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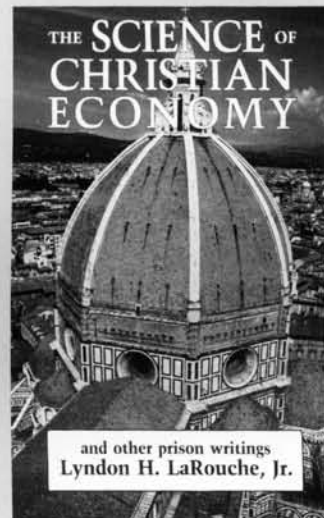
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From the Editor

The photo on the cover shows American troops in a rehearsal for warfare in a chemically contaminated zone of the Saudi Arabian desert, during the buildup for the second of the “splendid little colonial wars” that George Bush carried out for the British after he took office in January 1989. In reality, most of those who die in the next phase will not be Americans, but the unlucky peoples of the Balkans, the Transcaucasian republics of the former Soviet Union, the Persian Gulf, and among the Palestinian diaspora—for starters. But the image of senseless and unnecessary death, relates to a very real threat.

The lead stories in our three news sections give the picture. In *National*, we analyze the leaked Pentagon strategy document which outlines a U.S. “defense” policy which is precisely that of imperial Rome. (Don’t forget that the Romans, too, pretended that their conquests were required to resist evil regimes. St. Augustine, in the era of the collapse of the Roman System, pointed out that even if true, this merely proves that the root of all empires is evil!) In *International*, we sketch the actions on the ground in the Mideast which show how this policy is being put into effect—fomenting wars and then “managing” them by international policing. In *Economics*, we look at the results of the “shock therapy” imposed on the former Soviet domains, where instability could soon dwarf the present Middle Eastern crisis.

Behind all this, as Lyndon LaRouche stressed in his response to a question by European economics editor William Engdahl (page 8), is the Anglo-Americans’ political commitment to a “scorched earth” policy of destruction. There can be no solutions to the crisis, anywhere in the world, that do not start with political opposition to that policy. There is a lesson here for the revolutionary uprisings in South America (see page 40), picking up on the ferment that began in central Europe.

In the *Feature*, Carol White reports on Japanese breakthroughs in cold fusion, which have been blacked out of the U.S. media, even the “science” media. These results give grounds for optimism, for solutions to the real problems of energy and environment facing mankind. Scientific optimism is what the British most fear. If you doubt it—read the Queen of England’s speech on page 49.

Nora Hamerman

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Bush feared to have a chaos scenario for Russia

by William Engdahl

Over the weekend of March 7, the Russian government of Boris Yeltsin formalized the final part of its "price shock" economic policy, by freeing from state regulation prices on bread, milk, sugar, and even oil and gas. The controversial move was taken in consultation with a senior delegation from the International Monetary Fund (IMF), which had been in Moscow for the previous three weeks monitoring the "progress" of the Russian economic reform since economics czar Yegor Gaidar imposed the first phase of the price float on Jan. 2.

The latest action escalates an economic and social crisis to unheard-of dimensions, and threatens even the quasi-stability of neighboring CIS states such as Ukraine, who are forced to follow Russia's price policy, as rubles printed by Moscow remain their only currency.

The Russian government's statement of intent is contained in the March 4 Memorandum on Economic Policy, which formed the basis of what the International Monetary Fund calls a "shadow agreement" between Russia and the IMF. In detail, it amounts to the patient's agreement to commit systematic economic suicide, in return for an indication from IMF officials that they will grant Russia the green light for accelerated IMF full membership at the coming April meeting of the IMF Interim Committee in Washington.

Terms of memorandum

The details of the March 4 agreement are draconian to the extreme. Following two months of free float in prices for crucial commodity and other goods, which raised prices by 10-12 times their December levels, according to Russian eyewitness estimates, now as of March 31, prices for such vital items as bread and sugar will be allowed to rise without limit. The price of oil and gas inside Russia, as of April 20

when the winter heating season ends, will rise from R 350 at present to as much as R 2,500 per ton, a whopping sevenfold rise.

