting Moscow. It was the second time in two weeks that President Bush had drawn the line in the sand, saying that the Soviets should not overstep it, and then backed down. Even after the latest refusal to act, the administration continued whining that "more measures, or intensification of measures by the Soviets, failure of any dialogue to emerge, these would be considerations" for possible reprisals.

Administration officials on April 25 said that President Bush feared that taking action against Moscow could hinder German unification and the Soviet military withdrawal from Eastern Europe. White House spokesman Marlin Fitzwater said that the United States had been encouraged by signs of "flexibility" in recent Soviet statements and that Mr. Bush did

not want to interfere with arms control talks or the schedule for the next Soviet-American summit.

President Vytautas Landsbergis called Bush's retreat "another Munich," referring to the infamous 1938 agreement at Munich between British Prime Minister Neville Chamberlain and Adolf Hitler, in which Czechoslovakia was given to Hitler without a fight for the sake of "peace in our time." "We feared that America might sell us out," said Landsbergis. "Let the people decide whether that has happened. . . . I don't understand whether it is possible to sell the freedom of one group of people for the freedom of another. If that is so, then of what value is the idea of freedom itself?"

"I don't need any defense," said President Bush, obviously nervous over the comparison with Neville Chamberlain, whose actions made World War II inevitable. "The policy decisions I have taken have support from the American people. That's who I work for," he went on, claiming that recent polls showed that the American people were less concerned about the fate of Lithuania than about protecting Gorbachov's hide. "The Lithuanians know our position, and Mr. Landsbergis is fully aware of the President's concern and interest in freedom in his country," blustered press spokesman Marlin Fitzwater. In fact, Bush had refused to even answer the letter President Landsbergis had sent him appealing for support from the United States (see *EIR*, April 27, p. 30).

The *New York Times*, speaking for the same Liberal Establishment that dictates White House policy, had the gall to blame the Lithuanians for their troubles, in an editorial "The Bush Message to Vilnius: Talk." President Landsbergis had refuted the lie—widespread in the subservient U.S. major media—that Lithuanians have refused to negotiate, in a speech given to the Supreme Council on April 17. "The Soviet Union set a precondition for such negotiations, a condition which is known in advance as impossible to meet and, therefore, by setting this conditions it has a clear objective, which is to postpone the very issue, maybe even in the hope of misleading the public, to believe that allegedly Lithuania is being stubborn and does not want negotiations."

Landsbergis was referring to the Soviet demand that Lithuania rescind its March 11 Declaration of Independence. Although there has been a Lithuanian delegation in Moscow all of the week that ended April 27, no ranking Soviet officials saw fit to meet with them.

Rebellion brewing on the Hill?

Even on Capitol Hill, where all eyes seem to be on the checkbook and the pipedream of reaping a "peace dividend" by staying in Gorbachov's good graces, the mandate for appeasement seems far from eternal. At an impromptu press conference at his office on April 26, Rep. Richard Durbin (D-Ill.) charged that the U.S. had "abandoned" the Lithuanians. "We have betrayed our commitment." Durbin, who had spoken to Landsbergis during the day, said that he believed in the need to impose economic sanctions, "or at least make

clear that normal economic relations are not possible if they continue in this way." Durbin said that Bush had "fallen for all of the rhetoric that has come out of the U.S.S.R."

On April 24, Sen. Robert Byrd (D-W.Va.), head of the Senate Appropriations Committee, said that he would "oppose extending any new economic benefits and rewards to the Soviet leadership at the same time it is starving Lithuanians of food and fuel." Byrd also said that it would be wrong to extend Most Favored Nation status to the Soviets or to endorse any new trade agreement "while Lithuania is denied its rightful status." "There comes a time," said Byrd, "when we dare not stand mute in articulating and acting upon the principles that are the foundation stone of this nation. The overriding principle is the self-determination of independent peoples. There is a price that we inevitably will pay, and that others, including the Lithuanian people, may pay, for our standing mute."

A Republican, Sen. Alfonse D'Amato (N.Y.), joined the fray April 27 with a statement saying that it was "unacceptable for the U.S. to enter into a favorable trade agreement with the Soviet Union while it crushes Lithuanian freedom under a jackboot." The statement, supported by 11 other senators, warned that "there would be little support in the Senate for the trade pact unless the Soviets relaxed the economic blockade and opened negotiations with the Lithuanians." "What kind of message are we sending," asked D'Amato, "when, on the one hand we warn the Soviets that we are considering sanctions against them; and on the other we say, 'Here, Mr. Gorbachov, is the Most Favored Nation status you desperately seek'? It's pathetic and shameful." Senator Dole, one of the supporters of the statement, said, "This is no time for business as usual. That's why nothing in Congress will happen until Lithuania is satisfactorily resolved."

While Bush was capitulating to Moscow, the State Department was putting up roadblocks to a U.S. visit by Lithuanian Prime Minister Kazimiera Prunskiene, a visit which the administration did not want on the eve of the Bush-Gorbachov summit. The U.S. Embassy in Moscow made it known to the Lithuanians that that particular period was not deemed appropriate for a visit and that if Prunskiene came, she would do so as a private citizen. But according to syndicated columnists Evans and Novak, in their *Washington Post* column of April 27, when Landsbergis accused the administration of perpetrating a new Munich, the administration backtracked and assured House Democrats that Prunskiene would be granted a visa.

It is generally recognized that George Bush has gone further than anyone believed he would in trying to bolster Gorbachov, as a way of keeping up the "Potemkin village" of Bush's own standing in the popularity polls. Some Washington pundits speculate that the U.S. President, by hitching his wagon so tightly to the star of the thug in the Kremlin, has sealed his own political doom.

The 'seven deadly sins' of U.S. Attorney General Richard Thornburgh

by Steve Komm and Jeffrey Steinberg

In a recent speech in Dallas, Texas, Attorney General Richard Thornburgh vowed that the Department of Justice would continue to focus its efforts against what he called "the Seven Deadly Sins." Thornburgh ticked off a laundry list of white-collar crimes, including government corruption, insider trading, and bank fraud. But he made no mention at all of drug-related crime as an item on his sin roster.

The Attorney General's pointed avoidance of any mention of drugs among his seven priority sins hardly comes as a surprise. At least two top former aides, Richard Guida and Henry Barr, have been the targets of a year-long federal grand jury probe of cocaine trafficking in Harrisburg, Pennsylvania, the state which Thornburgh used to govern. Guida has reportedly plea bargained to one count of cocaine use, in order to avoid a 100-count trafficking indictment, and is now cooperating with prosecutors. Barr was reportedly about to be indicted on similar cocaine charges until two other former Thornburgh associates representing him met with officials of the Justice Department's Criminal Division and got the matter placed on hold. Rumors circulating in Harrisburg indicate that yet another current top Thornburgh aide, chief administrative assistant Murray Dickman, is also a target of the federal grand jury looking into cocaine use among the state capital's legal establishment.

A year-long *EIR* investigation of major allegations of corruption in the Pennsylvania state house during Thornburgh's tenure as governor (1979-87) has unearthed a trail of no-bid contract kickbacks, political frameups, and other felonies carried out by key Thornburgh aides. In one case, informed sources report that Barr gave a contract to Merrill Lynch, for which top Thornburgh adviser Jay Waldman received what appears to have been a *quid pro quo* of \$250,000—a felony under Pennsylvania state law. In most of the cases under *EIR* scrutiny, Richard Thornburgh was the ultimate beneficiary—politically, and, very frequently, financially.

On July 15, 1988, on the eve of Thornburgh's confirmation hearings as U.S. Attorney General, the Democratic Party Whip of the Pennsylvania State Senate, J. William Lincoln, issued a warning to the U.S. Senate Judiciary Committee, that its members should not be fooled by Thornburgh's image as "some kind of knight in shining armor who is going to save the U.S. Justice Department." Citing a string of corruption scandals that had haunted Thornburgh during his two terms in Harrisburg, Lincoln asked, "One has to wonder if this pin-

stripe patronage established by Thornburgh during his time in Pennsylvania is any different from the question of ethics that has led to the downfall of Attorney General Ed Meese."

Senator Lincoln told Pittsburgh's KDKA Radio: "In particular, I think the committee should conduct a thorough examination into the former governor's political ties to law firms that were awarded lucrative, no-bid contracts with the state. I also think it's fair game to examine Thornburgh's links with the Wall Street brokerage firm of Merrill Lynch."

Three examples

Three cases offer a stark picture of political payola to Thornburgh's "pinstriped" cronies.

Pennsylvania Housing Finance Agency (PHFA) outside legal payoffs. On Jan. 13, 1981, Harvey Bartle III, the last Pennsylvania state attorney general to obtain office by gubernatorial appointment, issued a ruling enabling the governor to appoint outside attorneys to handle the legal work for the ostensibly independent PHFA. Seven days later, Bartle resigned his post to resume private law practice with the Philadelphia firm of Dechert, Price and Rhoads, one of whose partners had led the Republican Party's fundraising efforts for decades. That firm was then awarded a \$135 per hour, no-bid contract to do legal work for the PHFA. The other beneficiary of the no-bid contract from Governor Thornburgh was the Pittsburgh firm of Rose, Schmidt, Dixon, Hasley, Whyte and Hardesty, whose senior partner, Evans Rose, Jr., was Thornburgh's chief campaign fundraiser and longtime crony dating back to their undergraduate days at Yale. Between 1981-83, the Rose firm received \$623,847.29 in fees as PHFA bond counsel.

The Pennsylvania Turnpike Commission "Noah's ark" deal. In 1986, after having stalled over \$4 billion in turnpike expansion and modernization bonds by veto for five years, Governor Thornburgh struck a deal with Pennsylvania Democrats in which he assumed unchallenged authority to place half of the state's transportation bonds with brokerage houses and law firms of his choice. The arrangement came to be known as the "Noah's ark," deal since each political party assumed a 50% share in the patronage pie. Thornburgh's intransigence placed a previously independent agency into the hands of political payola merchants.