Further, as part of the IMF austerity "reform" demands, worked out in recent weeks in consultation with Harvard's "shock therapy" advocate Jeffrey Sachs and Swedish economist and Sachs business partner Anders Åslund, credit is being choked at the source. The result, by government admission, has been an increase of Central Bank interest rates from 2% in 1991 to 20% today. The rate commercial banks may set has also been set free. The result, as Russian economist Shmelev noted at a recent forum in Davos, Switzerland, has been a "confiscation of private savings by the government beyond anything Stalin would have dared."

In addition, under Gaidar the government has removed all restrictions on exports with exception for the moment of oil and gas. One result, according to Scandinavian businessmen, is that ships from Sweden, Norway, and other Western ports have gone empty to Russia in recent weeks, loaded only with dollar currency, returning full of Russian timber and other products which the desperate Russian exporters are reportedly selling at prices so low that the Scandinavian traders cannot believe it.

All this "reform" has been done in the desperate hope and vague promise from Sachs and others that the IMF will come in with billions of dollars in bridge loans, stand-by credits, and other emergency hard-currency stabilization funds, which would then, so goes the argument, open the floodgates to the billions of dollars in western capital eager to invest in the new Russia.

But there is something horribly wrong in this entire scenario.

No money from the IMF

Even assuming, as Russia appears willing to do, that she continues rigid adherence to the IMF shock therapy program, in all likelihood there will not be any IMF money for a compliant Russia for the foreseeable future.

In May 1990, the IMF Interim Committee adopted a proposal for an increase of the IMF membership quota, on which basis the IMF is allowed to extend emergency and other loans to member states, of an added 50%. The U.S. share of this quota increase is to be \$12 billion additional contribution to the IMF. But Washington is the only major capital which has yet to approve the IMF funding increase. Under IMF rules proposed by Washington, unless 85% of the total voting shares of IMF members agree to the new quotas, the quotas stay at the old levels. The United States has the largest IMF voting quota, 19%, enough to block the new funds. And the Bush administration to date has refused to wage an active campaign for the new quota, while the U.S. Congress has refused to vote billions for the IMF when jobs are disappearing at home.

This ensures no approval for the new IMF funding until, at the very earliest, the end of 1992—nine months from now—or even well into 1993. Without new money the IMF will soon run out of funds and will not be able to extend more than a token to Russia. Moreover, Washington's refusal is blocking an increase in funds for the World Bank which also could be used in Russia.

In an unusually critical speech delivered in Washington March 11, former President Richard Nixon accused the administration of playing a "penny-ante game" regarding Russia, which risks losing all the gains of the past years in eastern Europe for possibly a half-century or more. Nixon noted that so far, Bush's only assistance to the struggling Yeltsin government was that he gave some "agricultural credits, held a photo-opportunity international conference of 57 foreign secretaries, sent 60 cargo planes of leftover food from the Gulf war, and promised 200 Peace Corps volunteers. This would be a generous action if the target of the aid were a small country like Burkina Faso, but represents mere tokenism when applied to Russia, a nation of almost 200 million." Nixon notes that the hot political issue of the 1950s was "who lost China." He says, "If Mr. Yeltsin goes down, the question, 'who lost Russia?' will be an infinitely more devastating issue."

But to date there is every indication that just such a course is unstated Washington administration policy. And not because of U.S. budget restraints, as Mr. Bush claims.

A Morgan Stanley warning

In a detailed study just issued, the London arm of the influential New York investment firm, Morgan Stanley, paints a sobering and in most respects accurate critique of Washington's present backing for Sachs's "shock therapy" for Russia, while doing everything in its power to prevent large aid commitments from Japan or western Europe going

to rebuild Russia's economy.

The study, prepared by Morgan Stanley's Director of Global Strategy David Roche for a special British television broadcast on the Russian economy, projects total unemployment in Russia under the present price shock policy will exceed 40 million by the end of this decade, if not before. Further, unless western aid is "massively increased, Russia could collapse by early autumn."