In May 1986, Governor Thornburgh signed onto an \$807 million turnpike bond package, which eventually expanded

to over \$4 billion. Under the advice of top aides, including his longtime general counsel and right-hand man Jay Waldman, Thornburgh pitched the bond management contract to Merrill Lynch.

The turnpike bond deal meant \$1.5 million in fees for Merrill Lynch. After the "Noah's ark" deal was struck between Thornburgh and the state Democrats, but one month before the contracts were formally given out, Jay Waldman, Thornburgh's chief negotiator in the deal, resigned from his post in Harrisburg to join the prestigious Philadelphia firm of Dilworth Paxson. His first client, at a cool fee of \$250,000, was Merrill Lynch. Waldman became the underwriters' counsel for the firm's work on the turnpike bond project. Bobbi Waldman, Jay Waldman's wife, had already gone to work for Merrill Lynch as a community relations consultant.

According to a news account in *The Observer*, a Pennsylvania liquor industry paper, on Oct. 10, 1988, an equal \$250,000 subcontract was given by the state as co-bond counsel to Evans Rose Jr. The two questionable legal fees were, according to this report, paid out by Merrill Lynch and the state on the recommendation of Governor Thornburgh's new general counsel, Henry Barr. Barr was reportedly steered every step of the way by Waldman and Rose.

In December 1987, less than a year after he left the Governor's mansion, Thornburgh was placed onto the board of directors of Merrill Lynch at a salary of between \$25,000 and \$35,000 a year.

Rite Aid and Murray G. Dickman. Another longtime Thornburgh aide, who is still his chief administrative assistant at the Justice Department, is Murray G. Dickman. As Thornburgh's secretary of administration in Harrisburg, Dickman

was responsible for recommending nominees to the various state regulatory commissions. On June 4, 1986, on Dickman's recommendation, Governor Thornburgh appointed Frederick H. Wendte to a seat on the Board of Pharmacy. Wendte was a senior executive of Rite Aid, the country's largest retail pharmaceutical chain. At the time of Wendte's nomination, Murray Dickman held 400 shares of Rite Aid stock. Several years earlier, he had junketed with Rite Aid chairman and Thornburgh crony Alex Grass in a corporate jet to New Orleans to attend the Sugar Bowl—all expenses paid.

On Nov. 15, 1986, Dickman left his post in Thornburgh's office to assume a job as vice president of Rite Aid at a hefty salary of \$100,000 a year. The post of vice president for administration was created specifically for Dickman. Five months later, in April 1987, ex-Governor Thornburgh was placed on the board of directors of Rite Aid.

In the spring of 1988, when Thornburgh began actively "campaigning" for a top post in Washington—either as vice presidential nominee on the expected Bush slate, or as Attorney General, Dickman activated a sweetheart clause in his Rite Aid contract and left the firm to work on Thornburgh's political advancement effort. On his way out the door, Dickman collected on a \$60,000 severance payment.

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ADL the target of criminal complaint

by Bruce Director

On April 20, attorneys for Richard Welsh filed a formal criminal complaint with the U.S. Department of Justice Civil Rights division asking for an immediate federal investigation of Anti-Defamation League of B'nai B'rith's Virginia director Ira Gissen, ADL national commissioner Murray Janus, and other ADL officials for conspiracy to violate civil rights, mail fraud, obstruction of justice, and conspiracy. Welsh, an associate of economist and statesman Lyndon LaRouche, is on trial in Roanoke, Virginia, for so-called securities fraud. The ADL has had a long-standing role in the "Get LaRouche" task force persecuting LaRouche, and has been caught red-handed trying to influence the judge in the Virginia trials of LaRouche associates. (See *EIR*, April 27, 1990).

The complaint requests that the DoJ disclose any influence the ADL might have over the investigation of the complaint so that a special prosecutor could be appointed, as appropriate.

Copies of the complaint were delivered to Reps. Jack Brooks (D-Tex.), chairman of the House Judiciary Committee, and Don Edwards (D-Calif.), chairman of the Subcommittee on Civil and Constitutional Rights, along with a letter from Welsh asking for a congressional investigation as the only means by which a proper inquiry could be ensured.

ADL pollution exposed in Welsh hearing

The role of the ADL in polluting the "Get LaRouche" task force was further exposed in Welsh's pre-trial Kastigar hearing the week of April 23. The hearing is being held because Welsh testified under a grant of immunity before a federal grand jury in Alexandria, Virginia, and also at both the Boston and Alexandria federal trials of LaRouche and some of his associates. Despite having been granted immunity, the Commonwealth of Virginia is proceeding to prosecute Welsh, but first the state must prove it is not polluted by any direct or indirect access to Welsh's testimony.

In the first three days of testimony, federal and state prosecutors have taken the stand and testified about the collaboration between various branches of the "Get LaRouche" task force. The testimony has revealed that the agents of the ADL have been functioning as integral parts of the task force and polluting the prosecutors, specifically as regards to Welsh's testimony.

The ADL's efforts to tamper with the case were revealed

the previous week when the presiding judge, Clifford Weckstein, disclosed that he had exchanged letters with Gissen. The ADL had sent Weckstein copies of its hate literature about LaRouche and attempted to bribe Weckstein with a promise of support for an appointment of a Jewish judge to the Virginia Supreme Court.

Weckstein has close personal and professional ties to the ADL's Janus, a top-dollar Richmond, Virginia attorney who plays a major behind-the-scenes role in nominating judges in Virginia.

The task force has desperately tried to cover up for the ADL's role in the various prosecutions of LaRouche and his associates. On the first day of the hearing, the Commonwealth, represented by Deputy Attorney General Stephen Rosenthal, strenuously objected to a defense subpoena for Mira Lansky-Boland, the ADL's Washington office director of their Fact Finding Division. Lansky-Boland had been present at Welsh's testimony at both the Boston and Alexandria trials and has maintained close ties to the Virginia prosecution. At the sentencing of Virginia defendant Michael Billington, Lansky-Boland was introduced as "Charlie's friend," referring to Virginia State Police agent Charles D. Bryant.

Judge Weckstein was initially reluctant to issue the subpoena until defense attorney Mark Overland pointed out that the judge himself had already taken judicial notice of the hostile relationship of the ADL to the defendants.

Within minutes of issuing the subpoena, the ADL's Washington office said Lansky-Boland had just left on vacation and could not be reached. Minutes later, a higher official said that Lansky-Boland had left the country earlier in the week and would not be back for two weeks.

Overland then demanded that Assistant Attorney General Russell and Weckstein make a representation on the record that they had not tipped Lansky-Boland off to the subpoena. Overland pointed out that on April 19, there was a conference call between Russell, Weckstein, and two defense attorneys. On the call, the Lansky-Boland subpoena was discussed. Weckstein then announced he had just received a call from Barbara Wall, an attorney for the ADL representing Lansky-Boland, who wanted to inform the court that Lansky-Boland was indeed on vacation and not evading the subpoena.

When Overland renewed his demand for a representation that no one in the court had tipped her off to the subpoena, Russell provided Lansky-Boland with an alibi saying he had talked to her two weeks ago and she had told him at that time she was going on vacation in two weeks.

Russell admitted on the stand he had had numerous conversations with her about the prosecutions of LaRouche and his associates. But he could not remember the content of those conversations except that they were not about the Welsh testimony. Russell also admitted that he had asked the ADL for documents because they had the best archive on LaRouche and could provide materials on request. He could not remember how he learned of this ADL capability.

ADL role in the 'Get LaRouche' task force

Ongoing court proceedings in the case of *Commonwealth v. Richard Welsh*, soon to come to trial in Roanoke, Virginia, have further exposed the role of the Anti-Defamation League in the "Get LaRouche" strike force. In fact, the ADL has been a key intermediary between the federal prosecutors, state prosecutors, the news media, and various attorneys involved in civil cases against LaRouche and his associates.

A look at the members of the ADL's officers and national commissioners helps explain why the ADL would deploy such large amounts of manpower and resources on behalf of the "Get LaRouche" task force.

For example: **Edgar Bronfman**, the Seagram's chairman, a man with close ties to Soviet strongman Mikhail Gorbachov, is an honorary vice-chairman and key fundraiser of the ADL. Bronfman has been instrumental in negotiating trade deals with the Soviets, and played a key role in negotiating for the ADL to open up an office in Moscow. Before he was toppled, Erich Honnecker, the Communist dictator of East Germany, gave Bronfman the highest award of the East German communist government.

Other honorary vice-chairmen include:

Max Kampelman, a leftist who was an aide to the late Sen. Hubert Humphrey (D-Minn.) and the top nuclear arms negotiator for the Reagan administration;

Sen. **Howard Metzenbaum**, the liberal Democratic senator from Ohio, who recently rebuffed a delegation of businessmen and labor unionists who came to appeal to him to oppose the Clean Air Act;

Sen. **Rudy Boschwitz** (R-Minn.);

Abraham Ribicoff, the former Democratic U.S. senator from Connecticut;

Philip Klutznik, former U.S. secretary of commerce; and Rep. **Sidney Yates** (D-Ill.).

Among the national commissioners are:

Irving Shapiro, the former head of the Du Pont Corporation and the Business Roundtable.

Murray Janus, the top-dollar Richmond, Virginia attorney who was caught in a bribery-like effort to influence Judge Clifford Weckstein, who is presiding over the Welsh case, by dangling the potential of a Virginia Supreme Court appointment before him along in the same mailing with a packet of slanderous materials against LaRouche and his associates.

Meyer Eisenberg, former assistant general counsel at the Securities and Exchange Commission.