The Morgan Stanley analysis of the problems inherent in the present Sachs and IMF Russian "reform" is correct so far as it goes: "Liberal economic reform, while a necessary part of the demolition job on the old system, does not put a new one in its place rapidly enough. Liberal reform alone will not create jobs, wealth and stability within a politically feasible time frame, so massive infrastructure investment funded by the West is needed."

Roche proceeds to outline parameters of essential infrastructure investment over a 5-15 year period from western governments and private companies. To modernize and increase oil and gas production requires fully \$25-45 billion a year for 15 years; modernization of Soviet agriculture another \$5-10 billion a year for 15 years; \$15-30 billion annually to re-train and support the estimated 40 million jobless from the collapse of the old order. Further, he estimates an added \$15-20 billion a year to upgrade the dilapidated infrastructure of ports, telecommunications, rails, roads, and airports. In short, the West must start providing \$76-167 billion *annually* if the Russian reform is to not explode into social chaos.

But, says Roche, "current market wisdom in the West argues that the market dictates all. . . . Nothing could be less sure." He points to a "direct contradiction between extremely long-term, high-risk allocation of resources to the former Soviet Union which will be needed to create a mixed economy, and the short-term horizon of current western economic, and much of Anglo-Saxon business thinking." Given the growing instability inside Russia and the CIS states of the former Soviet Union, rather than a significant increase of western private capital investment into Russia, Roche notes that "the contribution of the western private sector to CIS reform is, if anything, on the wane."

What, then, is the realistic prospect according to the Wall Street firm? "Failure of reform in the former Soviet Union would not leave the West as economically unscathed as the Gulf and Yugoslav wars have," Roche insists. He documents the fact that western Europe, notably Germany and Austria, depend for 50% and 91% respectively on imported natural gas delivered by pipeline from Russia via Ukraine. "Trouble between the Ukraine and Russia could sever western and eastern Europe's gas artery." Unlike the loss of Russian crude oil, a mere 2-3% of European oil supply, and easily replaceable elsewhere, there is no ready alternative for Russian natural gas for much of German and other European industry and heating needs.

Full economic chaos in the CIS; Morgan Stanley con-

cludes, would “severely damage business prospects by undermining confidence particularly in western Europe.” Consequences of that, Roche warns, would be a “flight of capital, higher interest rates (as political risk premiums are built into the cost of money) and deeper recessions. Western Europe would risk a swing to the xenophobic right as the small man feels the pinch of recession and immigrant labor. The consequences could be that Europe becomes less rationally governed, with serious implications for European integration and Europe’s global stature and competitiveness.”

Roche, noting the current economic problems besetting leading western economies, predicts the necessary western aid won’t come in time to prevent anarchy and some return to a form of dictatorial regime. It should be noted that Morgan Stanley has been among the leading American investment houses consistently arguing since 1989 against German economic prospects and in favor of the dollar as “safe haven” against what it predicted would be chaos in eastern Europe. The firm is believed to have very close ties to Washington policy circles.

Kissinger ‘explains’

All of this begins to make more sense, in its perverse way, when seen from the point of view expressed by influential Washington foreign policy “gray eminence” Henry Kissinger. In a commentary published in the March 1 German *Welt am Sonntag*, Kissinger warns, “So long as the two Germanys were divided, Germany’s growing economic and military strength” did not upset the balance of power in Europe. “The so-called French leadership of the EC was the result of Bonn’s abstinence from the challenges of power politics. A reunified Germany no longer needs French sanction to confirm she is a ‘good European.’ East Europe and the former Soviet Union depend on the German economy.”

But, argues Kissinger, “Germany has now become so strong that the existing European institutions alone no longer are able to maintain the balance between Germany and her partners, and even less so between Germany and the former Soviet Union. . . . But if both powers were to make closer ties, there would be the danger of their hegemony. . . . Without America, Britain and France are not in a position to guarantee the political balance of power in Europe; Germany then would have no anchor to counter possible nationalistic ambitions or possible external pressures.”

In this twisted revival of the failed 19th-century British balance of power politics that were responsible for World Wars I and II, Kissinger reveals the real reason for Washington’s current policy of sending Harvard professors to unleash economic chaos in Russia and eastern Europe while blocking any significant western intervention to alter the chaos. Washington apparently calculates it can only gain from the chaos unleashed across Europe in coming months. The “economics” of George Bush and Henry Kissinger, sadly, are little different from those of Castlereagh and Lord Palmerston at the beginning of the 1800s.

East Germany faces massive unemployment

by Rainer Apel

“Wherever the Treuhand is active, it buries our labor power.” These words, in somewhat crude German, appeared on one of the protest banners carried on March 4 by over 3,000 shipyard workers who came to demonstrate in front of the parliament building in Schwerin, the capital of Mecklenburg in northeast Germany.

The serious economic crisis which has befallen the shipyards in eastern Germany, and which has led to a deep crisis of confidence between workers and politicians of all parties, is only the most visible expression of a dramatic worsening of the situation in the formerly state-owned industrial concerns which were handed over to the Treuhandanstalt (THA) following German reunification in July 1990. Out of the formerly 7 million workers active in the *volkseigene Betrieben* (“people’s factories”) which were taken over by the THA that summer, only about one-half are still working there. And of those remaining, only about 500,000 of them could draw benefit from the emergency short-work regulations adopted in 1990 to help the new German states, but which ran out at the end of last year.

The expiration of these regulations had been set for Dec. 31, 1991, in expectation of a rapid economic upswing in eastern Germany; but even the upswing did not materialize, negotiations in mid-February between the federal and state governments did not result in any extension. And so now it is up to the THA itself to come up with the short-work payments which were previously being paid by the Federal Labor Office in Nuremberg. But since the THA does not have these funds, it is expected that the great majority of these 500,000 workers will be laid off during the weeks ahead. And it can also be expected that unemployment in eastern Germany will rise from its current 17%, to 25% or more.

Large-scale industry dismantled

The THA will therefore finally accomplish what it had been seeking even while the short-work relief was still in effect: an average reduction in employment by one-fifth to one-tenth. One example of this is the SEKT corporation in Magdeburg, which once had 11,000 employees but now barely employs 5,000, some 4,000 of whom are going on short-work this April. Eastern Germany’s shipbuilding industry, which before the fall of the Berlin Wall employed

55,000 workers, today employs only 20,000, and if the THA has its way, one-half of those should get the boot. The microelectronics industry, which once employed 21,500, now employs 4,500, and only 1,500 of those are to ultimately remain. And the textile industry in eastern Saxony, which once occupied 140,000 workers, will be shrunk down to a little over 12,000 workers.

Two especially drastic examples show the actual result of the THA's much-trumpeted strategy of "maintaining current industrial areas" during the privatization process: The Wolfen film factory, where 17,000 people once worked, now has only 850 workers left; and the Riesa steel works, which had 12,000 workers in 1989, was bought up by a Swiss firm and now employs 144 workers—not in producing steel, but in manufacturing radiators. By 1995, the number of workers at the Riesa works is supposed to grow to 1,500—i.e., to about one-eighth of its former work force.

Reductions in the industrial labor force on this scale haven't been experienced in Germany since the world economic crisis of 1929-31, or since the Allied victors' policy of dismantling German industry immediately following World War II. But as far as the THA's boss Birgit Breuel is concerned, all is in order. Speaking in Hanover on the same day the shipyard workers in Rostock had decided to bring their protest to Schwerin, Breuel remarked that the former German Democratic Republic was "over-industrialized," anyway. But agriculture has been equally hard-hit since the THA took over ownership of the former communist collective farms: Of the 800,000 people working on the land, only about 230,000 are left.