According to the ADL's oral history, *Not the Work of One Day*, the ADL was saved from financial disaster in 1978 when Burton M. Joseph, former national chairman and current honorary chairman, got his good friend Dwayne Andreas to give the ADL a substantial sum of money from Andreas's Archer Daniel Midland Foundation. Andreas is also close to Gorbachov and is considered to be the successor to Armand Hammer as Moscow's favorite U.S. businessman.

The ADL has since been able to gain substantial funding from many of the nation's top corporate leaders. Among the more than 200 corporate leaders mentioned "with profound appreciation" in the brochure, "The World of the ADL," are: Willard Butcher, Chase Manhattan Bank; Albert V. Casey, American Airlines; Justin Dart, Dart Industries; Marvin Davis, Twentieth Century Fox; former U.S. Treasurer Oveta Culp Hobby; John W. Kluge, Metromedia; Walter B. Wriston, Citicorp; and Donald R. Keough, Coca Cola.

Mira Lansky Boland pollutes the task force

A sketch of the ADL's role in the task force can be seen by looking at the activities of Mira Lansky Boland, director of the ADL's Washington, D.C. Fact Finding Division. According to testimony in pre-trial hearings in the Welsh case, Lansky Boland has been collaborating with all elements of the task force. According to the testimony, she was present at the Boston trial of LaRouche where she prepared reports on the trial. Her reports were circulated to the news media and other members of the "Get LaRouche" strike force.

It was also revealed that Lansky Boland had numerous telephone and face-to-face conversations from 1988 onward with Virginia state prosecutors. Lansky Boland provided a document for Virginia prosecutor John Russell, which was entered into evidence at the sentencing hearing of Donald Phau, a co-defendant of Welsh and an associate of LaRouche. Lansky Boland was also present at the hearing in which Judge Clifford Weckstein imposed a 77-year sentence on LaRouche associate Michael Billington.

Lansky Boland also made her services available to the Pennsylvania law firm McNees, Wallace and Nurick, who represented the plaintiffs in *Yoder v. EIR*. At the Yoder trial, Lansky Boland said the ADL was a "national repository of information" on LaRouche. Lansky Boland was on the prosecution's witness list at the trial of three LaRouche associates in Ogle County, Illinois.

Lansky Boland also works closely with Virginia state police agent C.D. Bryant. At the Billington sentencing hearing, she was introduced as "Charlie's friend." C.D. Bryant has been caught traveling the country harassing subscribers to *EIR*. At the hearing in the Welsh case, Bryant admitted he had received information useful to the prosecution from Lansky Boland. He also said he "continue[s] to do investigative things with Lansky Boland."

Trilateral Commission endorses eco-fascist global warming hoax

by Kathleen Klenetsky

Hundreds of the leading private and public policymakers from Europe, Japan, and the United States descended on Washington over “Earth Day” weekend April 21-22, for the Trilateral Commission’s annual conference. Although the meeting took place in the midst of some of the most far-reaching and challenging historic changes in recent memory, the commission—at least in the face it presented to the public—served up the same idiotic, and in some cases, certifiably lunatic, policy proposals that have characterized the group’s existence since it was first established by David Rockefeller in 1973. The only obvious exception was Akio Morita, chief executive officer of Sony, who lectured the commissioners on the importance of science and technology to solving the world’s problems.

As per tradition, the conference took place behind closed doors, with only a few of their more trusted members of the press corps permitted to attend the various sessions. Out of four public press conferences scheduled, two were canceled, and a meeting with former Trilateral Commission member George Bush on the conference’s final day, April 23, was given as low a profile as possible.

EIR, needless to say, was not permitted into the commission’s inner sanctums. But by examining the key reports released at the conference, and interviewing participants and other sources, *EIR* has been able to put together a fairly comprehensive picture of what took place.

Perhaps the most striking proof of the Trilateral’s continuing *institutional* insanity was its avid endorsement of the “global warming” hoax. Of the three new reports presented to the meeting, that given the most play by Trilateral insiders was the one endorsing the eco-fascist campaign to slap stringent restrictions on scientific and economic development, under the pretext of reducing the so-called greenhouse gases.

Entitled “Beyond Interdependence: The Meshing of the World’s Economy and the Earth’s Ecology,” the report calls for sharp curbs on population growth, drastic taxes, and other restrictions on industrial and agricultural activity, and the creation of supranational structures to police the new global eco-fascist regime which, the study maintains, is necessary to save Mother Nature from the depredations of mankind.

Trilateral spokesman are touting “Beyond Interdependen-

ce” as a follow up to another notorious “green” manifesto, the *Our Common Future* report produced by the Brundtland Commission, a U.N.-sponsored group chaired by former Norwegian Prime Minister Gro Harlem Brundtland.

The comparison is significant, not only due to the key role which *Our Common Future* played in accelerating the global eco-fascist movement, but because it was also an explicitly East-West project: Various influentials from the Soviet elite participated, notably Ivan Frolov, the official Soviet liaison to the West German Green Party and Western “New Age” movement, and currently editor of *Pravda*. As such, it underscored the global condominium agreement between Western oligarchical factions and the Kremlin, to destroy Western technology—an agreement consummated by President George Bush in his promotion of the so-called Clean Air Bill.

Blueprint for genocide

The Trilateralists’ decision to make “Beyond Interdependence” the public centerpiece of its current activities, provides further evidence of the extent to which the Western elite has committed itself to a vendetta against what remains of the West’s industrial, agricultural, and defense capabilities. In this context, it is noteworthy that Soviet Politburo member Aleksandr Yakovlev was slated to speak to the conference; he canceled at the last minute, presumably because of the situation in Lithuania.

The Brundtland report’s basic premise was that human existence is the number-one enemy of “nature,” and that mankind must accept “sustainable development”—a euphemism for a drastically lowered standard of living, and the elimination of billions of human beings.

The Trilateral Commission report picks up these same themes. Like *Our Common Future*, it presents the scientifically disproven “global warming” line as gospel truth (see, e.g., *EIR*, Jan. 20, 1989, “The greenhouse effect: a scientific hoax,” and Jan. 26, 1990, “CO₂ increase could benefit earth’s biosphere”). Contrary to several recent scientific studies, it predicts a significant rise in global temperatures—caused, it claims, by the increase in human population and industrial-agricultural growth—which will inevitably lead to a rise in

the sea-level and the flooding of coastal areas, severe drought, famine, etc.

Where the real answer to the problem of pollution lies in the application of increasingly advanced technologies (such as MHD to produce clean energy from coal power), the Trilateralists urge just the opposite: a global regime to enforce limits on such development.

Recommendations urged by "Beyond Interdependence," include draconian tax policies, and a series of international "conventions" or "global bargains" aimed at compelling nations, especially in the Third World, to comply with anti-"global warming" policies, by holding out the carrot of debt cancellation in exchange for adoption of growth-detering environmental measures.

The report specifically suggests setting up a World Forum on Environment and Development to enforce compliance with these measures: "The WEDF would be the highest platform for policy development and coordination on issues of climate change. As consensus grows, it might develop into an 'Earth Council' . . . with much greater authority to make decisions and to enforce regulations. Or it could become a standing commission on environment and sustainable development within the U.N. framework."

It also insists that environmental "degradation" should be considered a national security threat, and warns that ecology could become the next major area of tension between the nations of the North and the South.

Population reduction is also a fundamental objective of the Trilateralists. The report harps on the "environmental degradation" caused by the increase in the world's population in this century. Although it does not call outright for murdering those nasty human polluters *en masse*, it takes little reading between the lines to realize that the global warming fraud is being promoted because it is a population control measure, in that it will lead to shutting down the agro-industrial machine needed to support continued human existence at present population levels.

Policing Ibero-America

The second key report issued at the conference, one devoted to Ibero-America, goes hand-in-hand with "Beyond Interdependence." Titled "Latin America at the Crossroads: The Challenge to the Trilateral Countries," the report could more accurately have been called "Beyond Interdependence II: How the North's Banking Establishment Intends to Continue Looting Third World Countries to Paper Over Its Own Failed Economies."

The report seizes upon the pro-democracy rhetoric which the United States found so useful in justifying its illegal invasion of Panama, to prettify its proposals for keeping Ibero-America in chains. "We [the Trilateral countries] need to give expression to our preference for democracy" in Ibero-America, "with as many tangible benefits as possible for its practitioners," it states.

Authored by George Landau, president of the Americas Society, and Julio Feo, chairman of the Holmes & Marchant Group in Spain, the report makes clear, through its constant attacks on "old-fashioned statist economic policies, excessive economic nationalism, bloated and inefficient bureaucracies" and other sins which it claims are the main causes of the continent's woes, that by democracy, it means radical free-enterprise economics. The authors call for "jawboning regional governments and society" in Ibero-America "on behalf of liberalization measures" which, it baldly lies, "the whole world knows hold the key to economic progress." The report holds up the recent "structural reform" program, adopted by Mexico at the insistence of its creditors with lethal results for its people, as a model for the rest of the continent.

Not surprisingly, the report expresses great anxiety over the debt crisis, or, more specifically, over how to ensure that as much of the debt as possible is collected. In this regard, its proposal for a restructure regional military force is particularly significant.

Without saying so outright, the report recognizes that a potentially uncontrollable political backlash could arise if the United States carries out any more Panama-style invasions. So, while calling for the North Atlantic Treaty Organization to take up a new role—one that would entail "involvement in the defense of democracy and the promotion of stability in the Third World" (a euphemistic reference to using NATO as a debt-collection agency)—the report also calls for setting up a new "regional security system" in the Caribbean and Latin America. This would also help eliminate national militaries, which have tended to be the strongest institutional proponents of nationalist policies in many Ibero-American countries. "Serious thought about new institutional mechanisms to update or replace OAS-Rio Treaty arrangements is clearly in order—including consideration of some form of multinational police force," write the Trilateral authors. "Such arrangements would have the additional advantage of providing local militaries with a useful new role beyond their historical propensity toward involvement in local politics."