A miniature IMF

The Treuhandanstalt naturally deserves all the attacks it gets because of its rabid policy of dismantling industry. But this should not divert attention from the main guilty party, federal Finance Minister Theodor Waigel. Back in early 1990, before its director Detlev Rohwedder was killed in April by a bloody terrorist attack, the THA could have charted a different course. Had the THA been relieved of the former East German communist regime's state debt back in July 1990, or at the latest following the reunification of the two German states in October 1990, the THA would have had considerably more maneuvering room, and would not have had to adopt as its chief goal, the task of privatizing as rapidly as possible in order to help fill the hole in Waigel's budget.

It wasn't simply its privatization policy, and its selling of assets at the best possible price with the smallest possible loss, but rather its so-called "debt management" operations which brought the THA to rub shoulders in Bahamas foreign exchange firms or other dubious high-interest markets. Unbeknownst to the general public, a special department of the THA is exclusively devoted to finding best way to invest its own sparse financial assets and its proceeds from sales of

plants, equipment, and land into risky operations on the international money markets, in order to get enough money to cover these old debts. Thus, for instance, the \$1.3 billion proceeds from the sales of 28 Interhotels to the Klingbeil Group could have gone for new capital investment, but instead was reportedly frittered away on reducing this old pile of debt.

What should the Treuhand do?

Rohwedder's unimplemented proposal for a thoroughgoing reworking of the Treuhand's mandate, putting the emphasis on rationalization instead of mere privatization, could perhaps have altered the THA's policies to such a degree that current disruptions in eastern Germany's labor market could have been minimized. But the most important part of any reform must come from Bonn. So long as the federal government's financial and credit policy is not guided by principles of national economy, and instead relies on a regimen of high interest rates, the money will never be brought together for reconstructing the five eastern German states. Even if the THA were entirely free of indebtedness, the federal budget would continue to impose heavy burdens on western German taxpayers for years to come, because of high interest rates and low tax revenues from the eastern states. One remedy would be to form a new national holding company, or to set up various types of employment corporations for the problem industries of former East Germany. One could also provide the THA with an additional \$6.5-13 billion in credit per year in order to get rationalization measures going on a grand scale, as has just been proposed by Hermann Rappe, a representative of the IG Chemie trade union who sits on the THA's advisory council.

And yet, if the financial policies currently practiced by Waigel and Germany's central bank, the Bundesbank, remain unaltered, even such well-meaning proposals from the trade union side, aimed at easing the worst bottlenecks, will fail to bring about the desperately needed economic upswing in eastern Germany. It would be as if a huge vacuum cleaner were to go through the countryside, sucking up every newly planted seedling.

But let us assume that there is a successful, fundamental reform of the policies of the Bundesbank and the Finance Ministry. The next step would be to form a special Reconstruction Ministry, which would consolidate all the relevant activities currently going on in the other ministries, and which, via the THA, would become the executive impulse for carrying out the priority task of productive investment. The task of this new ministry would be to put into motion, and to provide long-term state guarantees for, sensible great projects in transportation infrastructure (the Transrapid magnetically levitated train, the ICE high-speed train, canals, highways, airports), new power plants, and the construction of both large-scale and medium-sized industry in eastern Germany.

Reconstructing Ukraine requires recognition of the enemy

The following exchange between EIR's William Engdahl and Democratic presidential candidate Lyndon LaRouche took place on March 8.

EIR: In recent discussions with Ukrainians about the crisis in their country, they said, yes, it's vital to talk about substantial infrastructure projects along the lines of Mr. LaRouche's "Productive Triangle" program, but we face a situation where, at the present rate, we may not make it as an integral, functioning economy for two, three, or four months longer.

They pointed out that, since Jan. 2, the Gaidar price shock has devastated the fragile stability of the Ukrainian economy, which at the time was considerably healthier than that of Russia. It has forced Ukraine into similar steps, simply because the ruble is the currency of the Ukrainian as well as the Russian economy (the Russians have used this as economic blackmail on the terms of trade), and it is devastating Ukraine. This was before Yeltsin this morning announced the free float of bread, milk, and sugar prices, which will worsen the situation.

And a nasty phase-two is going into effect, which Anders Åslund of the Stockholm School of Business, a friend of "shock therapy" advocate Jeffrey Sachs, has indicated is a credit rationing by the Russian government of rubles to businesses in Russia, and that will mean a shortage of rubles in Ukraine.

It's being hailed by Sachs and Åslund as the cure for the hyperinflation, but the effect on Ukraine is an acceleration of the chaos, unemployment, and disorder.

They also pointed out that American advisers are delaying the production of a Ukrainian national currency, which should have been introduced six months ago. The net effect is that Ukraine has no national currency notes to put into circulation to insulate themselves from these ruble-induced shocks.

They asked, what do we do immediately, today? What would you suggest?

LaRouche: There are, of course, a panoply of optional measures along Listian lines which can be taken by a group, a concert of nations from the region of the former Warsaw Pact members and the Community of Independent States (CIS). This will intersect the Russian internal situation, and there-

fore the following comment is required.

There are no measures which can be proposed as workable under these circumstances except as such proposals are subsumed features of a *consciously uttered political conception*; by "political," I mean not only something shared among an inner circle, but something spread among the population, at least in significant part. But the concept which *must be had*—otherwise, nothing exists which could work: What is happening in continental Europe and in eastern Europe, the former Warsaw Pact nations, in the former Yugoslavia, and in the CIS nations today, is primarily controlled, in terms of western policy—which means International Monetary Fund [IMF] policy—by geopolitical thinking in which the concern of the British and their American partners, today, is as before World War I and II—the first directly caused by the British, the second caused as an outgrowth of the Anglo-American policies of the 1920s and 1930s, the Versailles policies. They're doing the same thing again.

Remember, the essence of this matter is expressed by the case of Czar Alexander II's armed neutrality alliance, in effect, with Lincoln, with the cause of the American defense against the British puppet, the Confederacy, and the reaching out from Moscow toward economic cooperation with Berlin and Paris, particularly on the railroad question. The issue being the development impulse, as characterized by, particularly, Count Sergei Witte, not Stolypin, but Count Sergei Witte, for Eurasian economic development, including the implicit liberation of China from the British imperial regime.

The second issue, which is related to that, is the fear by the Anglo-Americans that the nations of eastern Europe and the CIS would align themselves in a common cause with the nations of South America, Africa, and southern Asia for a new global economic order based on the right of all nations to economic development, technological progress, and so forth.

A 'scorched earth' policy

This is what the Anglo-Americans fear. So therefore, what they are doing is not mismanaging assistance to eastern Europe and the CIS nations. The British are determined to destroy, to bring to absolute ruins, to a virtual economic scorched-earth condition, each and all of the nations of east-



Women show their rations coupons to buy food in Russia in 1991. Today under free floating prices, the situation is even more chaotic and affects other republics like Ukraine.

ern Europe and of the present CIS, former Soviet, states and regions. That is the Anglo-American purpose! The IMF is the leading instrument for implementing that policy. The recommendations, which are so warmly received as assistance by certain quarters in eastern Europe and Moscow, are *not* assistance, but they are absolute malice, Anglo-American malice, against the peoples and nations of each and all of these states.

This has two aspects. On one side, it is a stated policy of the Anglo-American policymakers and their running dogs in the U.N., the IMF, and other institutions, as well as in the CIA (for example, this has been openly stated by William Webster, William Colby, and others).

Economic fascism as ‘free trade’

On the other hand, this is an instinctive response. Let me make a distinction between the two. First of all, there is a geopolitical policy. We’re dealing with the fag end of the Versailles system as that system was reformed at Yalta and so forth, at the end of World War II. The Versailles system is based on nothing but the axiomatics of the Halford MacKinder geopolitical doctrine of *crushing* the heartland of Eurasia and *crushing* what we call today the developing regions of the planet, the former colonial regions, and to maintain a system of Anglo-American domination over the planet in which relations within Eurasia and within the various parts of South and Central America are managed internally by balance of power techniques, in which the entire world is subjected to a system of economic fascism under the guise and label of “free trade.”