A voice in the wilderness

There was one dissenting voice to the generalized insanity prevailing at the commission conference. In a speech that contrasted sharply with the eco-fascist and Adam-Smithian idiocies that dominated, Sony head Akio Morita, co-author of the controversial book, *The Japan That Can Say No*, which polemicized against America's foresaking of real production for post-industrial speculative activities, told the conference that "technological progress" must be pursued if the world's economic, environmental, and resource challenges are to be successfully met.

Describing himself as a "techno-optimist," Morita said that the range of international problems, "particularly the environment . . . can be resolved through the application of new technologies. If our energy situation improved in the

1980s, it was not because we reduced our standard of living," he said, "but because we developed new . . . technologies." Similarly, in Asia, "there is now little prospect of famine . . . not because population has been reduced, but food production has increased through the application of new technologies."

Morita called for a "dialogue" among politicians, business people, and "technologists—a term we use at Sony to describe our scientists and engineers who are seeking to develop ways to apply science for the enrichment of human life"—to ensure "that the 6 billion or more people living on this planet" by the 21st century "can all enjoy high standards of living without ruining our environment or depleting our resource base to the detriment of future generations."

These were the commission's public pronouncements. Behind the scenes, discussion also focused on the changes in Eastern Europe, the situation in the Soviet Union, the U.S. economic crisis, and German reunification.

Bronislaw Geremek, a key adviser to Polish Solidarnosc leader Lech Walesa, and chairman of the Solidarnosc Caucus in the new Polish Parliament, charged that Western Europe has failed to provide sufficient assistance to the new, struggling democratic governments in Poland and Hungary. Warning that the harsh austerity measures now in effect in Poland "mean the danger of social explosion," Geremek specifically criticized the European Community for refusing to allow Eastern European countries to become members.

George Berthoin, European chairman of the Trilateral Commission, reported that the future of NATO, and the role of the European Community in Eastern Europe, were also key topics. He himself believes that NATO must undergo dramatic changes, to keep pace with global strategic developments, and that, "These changes will not be determined primarily by governments, but by private institutes." He disclosed that, at its conference, the Trilateral Commission decided to set up a task force to develop proposals for changing NATO.

Documentation

Below are excerpts from the Trilateral Commission's new report, "Beyond Interdependence: The Meshing of the World's Economy and the Earth's Ecology," by Jim MacNeill, Peter Winsemius, and Taizo Yakushiji.

The world has moved beyond "interdependence," the coupling of local and national economies into a global system; the world's economy and the Earth's ecology have now become totally interlocked.

Glasnost, perestroika and the tidal shift in East-West relations have opened large doors of opportunity. . . . Recent changes have deprived each side of its main enemy. They have also raised the possibility of significant new financial resources to underwrite meaningful cooperation between the superpowers and their allies on the issues of environment and development. These issues are reshaping national and international affairs and could well become the overarching issues for the next century. . . .

The world is on history's fastest growth track. Population has more than tripled since 1900 and will very likely double again within the next half-century. Governments could act to stabilize population at lower levels, but with one-third of the world's present population under 15 years of age, population growth has tremendous momentum and will not easily be slowed. . . .

In [the] face of the finiteness of the Earth's ecosystems, we must ask whether economic growth of the magnitude required over the next half-century is possible at all. . . .

Even at present levels of economic activity, there is growing evidence that certain critical global thresholds are being approached, perhaps passed. . . .

Of all the evidence of human-induced environmental stress, perhaps the most sobering are the changes occurring in the atmosphere. Human releases of chlorofluorocarbons (CFCs) and other gases are consuming the protective ozone layer, which serves to prevent certain harmful ultraviolet rays from reaching the surface of the Earth. CFCs are also one of the significant "greenhouse gases" and human releases of these and other "greenhouse gases" are increasing the heat-trapping ability of the atmosphere, threatening major disruptions of the world's climate. . . .

Overall, climate change could provoke potentially severe economic and social dislocation. . . . which will worsen international tensions and increase the risk of conflicts among and within nations. These . . . changes may well become the major non-military threat to international security and the future of the global economy. . . .

Unless OECD countries, and in particular the United States, provide massively increased financial aid and political support for population [control] programs, it is unlikely that currently unsustainable rates of population growth can be reversed. . . .

Many critically important raw materials and goods trade at prices that fail to reflect their effects on air, water and soil, and one way to correct this is through the introduction of environmental taxes. . . . Examples of goods that should be subject to environmental taxes include fossil fuels, chlorofluorocarbons, electricity, plastics, pesticides, chemical fertilizers, and energy-consuming capital goods such as motor vehicles. Direct taxes on emission of pollutants and the creation of waste products requiring disposal would also be appropriate.

Spannaus announces independent campaign

Nancy Spannaus, the only Democratic candidate against incumbent Republican U.S. Senator John Warner, announced April 24 she will campaign as an Independent Democrat. Her announcement came after the Virginia Democratic Party caucuses held April 21 and 23, according to press accounts, endorsed "No Candidate" to run against Warner.

"As of today, I am proceeding to organize my Independent Democrat campaign" against Warner, Spannaus said. "This has become necessary due to the extreme and unprecedented repudiation of democratic procedures by the Bush Democrats running the Virginia party.

"In a clear panic over the depth of support for LaRouche's policies and moral outlook in the base of the Virginia Democratic Party, the Bush Democrats chose to dissolve themselves into the Republican camp. By this measure, they appear to have won a majority for John Warner, and thereby ensure the cancellation of the party convention. If this is what they call 'victory,' then their outlook is distorted indeed."

Spannaus said that "the procedure of the Democratic Party caucuses shut out the interests of the poor and working-class people who would like to look to the Democrats as their defenders. . . . The list of violations of party rules and procedures carried out by the Bush Democrats in the course of this farcical convention process" showed what party leaders think of them and their interests, she said, adding that she will be detailing the violations to the national Democratic Party.

The Spannaus slate was able to bring out between 25 to 33% of the voters in a number of caucuses around the state. That "demonstrates to me that we have tremendous strength," Spannaus said.

"My Independent Democrat campaign will continue to mobilize Virginians around alternatives to John Warner's complicity in the Bush administration's policies of depression economics and appeasement of communist tyranny. The proposals of economist and candidate for U.S. Congress Lyndon LaRouche are the only alternative to policies that are destroying our nation, and could easily lead to world war."

Bush Dems fear specter of Illinois

The Spannaus campaign led the press in Virginia, from the very beginning, to compare it to the upset victories achieved by two LaRouche Democrats in Illinois in 1986. Five weeks before Spannaus had even filed as a candidate, the *Washington Post* indicated the major reason for rules changes in the Democratic Party: to prevent victories for LaRouche Democrats.

The rules changes meant that, first of all, the local Democratic Party in every municipality, had to hold caucuses—party meetings to vote for one of two possible choices for Virginia Democrats: Either "No Candidate" (which conceded that Warner would be the only candidate for Senate) or the Spannaus for Senate slate.

To qualify her campaign, Spannaus needed 350 delegates. On April 18, Spannaus announced a slate of over 550 delegates. The Democratic Party regulars immediately swung into action—preferring to cede the election to Warner by not putting up a candidate.

Virginia's Democrats, who have become known as Bush Democrats because of their refusal to run any opposition to Warner, had every reason to be nervous. When a Spannaus spokesman addressed the Metal Trades Council rally attended by 300 workers to protest layoffs at the Hampton Roads shipyard, Spannaus was cheered loudly. The transparent refusal of the Democratic Party to defend its traditional base of labor and minorities against the outrages of the Clean Air bill, which will destroy many businesses in Virginia, has led to the emergence of a popular movement around the Spannaus campaign.

At the caucuses, Spannaus campaign organizers at the polling places reported a favorable response to a sign that read, "The Brain Needs Broccoli—Look at George Bush." Several hundred delegate candidates came out and fought for their vote, which forced the party machine to mobilize to stop the Spannaus slate, destroying the credibility of the party apparatus, since they had to activate people to support their "no candidate" or "uncommitted" delegates, to the disgust of many local chairmen. In the 10th Congressional District in northern Virginia, where LaRouche is running for Congress, the Democratic Party chairmen went berserk. In southeast Virginia, the party hacks started dragging people out of the gyms and the eco-fascist Earth Day celebrations when the Spannaus slate was running neck and neck with their "no candidate slate." One Spannaus organizer played Beethoven outside the polling center, which led the local party chairman Barbara Hickey to call frantically, "We need help—they've got us surrounded."

In Hopewell, where the Spannaus slate had more delegates than the Democratic Party, with 15 for Spannaus and 10 for "No Candidate," "Old South" tactics were used. The local chairman called the 4th C.D. chairman, a labor lawyer, and made a special point of order to bend the rules to let him come into the already-closed caucus. "Here's what the party wants you to do: The Democratic Party voted overwhelming not to have a candidate. You people don't want to waste time on this," he told the 4th C.D. chairman. He then implied that the Spannaus delegates would be voting against the party if they voted for Spannaus. The threat was that if the Spannaus delegates stuck to their position, they would be thrown out of the party. Out of the 15 delegates, 12 changed their vote, while 3 voted for Spannaus.

CIA underestimates Soviet military expenditures, Russians say

by Scott Thompson

Leading Soviet economists visiting Washington, D.C. in April put forward an evaluation of the Soviet economy which differed markedly from the latest declassified study by the CIA and Defense Intelligence Agency (DIA), released on April 20 to the Joint Economic Committee of the Congress. The Soviet group was in the United States at the invitation of U.S. intelligence analysts; it included several members of the Congress of People's Deputies, as well as Gorbachov's Presidential Council adviser on economics, Stanislav Shatalin.

After the joint CIA-DIA report to Congress on April 20, some of the Agency analysts who had prepared the report met with their Soviet counterparts at Airlie House in Warrenton, Virginia for an April 20-22 conference sponsored by the American Enterprise Institute. On April 23, a handful of the Soviet delegates held a press conference that attained international media attention, as a prelude to their own testimony on April 25 to the Joint Economic Committee of Congress.

Perhaps the most marked disagreement between the CIA-DIA analysts and their Soviet counterparts was on one of the most crucial aspects of the CIA's annual reporting exercise, namely the question of how much of the Soviets' resources are being invested in the military—a critical determinant of Soviet preparedness for a global showdown. Ironically, the Soviet economists sounded more like the old "Team B" of outside experts, which was brought in when George Bush was Director of Central Intelligence, to demonstrate how the CIA had been systematically underestimating Soviet military investment. (It was this error by the Agency that supported then National Security Adviser Henry Kissinger's false contention, that if the SALT treaty were ratified, the Soviets could at best achieve parity with the United States—not the superiority they actually achieved.)

The latest dispute between U.S. intelligence and their Soviet counterparts led Nick Eberstadt, a Harvard economist who chaired the CIA/Soviet confab, to tell Reuters that the Soviet Union is far better prepared for war than the latest CIA-DIA report would indicate.

EIR's forecasts were right

At their press conference, Soviet economist Oleg Bogomolov laid the differences on the table. Bogomolov, who is a member of the Congress of People's Deputies, full member of the U.S.S.R. Academy of Sciences, and director of the Institute of Economics of the World Socialist System, said that where the CIA-DIA report estimates Soviet military expenditure to be 15-17% of Gross National Product, his institute believes that it is more like 20-25%. In a conversation with an *EIR* journalist, Bogomolov revealed that his institute had arrived at this figure based upon the work of Igor Birman, a Soviet economist who emigrated to the United States two decades ago and today heads the Foundation for Soviet Studies. While Birman's method of arriving at this figure was never spelled out, Bogomolov noted that before his recent death, Soviet reformer Andrei Sakharov had said, during debate in the Congress of People's Deputies, that the Soviets were expending 40% of their GNP on their military!

The 20-25% estimate revealed by the Soviet economists conforms with *EIR's* 1985 analysis, in its Special Report "Global Showdown," that Yuri Andropov and Marshal Nikolai Ogarkov were deploying huge resources to revamp the Soviet military with weapons systems based upon new physical principles (e.g., radio-frequency weapons and "exotic" ballistic missile defense technologies) to fulfill the messianic view that Moscow was destined to emerge as the Third Rome. However, since the Russian *raskolniki* are incapable of assimilating the full benefits of such R&D efforts (as the United States did with the Apollo Moon shot), *EIR* projected that this heavy defense spending would create a physical economic breakdown crisis, causing the Soviets to loot Eastern European satellites beyond recovery, to deplete resources for necessary infrastructure projects, to collapse the consumer sector, and to generate rising ethnic and nationalist unrest.

Suddenly, with their latest annual report, "The Soviet Economy Stumbles Badly in 1989," the CIA-DIA have reached more or less the same conclusion as *EIR*—five years later. According to the report, "Soviet economic problems reached near-crisis proportions in 1989, as severe consumer

goods shortages, inflation, and rising social and ethnic violence left Gorbachov searching for ways to put his economic program back on track." But at their press conference, the Soviet economists said that things were even worse than this CIA-DIA estimate would indicate.

Disagreement on scope of the crisis

Highlights of other disagreements between U.S. intelligence and Soviet analysts include:

- Viktor Belkin, who is head of the Laboratory of the Commission for Studies of Productive Forces and Natural Resources, said that whereas the CIA estimates Soviet GNP to be 50% that of the United States, his calculations show it to be 14-28%. If the 14% figure that Belkin prefers is valid, then, even with the deployment of 20-40% of GNP into military expenditures, the CIA-DIA estimate of total resources deployed for military purposes would be greater. However, what the more accurate 20-40% figure says—regardless of the proportion of Soviet to U.S. GNP—is that the Soviets still have a military economy, which must necessarily break down.

One point where Belkin is correct, however, is that GNP comparisons mean next to nothing, since the hyperinflated and wasteful U.S. service sector is at least three times that of the Soviet Union, whereas Soviet figures are clearer reflections of real industrial and agricultural activity.

- Yuri Dykhanov, who participated in the Warrenton conference, also disputed the CIA's figures on per capita Soviet income. Where the CIA estimates it to be one-third that of the United States, he believes it is only one-fifth, which would be lower even than Brazil.

- Viktor Belkin disputed CIA-DIA calculations of the losses of goods produced in the U.S.S.R., which the U.S. intelligence analysts have finally devoted a large section of their report to. While the U.S. and Soviet analysts agree that these losses have become worse, because of the breakdown of infrastructure (especially rail transportation), the distribution system, spoilage, and so forth, Belkin said the U.S.S.R. Supreme Soviet in recent debate estimated that as much as 50% of industrial production and 40% of agricultural production are lost through such means.

The economy and the war danger

What neither the U.S. nor Soviet economists quite know how to describe, is the overall process of the physical economic breakdown crisis of the Soviet economy, which Lyndon H. LaRouche, Jr., predicted several years ago would proceed at an accelerating rate. The breakdown of an economy goes through several "discontinuities," which, in the present circumstances of the Soviet economy, might be likened to the moment at which lung cancer goes into metastasis, with a sudden increase in the rate of acceleration of the progression of the disease. It is this physical economic breakdown crisis in both East and West, that is the greatest

potential trigger for war by miscalculation.

The CIA-DIA report tries to describe this process as follows: "We judge that there is a reasonable chance that the economy could deteriorate markedly. It is in an unstable state, which many Soviets describe as a crisis. A single major event or series of smaller linked events could push the economy over the edge into sharp deterioration—that is, a substantial drop in output (perhaps 20% over a year or two) and lead to chaos in the distribution of both producer and consumer goods."

The Agency analysts show themselves to be well behind the pace of events, however, when they add that "it is more difficult to determine how far the leadership would allow the economy's deterioration to proceed before it took decisive action or what type of action this would be." The more apt question would have been, to what extent are the Soviet economic collapse and its political consequences already out of control? The Soviet representatives at their press conference, at any rate, agreed that a "catastrophe" might indeed wipe out all calculation of schedules of reform.

Thus, Vasily Selyunin, a member of the editorial board of the journal *Novy Mir* who had worked on an analysis of the collapse of the Soviet economy with Grigori Khanin of the Novosibirsk reform group, said: "Let's make no mistake—a 20% drop in production over one to two years would be catastrophe just like the recent 16% drop in the Polish economy was catastrophic. If the GNP drops 20%, I no longer would know any measures to save it." Khanin said that while a 20% drop might occur over two years, it would be the result of social chaos arising from such things as a hard winter, a drought, or a general strike. A combination of such factors, he conceded, might trigger such a collapse.

While the Soviet economists would not fully endorse this possibility of collapse, each pointed out major areas of growing discontinuity in the Soviet economy, including:

- 1) diminishing marginal returns from fossil fuel energy production (oil and coal) unless there are major new inputs of Western technology to exploit them;

- 2) the breakdown of the railway system, which requires heavy infrastructure investment to rebuild 2,000 bridges dating back to czarist times;

- 3) the collapse of the consumer distribution system, such that those goods that make it through the transport system (20,000 railway cars were "lost" last year) go either to factories for direct distribution or else to the black markets, rather than to official markets;

- 4) the rise of "goods inflation" arising from the Politburo's 1987 revaluation of the ruble, which in the first quarter of 1990 caused a 15% rate of growth of consumer income with only a corresponding 5% increase in consumer goods; and,

- 5) an inability of the transport and distribution system to manage distribution of imports bought to substitute for declining domestic production.

Book Reviews

Who is George Bush's astrologer?

by Carol White

My Turn, The Memoirs of Nancy Reagan

with William Novak

Random House, New York, 1989

384 pages, hardbound, \$21.95

"What Does Joan Say?" My Seven Years as White House Astrologer to Nancy and Ronald Reagan

by Joan Quigley

Birch Lane Press, New York, 1990

218 pages, hardbound, \$17.95

A lot of feathers fly between Mrs. Reagan and Joan Quigley, over the subject of Quigley's claim to have orchestrated U.S. policy, particularly during the second Reagan administration, a claim Mrs. Reagan vehemently denies. Joan Quigley asserts that she was involved in bringing President Reagan and President Gorbachov together. It must be said that Quigley's account appears the more credible.

Indeed, reading Mrs. Reagan's account of her life with the former President, the question keeps coming to mind: Is Mrs. Reagan really so dumb? Is she as shallow as she presents herself, or is this book an attempt to mount a clever deception operation, to counter the Quigley revelations, which first came out with former White House Chief of Staff Donald Regan's "hiss and tell" book?

Quigley boasts that, as the Reagans' house astrologer, not only did she control the President's schedule, chosen on the basis of supposedly auspicious, as opposed to threatening, astrological signs; but that she also was part of a well-orchestrated operation whose mission was to brainwash the President into seeing Mikhail Gorbachov as a loving friend.

The kook-spook from California

Joan Quigley, the kook-spook from California, who claims to have controlled Nancy Reagan and Nancy's hus-

band the President through horoscope manipulation, and through a cabal of pro-horoscope ladies around the President, says that she is responsible for the condominium established between the United States and the Evil Empire in Moscow.

In her book, Quigley gives us an amusing picture of the pathetically superficial, yet vicious Nancy Reagan, a woman Quigley opines is prepared to chew a person up and spit out his or her bones, without flinching. But that is just the superficial appearance of the story. Quigley by the way tells us little about her own background, except to clue us that she is in the upper reaches of the social hierarchy.