So the system is both acting, consciously using the policies such as those of Sachs and the IMF, for the deliberate purpose of wrecking, destroying the potential of the states of eastern Europe and the CIS to ever become viable states in the foreseeable future, and they’re using the free trade policy, the so-called Sachs policy and related policies, as an instru-

ment of that policy.

At the same time, as we see in the self-destruction of the Anglo-American economies by a similar policy, this ideology, this kind of free trade policy, has become an *internal* part of the belief structure and behavior of the leading institutions of Great Britain and North America. Thus, when they go into eastern Europe, they go *instinctively* for this kind of operation, at the same time that they recognize, when they apply it to foreign countries, if not to their own, that this is a way of destroying Eurasian and developing nations—each and all.

These people must be viewed as more malicious than Adolf Hitler and the Nazis. Once that is understood, and once the system that we might call the Listian system is adopted as the counterpole to this—as for example, writers such as Mathew Carey made clear in his book called *The Olive Branch* in the second decade of the 19th century—then the appropriate measures would tend to be adopted and supported successfully.

Without that understanding, appropriate measures probably would not be adopted, and if adopted, would not work. So there is no administrative scheme which might be sneaked in which would either be successfully imposed or, if successfully imposed, work, *unless* it starts from this adversarial conception that the Anglo-Americans are the enemies of the human race, and it is a *defense* against these enemies’ will to destroy—not only their will, but their *want*, that is, they are not only willfully destroying, but the characteristics of their belief and behavior impel *them* to destroy, even if they were not intending to do so, that is, in the kind of suggestions they could make, generally.

Now, the constraint which the Anglo-Americans fear—that is, those who are more prudent than others—is that some of them will say, yes, if we push Yeltsin successfully to do what he’s doing, with Gaidar and so forth, then what will happen is, the Russian people themselves will scream. And

under these circumstances, what was formerly the Red Army, the Russian part of it, will come, out of its ideology, its deeply embedded cultural impulses, to the rescue of the Russian people. Under those terms you would have, of course, a dictatorship, which would, in a mechanistic but forceful way, do what it could to prevent the chaos and starvation of the Russian people.

We know what that would mean, within the area which was formerly the Soviet Union; and we know the radiating impact of that upon eastern Europe.

Now, for various reasons, it should be obvious, even the saner minds among those ideologues who believe in the western Anglo-American geopolitical view would view these measures presently taken by the IMF, Sachs, and so forth, as insane, for practical reasons, not moral ones.

So that's the nature of the situation which we're dealing with.

How to approach short-term needs

Measures can always be taken to match productive resources with needs, particularly essential needs. The first principle: There must be no significant unemployment. An unemployed person is a person who could produce. This works especially if we can have cooperation among relevant nations to share the benefit of their scant resources, to make sure there is no suffering, and to proceed upon that foundation to build something which can be the starting point for real growth.

So, I think what we're dealing with is not a question of finding something *immediately* to solve the problem, although there are immediate solutions that are required. What is required is a political conception of what the real strategic issue is globally: How to save these parts of the world at the time that the Anglo-American economies are collapsing internally.

That strategic outlook subsumes the immediate action, as opposed to the long-term action. The danger in this situation is that the immediacy of certain cruel needs is so great, that one falls into the trap of opposing, or seeing long-term and medium-term requirements and objectives as in conflict with short-term urgency. Once we accept the idea that short-term urgency or expediency must push aside medium-term to long-term considerations, we're making the same mistake that stupid jerks like Sachs are making, we're falling into a similar kind of error. That we must never do.

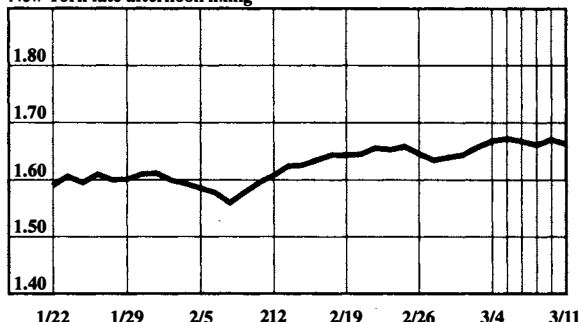
The solution is a *political* conception of where we must go. And therefore, in order for us to survive to where we must go, we are taking the following measures *for the purpose* of getting to the medium-term and long-term building process.