Quigley reports that as soon as Gorbachov took power, she was one of the people with a mission to transform Ronald Reagan's thinking about the Evil Empire. To quote her, first on her relations with the Reagans:

One of the reasons Nancy asked, if she could consult me, about the President's horoscope in late April of 1981, was that she knew from her own experience during the 1980 campaign, that my work was utterly reliable, and that I could solve problems, and avoid difficulties. Also, she felt comfortable, because I knew the world quite well, and understood people, and how they functioned, and interacted with one another, not to mention my knowledge of history, and grasp of politics.

This is what she said that day, I remember it verbatim.

First, she asked: "Could you have told about the assassination attempt?"

"Yes, of course I could, had I been looking. However, I hadn't been following your charts, or tracking the mundane material from Washington. I'm sorry: had I been looking, I would have warned you."

She then said, "I'm getting a terrible press; it's so unfair. I'm really a very nice person. Can't you tell me what to do? I'm willing to pay you."

According to Quigley, it was she who developed the campaign followed by Nancy Reagan to shift her image, from privileged vixen to semi-human anti-drug advocate.

As soon as Gorbachov came into power on March 11, 1985, Quigley twisted Nancy's arm to get an invitation to the White House, her second face-to-face meeting with Nancy. This occurred on April 10, at a reception for the Algerian head of state. While passing through the reception line, she said to President Reagan: "Mr. President, I feel that you have been chosen to bring peace." This resonated, and made a big impression on the President, and was discussed at length with Nancy subsequently.

On the same occasion, an unnamed reporter told Nancy: "If Ronnie were to do nothing more than he's done already, his place in history would be assured." As Quigley tells it, this planted the seeds for her operation, to bring Reagan and

Gorbachov together in their special relationship.

The Quigley horoscope for Reagan and Gorbachov showed that they had the potential for love and human affection. Reagan's profile of Gorbachov at the time was very accurate: It was that he had a thug personality, he was a KGB thug; and, of course, Reagan had given the speech on the Evil Empire two years previously. Now, Quigley saw it as her mission to transform Reagan's impression about the Evil Empire, and to convince him that, in fact, he would love Gorbachov. And one of the things that she produces in her reading of the horoscopes of the two leaders, is that both Reagan and Gorbachov have been reincarnated and are only now resuming a close friendship which they enjoyed in a previous life.

Quigley also worked Nancy Reagan over on the theme that Reagan had the same horoscope as Lincoln, and would be taking the role of eliminating war, in the same way that Lincoln eliminated slavery. She had a three-hour conversation with Nancy:

Even as I talked to Nancy for three hours, it was the longest session we ever had. I had in my mind, that some day, war would be like slavery. I knew it would not disappear overnight, or even in our lifetimes; yet, I visualized a day when war would be stamped out like smallpox; I could imagine a future time when schoolchildren, growing up, with regard to history of past wars as archaic and irrelevant in their lives as ancient Greek and Latin. Nancy was always open to my ideas. She respected them. She felt they had merit.

Sometimes, she would argue a point repeatedly; but, when I was sure of something I saw in the configuration of the planets, I would be unshakeable and firm. When I was absolutely certain that a thing was right, I would be able to bring her around to my way of thinking. This time, I was fighting for everything I believed could be made to happen, astrologically, to me, it was so clear, it was transparent. I finally convinced her, that, despite the way Russian leaders used to be, Gorbachov was different. I warned her repeatedly, that it would be disastrous for Ronnie to go to Geneva with mistaken preconceptions, and his old, outmoded bias.

"Ronnie's evil empire attitude has to go, before he can meet with Mikhail Gorbachov at Geneva," I told her. "Gorbachov's Aquarian planet is in such harmony with Ronnie's. You'll see," I said. "They'll share a vision. What's more, when Ronnie and Gorbachov meet, they'll get along famously. Better than you can imagine—and this is a very big if—if Ronnie goes to Geneva with the proper attitude."

"I know you're right," Nancy said, "but it won't be easy to change Ronnie. First, I'll have to persuade him. You know as well as I do, how he feels about

Russian leaders. I'll have to make him realize that what you say about Gorbachov is true."

Does Bush have a Rasputin?

Kookery in high places, as well as among New Agers, appears to be the affliction of this Dark Age. Well we may ask, "What is the operation now being run on President Bush, comparable to the brainwashing of President Reagan?"

The truth is that operations such as the one pulled upon poor President Reagan, are the means by which empires are destroyed. Joan Quigley was Ronald Reagan's Rasputin, but how strange life is. Now we see that there is another Rasputin who has come to power in Russia, the Rasputin just appointed to President Gorbachov's Presidential Council. Strange but lawful. Valentin Rasputin is a writer, and a member of Pam-yat. His astrological credentials have not yet surfaced, but he has already acknowledged his mystical attachment to Mother Russia.

Quigley's dossier should be researched. By her own testimony she was working against the national interest of the United States. The question is, who was her real employer? Was she (is she still) a double agent, an asset of both the British and the Soviets? It is an urgent matter of national security that the answer to this question be uncovered.

This appears to be one of those periods in history, in which the Merlins and wild kooks are controlling the monarchical chair by manipulating the monarchical perceptions. A historical precedent was the influence of the first Rasputin, who worked with the Czarina to destroy the Romanovs. The circle of lady friends around Nancy Reagan, which included Joan Quigley, but also Elizabeth Taylor, Betsy Bloomindale, and Mary Jane Wick, have extremely nasty pedigrees. The image is called to mind of witches gathered around the sacrificial pot, dismembering the U.S. presidency bit by bit.

The nature of the times

There is scandal in all of this, but that is not its essence. One must think about the nature of these times. It is in the nature of the times, that these things happen, that these things are tolerated, that these things are epidemic; that this is the state of the elite, of the Establishment, that these things go on. We seem to have come full cycle, back to barbarism; and we seem to be headed to a physical-economic condition, matching that psychological, or, shall we say, psychotic state. This is something out of a very bad science fiction novel, all of this; but it's really happening.

Hopefully these books will not merely titillate or horrify their readers, but awaken the response: "Enough of this garbage; let's get back to reason. We've had one Himmler with his astrologer, that's enough. We had one czarist regime with its Rasputin, that's enough. Let's get rid of this garbage, and go back to something sane—maybe bungling, maybe mistaken, maybe trouble-wracked, but at least sane, at least human."

House votes Jerusalem is capital of Israel

The House passed a non-binding resolution recognizing Jerusalem as the capital of Israel by a vote of 378-34 on April 25, despite the fact that this could provoke heightened tensions in the Middle East.

The measure was identical to one passed by the Senate on March 22 which Senate Minority Leader Robert Dole (R-Kan.) opposed because he said he felt that it would intensify divisions among Middle East rivals. The issue had dominated talks Dole recently had with Arab leaders during a trip to the region. One militant Muslim group has threatened mayhem against Americans if the Senate does not rescind its resolution.

Opponents of the bill contend that the resolution needlessly aggravates Israel's Arab neighbors by denying them symbolic rights to Jerusalem, a city which is sacred to Christians, Jews, and Muslims. "For America to play a constructive role, we need to have good relations with a number of parties in the Middle East, not just one," said Rep. David Obey (D-Wise.). "No one's interest is served by unnecessarily inflaming the dialogue at this moment."

Rep. James Traficant (D-Ohio) complained that the resolution was a result of the inordinate influence of the Israeli lobby in the United States Congress.

Sasser says Bush not ready for budget summit

Senate Budget Committee Chairman James Sasser (D-Tenn.) said April 24 that President George Bush wasn't serious enough about cutting the deficit to warrant a White House budget summit.

The budget proposal presented by Sasser would require cuts of up to \$50 billion in the fiscal year beginning Oct. 1, up to \$20 billion of which is projected to come from cuts in Pentagon spending—cuts that most conservatives are not prepared to accept. "The Congress is not going to adopt those numbers," said Sen. Phil Gramm (R-Tex.).

White House Budget Director Richard Darman has been agitating for a budget summit, and criticized the plan passed by the House Budget Committee as inadequate because it relied on the administration's own faulty economic projections.

Sen. Warren Rudman (R-N.H.) warned that the economic situation in the country was far worse than economists were willing to admit. Rudman warned that interest rates must come down soon or the economy will be in worse trouble.

NDPC calls for maglev technology development

On April 26, Bill Jones testified before the Transportation Subcommittee of the House Appropriations Committee on behalf of the National Democratic Policy Committee, which represents the LaRouche wing of the Democratic Party, and called for an upgrading of the U.S. rail system by investment in magnetically levitated (maglev) transportation systems.

Referring to the proposal of Lyndon LaRouche, candidate for U.S. Congress from Virginia's 10th District, to use the Social Security fund surplus for high-priority, safe investment in federally secured national basic economic infrastructure, Jones proposed that close to \$1 billion of that surplus be invested in implementing the various pieces of legislation

now before the Congress which are aimed at demonstrating maglev technology.

Bush dismissal of DARPA head provokes outcry

The abrupt dismissal of Defense Advanced Research Projects Agency director Craig Fields on April 20 has provoked protest in Congress.

Fields had prodded DARPA to fund high-technology programs such as high-definition television and advanced semiconductors that could be used by both the military and private industry. His advocacy of such "dual use" technologies put him at odds with Pentagon officials who feared scarce defense dollars would bankroll civilian projects.

Sen. Albert Gore (D-Tenn.) called the firing of Fields "a disgrace to this country." Deputy Defense Secretary Donald Atwood, appearing before the Senate Armed Services Subcommittee on Defense Industry and Technology, denied that there was a policy split, claiming that Fields had not been "fired" but was asked to take an important job overseeing a study of military labs.

"Just as DARPA is becoming more instrumental in U.S. efforts to develop and maintain critical technologies," said Rep. Richard Gephardt (D-Mo.) on April 24, "the administration has pulled the rug out from under DARPA by firing Dr. Fields." Gephardt called the move "a triumph of ideology over the national interest."

Rep. Jake Pickle (D-Tex.) said he found it "amazing . . . that the administration would divorce itself from these types of projects. If DARPA is not a participant in supporting certain technologies simply because they have commercial applications, I be-

lieve we will be severely limited. Many high-technology initiatives have military as well as commercial applications. . . . Especially in light of recent world events, it seems to me that government should be concentrated more on research and development in technologies which have a wide range of uses."

Sen. Joseph Lieberman (D-Conn.) said Fields was being fired for "failing to abide by the Adam Smith gospel according to John Sununu and Richard Darman." In firing Fields, he said, "the Bush administration . . . has written its own topsy-turvy version of the Peter Principle: Competent people will be fired at the precise moment when their talents are most in need." Gephardt and 10 members of Congress signed a letter calling for Field's reinstatement.

Probe of Fauntroy ended by DoJ

The Department of Justice has announced that it is closing the 15-month-old investigation of D.C. Delegate Walter E. Fauntroy (D) into his hiring of Thomas J. Savage, the son of Rep. Gus Savage (D-Ill.). Last year, DoJ officials began a grand jury investigation triggered by allegations that the younger Savage was on Fauntroy's payroll at the same time he was running for office in Illinois.

Black political figures have increasingly been subjected to intense scrutiny by the Thornburgh Justice Department and other law enforcement agencies. Representative Savage has been an outspoken critic of the AIPAC, the American-Israel Public Affairs Committee, because, he has said, it acts as an agent of a foreign power interfering in the internal af-

fairs of the United States.

Fauntroy, a former leading civil rights activist and the non-voting congressional representative for the District of Columbia, is now running for mayor of Washington. Fauntroy said that the investigation had unfortunately "diverted attention from why I am running for mayor and the critical issues facing our city."

Senator complains about peace euphoria

Sen. Trent Lott (R-Miss.) attacked the simple-mindedness dominating thinking on Capitol Hill with regard to the illusory "peace dividend."

In comments on the floor on April 20, Lott noted that there had been increasingly frequent and "shrill calls for draconian cuts in defense." This was approaching the level of a "stampede," said Lott.

Pointing to the movement of Soviet armored columns rumbling through the streets of Vilnius, Lithuania by night and Soviet paratroopers occupying selected government buildings by day, Lott asked, "Does anybody doubt Gorbachov's willingness to take the next step and use the full power of the Soviet Armed Forces to impose his will if necessary?"

Noting that "change is a two-way street in a system like that in the Soviet Union, and U-turns remain a possibility," Lott recommended, "If we err, it must be on the side of safety." Taking aim at the cuts in the defense budget proposed by Budget Committee Chairman Sen. James Sasser, Lott commented that "It would appear that all reason and sensibility is being lost."

Although supportive of the cuts in the defense budget submitted by President Bush, Lott noted that "the pres-

ent euphoria goes way beyond that." The recent proposals of Sen. Sam Nunn (D-Ga.) also caused him "great concern," Lott said. "This slash-and-burn attitude I see sweeping through the Beltway, is one that we better stop and take a very careful look at. . . . I think both the services and the Congress are getting a little carried away. The world has changed, but it has not changed that much yet." He added that the country must adequately provide for the common defense as it "moves toward the 21st century."

House targets drug money laundering

The House unanimously approved legislation by a vote of 406-0 on April 25 that would give federal banking regulators the authority to revoke the charters of financial institutions convicted of money laundering. Similar legislation is pending in the Senate.

"In plain language," said Rep. Frank Annunzio (D-Ill.), the bill's sponsor, "these provisions hold out the death penalty for the management and for any financial institution itself convicted of money laundering. . . . We put the street dealer in jail and we put the drug kingpin in the penitentiary, but no one has found a way to imprison a bank. Fines and forfeitures have proven totally inadequate."

The legislation would also empower the government to name conservators of such institutions and to strip them of federal deposit insurance, and would force so-called cash transmittal businesses such as check-cashing services to comply with federal regulations that they file reports on cash transactions of more than \$10,000.

National News

Kissinger defends Soviet Empire

United States policy ought to be to preserve the territorial integrity of the U.S.S.R. regardless of the immorality of the absorption of the Baltic states under the Hitler-Stalin Pact, Henry Kissinger said on the ABC News program "This Week with David Brinkley" on April 22.

Echoing Moscow's legal thuggery, Kissinger said that independence cannot be proclaimed by a local parliament, as happened in Lithuania, or else the Soviet Union will disintegrate. Kissinger said that such a vote was "intolerable."

Kissinger stated that the real war danger today sprang from the emerging nationalisms in the Balkans and Middle East which might trigger theater wars.

Kissinger also stood by his apology for the Tiananmen Square massacre by repeating his assertion that no government would have tolerated having government offices blocked in this way.

Haitians rally against AIDS policy

Over 50,000 Haitians and supporters marched from Brooklyn to downtown Manhattan in New York City on April 20 to protest government policy towards Haitians and AIDS.

The size of the crowd surprised police officials who expected a demonstration of 10,000, as thousands joined the rally when it crossed the Brooklyn Bridge into Manhattan and marched to Federal Plaza. The rally lasted for at least six hours and continued to grow in size.

One leaflet distributed to the marchers read, "LaRouche Was Right: Global 2000 is Genocide 100 Times Worse than Hitler!" Signs prepared by rally organizers read: "Jimmy Carter's Administration Called for Reducing the World's Population by the Year 2000"; "Poverty Causes AIDS, Not Haitians"; "AIDS is a Biological Weapon";

and "Scientists Created AIDS to Kill Black Population."

Rally organizers attacked racial discrimination against Haitians and Africans. "We Need Medical Science, Not Race Science," one demonstrator's sign read. Rally organizers told everyone not to speak to the press which they said was a part of the problem. Organizing for the rally was done entirely through networks and Haitian radio programs.

EPA seeks limit on technology to E. Europe

The Environmental Protection Agency (EPA), headed by William Reilly, is urging President Bush to impose strict environmental conditions on all aid to Eastern Europe.

According to David Gergen, a former Reagan administration official, who wrote in *U.S. News and World Report* in April, the EPA is informally urging that the U.S. demand that all loans to Eastern Europe from the World Bank and other such institutions, and from private banks, be conditioned upon "tight environmental standards."

Pressure for such measures is coming from outside the administration as well. Gergen noted that Sovietologist Ed Hewitt of the Brookings Institution recommends that the U.S. and its allies move to set up a regional EPA in Eastern Europe that would establish environmental rules for any development projects.

Supreme Court rules judges can raise taxes

A five-justice majority of the U.S. Supreme Court has ruled that a local judge "had the power simply to instruct local officials to raise the taxes in order to further desegregation," according to the April 19 *Washington Post*. The decision upheld the action of a Kansas City federal judge in ordering an increase in property taxes to fund school integration.

Justice Kennedy, joined by Rehnquist,

O'Connor, and Scalia, dissented, noting that the rights of local officials had been trampled upon when the judge assumed for himself "the fundamental and delicate power of taxation."

The April 23 *Wall Street Journal* editorially attacked the ruling as that of "Judge George III." It pointed out that the federal court had been wrestling with racial balance of the school system for about a decade, a job made more difficult by the white flight from the city. In order to attract white students from suburban school districts, Judge Russell Clark ordered the board to create a system of well-equipped, expensive "magnet schools," with modern swimming pools, new furnishings, and computers in every classroom. Black Kansas City parents, desperate for quality education for their children, started signing them up for these model institutions, only to be stopped by the court, which saw the black influx as upsetting the court-ordered racial formula.

'LaRouche prosecutor' cited for misconduct

Ogle County, Illinois State's Attorney Dennis Schumacher, who is conducting a witch-hunt against associates of congressional candidate Lyndon LaRouche, was cited for "grave misconduct" by the Illinois State Disciplinary Commission for failing to recuse himself in a case where he had a clear conflict of interest.

The complaint arose out of a grand jury investigation of alleged sexual abuse of a child, who was a student at an elementary school run by a fundamentalist church where Schumacher is a board member, in Ogle County. It was alleged that Schumacher, who has fiduciary as well as oversight responsibilities for the church, failed to remove himself from the investigation and impeded the grand jury by rehearsing witnesses who were friends and associates at the church.

The commission found that Schumacher had improperly failed to remove and isolate himself from the investigation and the State's Attorney's presentation to the grand jury. It further found that there was enough "smoke" to warrant "serious concern" on

Briefly

● **EARTH DAY** celebrants, some 750,000 strong, trashed Central Park in New York City, damaging the grass and breaking down fences, despite appeals "to be kind to the park," and left 154.3 tons of refuse, only 4.3 tons of which were recyclable.

● **THE ATTORNEYS** General of North and South Dakota, Montana, Minnesota, and Iowa have asked U.S. Attorney General Thornburgh to investigate possible anti-trust violations by the four cartel firms that control 70% of the beef and 75% of the lamb slaughter markets: IBP, of Occidental Petroleum; Excel, of Cargill; Conagra; and Beef America.

● **THE BUSH** administration is planning to cancel its attempt to deploy new Lance short-range nuclear weapons in West Germany, the April 19 *New York Times* reported. Quoting unnamed officials, it said that the Pentagon had already ordered the Army Missile Command to stop work on the weapons.

● **DR. CRAIG FIELDS** was ousted as head of the Defense Advanced Research Projects Agency (DARPA) April 21, in a move that promises to be highly controversial. Fields had promoted high-technology efforts and close cooperation with the private sector. *Aviation Week* reported DARPA has been pressured to shift its focus from innovative, high-risk technologies to "nearer-term research that could lower military costs."

● **DR. CARL SAGAN**, who hosted the *Cosmos* series on television and promotes various weird theories on nuclear winter and global warming, is an advisory board member of the Drug Policy Foundation.

● **JOHN DEUTCH**, energy secretary in the Carter administration and now provost of Massachusetts Institute of Technology, is urging that homosexual college students be allowed to enroll in the Reserve Officers Training Corps (ROTC).

the role played by Schumacher in handling witnesses he knew and had both personal and religious affiliation with, prior to their testimony before the grand jury.

The commission found that the evidence presented went beyond simply the "mere appearance of impropriety," which is the standard used for recusal. They chastised Schumacher for appearing less than even-handed, which undermines the faith in the State's Attorney that should be expected by those who elected him.

Schumacher and other church elders have also been the subject of charges of financial impropriety which have surfaced over the past year. These reportedly include charges that Schumacher and other church officials issued promissory notes for loans from church members and then utilized the funds for purposes other than those they had been intended for.

America becoming second rate, says columnist

America is fast becoming a second-rate power, stated an editorial in the April 23 *Los Angeles Times* by Andrew Grove of Intel Corp.

Grove argued that cuts in U.S. defense spending should be directed toward protecting U.S. industries which are vital to the "strategic security" of the country. He said the goal of making America technologically self-sufficient should be a top priority.

Grove outlined the decline in the U.S. electronics industry and pointed out that over the last ten years, the world market share for U.S. semiconductor manufacturers has gone from 57 to 35%, and he said he fears for the U.S. computer industry.

"Projecting these and other trends onto the nineties, the United States emerges as a second-rate economic power importing most of its industrial goods and paying for them by selling its natural resources and dwindling corporate assets. That sounds a lot like the definition of a colony. It is difficult to imagine a military action by the Soviet Union, short of a nuclear strike, that could achieve a more damaging blow to the well-being of the United States.

"To reverse these trends . . . a first step would be for the President to acknowledge that the deterioration of our industrial fabric is a threat to our strategic security. This may seem trivial, but for the current administration it would be a major step," Grove wrote.

Du Pont heir presses Soviet trade cut-off

Lewis du Pont Smith, a supporter of the political ideas associated with statesman Lyndon LaRouche, pressed his resolution to force the E.I. Du Pont de Nemours Co., Inc., to cease all trade and financial activities with the Soviet Union until they free Lithuania, at the annual shareholder's meeting April 25 at the Hotel Du Pont in Wilmington, Delaware.

Smith read the entire resolution, which included demands that the Soviets repudiate the Hitler-Stalin Pact and cease economic warfare against Lithuania. Immediately upon his conclusion, a woman stockholder took a microphone to say this was the first time in 15 years she had ever seen a du Pont take on the "old guard." She said, "I disagree with your resolution, but I applaud your courage." At that point, Smith received thunderous applause from the audience.

The assistant to the corporate secretary informed Smith later that the board of directors was meeting to take up his resolution. The board later sent him a letter stating that the embargo "would not be in the best interests of the company."

In a personal exchange, Smith told Edgar Bronfman, who sits on the Du Pont board, that his close relationship with Gorbachov could be crucial to getting the Soviets to withdraw from Lithuania. Bronfman said, "I will study your resolution."

One stockholder told Smith, "I want you to know there were many Du Pont executives who relished the debate you have provoked." Another, who is a managing director of a plant, offered suggestions to ensure the resolution's passage. The head of a conservative organization thanked Smith for singling out the Bronfmans because they had done much to aid the enemies of the United States.

Editorial

Politics, American-style

From the time in 1933 when Franklin Delano Roosevelt took office, at least up to the assassination of John F. Kennedy in 1963, the Democratic Party was the constituency party, representing working people, farmers, and minorities. But over the past several years, the Democrats have embarked upon a path of self-destruction.

This was typified by the ludicrous case of Adlai Stevenson III, who forfeited a shot at the governorship of Illinois rather than accept the voters' choice of LaRouche Democrat Mark Fairchild as his running-mate. This year the classic example is the Virginia state Democratic Party, which moved with drastic, unprecedented bureaucratic action to wreck the party by mobilizing members to vote for "no candidate," rather than allow the LaRouche faction of the party to run openly in that election.

Last year in Harris County, Texas (Houston), home of the one of the largest Democratic district organizations in the United States, the Democratic Party machine locally wrecked itself in order to oust a duly elected county organization chairman who was an avowed LaRouche faction representative.

These draconian, bureaucratic actions from the top do not occur because the forces associated with LaRouche have a weak base among the voters. To the contrary: The Spannaus campaign in Virginia has shown support from constituencies among unions, blacks, and others who no longer feel that anyone else represents them.

Despite the heavy police-state attack upon LaRouche and his associates, around the country they are able to garner 20-30% of the primary vote, showing that there is an important LaRouche faction of the Democratic Party. This is so despite the libertarian mood which has seized both parties and a large section of the disoriented American citizenry and allowed the Anti-Defamation League to take control of the Democrats.

While the ADL poses as a Jewish organization, the truth of the vicious subversive role they are playing within and without the Democratic Party is shown by the Hate Crimes Bill which they forced through the

Congress. It is now dangerous in the United States to speak out on behalf of the family, against drug legalization, against abortion, against satanism—lest you stir up *hatred* against these evils; if you do, then you are committing a crime, according to this police-state bill. The ADL are not only avowed enemies of LaRouche; they are his foes on every point of policy today—especially within the Democratic Party.

In view of the fact that Democratic Party leaders, incumbents in various states, are wrecking the Democratic Party, wittingly and willfully, rather than allow the 20-30% pro-LaRouche vote to be represented, the question has posed itself to LaRouche and his associates of what to do about this wrecking operation. They have decided to continue, wherever possible, to try to cause the existing Democratic Party organization to function as it is supposed to function; however, where bureaucratic stunts prevent honest Democrats from functioning within the party framework, they will be running Independent Democratic campaigns. These will not be third-party campaigns, nor simply independent tickets, because they will be focused upon the task of rebuilding the Democratic Party, even if from without rather than from within, in order to restore it to its proper functioning.

Now, there's more involved than just the Democratic Party, of course. About 1982, the Congress voted up the establishment of an organization called Project Democracy or the National Endowment for Democracy, which is headed at the top by representatives of the Anti-Defamation League. This is the organization which conducted the Contra operations of Ollie North et al. in Central America and elsewhere.

Thus in reality, the Democrats and Republicans are being controlled by the same apparatus, and the appearance of a developing one-party system in the United States hides the even worse reality of a developing *no-party* system. This is the road to dictatorship or one-party government in the United States. This is the reason why the political campaigns of LaRouche and his associates are so vital this year—not only for the United States, but internationally as well.

Satanism is a criminal conspiracy, but it is also a political movement which bridges the separation between extremists on the left and those on the right. This report is your defense against it.

SATANISM

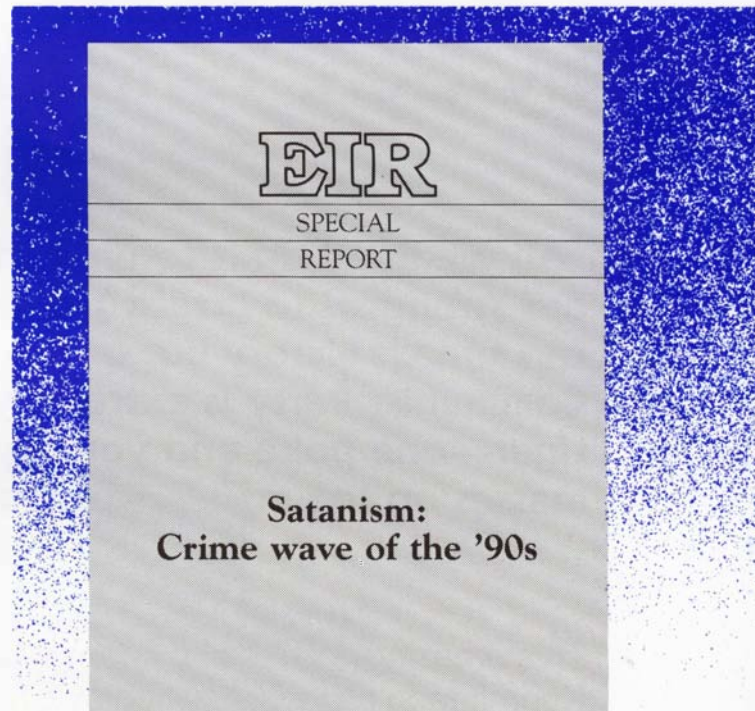
Crime Wave of the '90s

Who is right?

New York Archbishop Cardinal John O'Connor has denounced heavy metal rock as "a help to the devil" and said that "diabolically instigated violence is on the rise." (March 4, 1990)

But the Federal Bureau of Investigation's expert, Kenneth Lanning, claims: "Far more crime and child abuse has been committed in the name of God, Jesus and Mohammed than has ever been committed in the name of Satan." (June 1989)

Read the definitive study by *EIR's* investigative team, including: The Matamoros murders; Manson; the Atlanta child murders; the satanic roots of 'rock.' Plus, "The theory of the satanic personality," by Lyndon H. LaRouche, Jr. Learn the extent of the satanist epidemic, who its high-level protectors are—and why some officials want to cover it up. 154 pages.



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by Gen. Teng Chieh

"All we need do is to understand how to make the most of our strengths to attack the enemy's weaknesses. Then we can snatch victory out of the jaws of defeat. The Chinese Communist Party is extremely weak, just like a paper tiger—one poke and you could pierce it through. All the masses on the mainland are opposed to communism."

—Gen. Teng Chieh

This amazing little book by one of the top leaders of Taiwan's Kuomintang party, published by Chinese Flag Monthly in December 1988, charted the course for the Chinese students' revolution that erupted just a few months later. Preface by Lyndon H. LaRouche, Jr.

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