We must not make a dichotomy between the short-term urgencies on the one side, and the medium- and long-term goals on the other. We must integrate them under a unified political conception of who is doing what to whom, and what our objectives are.

Currency Rates

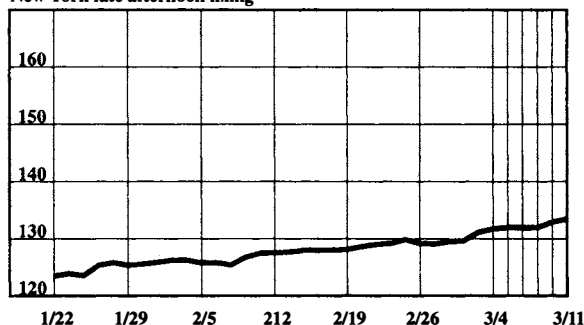
The dollar in deutschemarks

New York late afternoon fixing



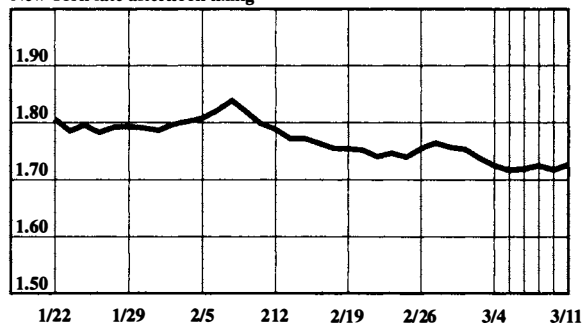
The dollar in yen

New York late afternoon fixing



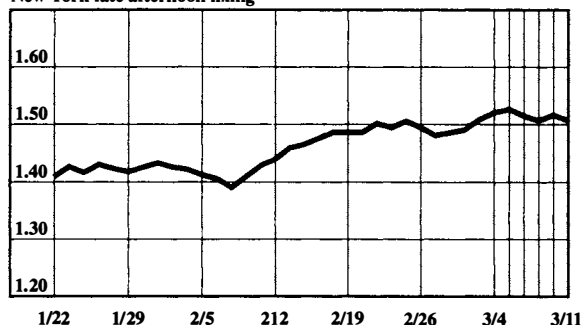
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The IMF-World Bank at work in Africa

The 1980s were a disaster for Africa, according to the "Annual Report on the State of Africa" by the journal Jeune Afrique. Christine Pierre reports.

The statistics are rolling in the bad results. The continent of Africa is in full devolution: 13 countries today are poorer than they were when they were at the outset of colonization; 6 countries formerly classed among those with average incomes have just been downgraded to the rank of lowest-income countries. The average standard of living of Africans has dropped 1% each year between 1980 and 1987. From the standpoint of food, one out of five is undernourished, according to the criteria of the World Health Organization. Epidemics are spreading like brush fires. Without even considering AIDS or tuberculosis, which are ravaging the continent, there are presently 200 million people stricken with malaria, disabled for life.

What are the causes of this intolerable situation? Since the beginning of the 1980s, one after another, nearly all the African nations had to submit to the yoke of the International Monetary Fund (IMF) and World Bank's structural adjustment programs. Altogether, 25 African countries today are undergoing the policies of the IMF with results that one can specify.

The swindle of the World Bank

Economist Chedly Ayari leans toward this conclusion in an article that appeared in the Annual Report of *Jeune Afrique*, on a prospective analysis of the World Bank for 1990-2000 in Africa, ("Sub-Saharan Africa, from Crisis to Durable Growth"), a report which determines the stance of the bank for this decade. Could the situation, desperate from any standpoint, explain how the World Bank—which plays the role of gendarme for the international donors—can preach the necessity to reconcile the most radical economic liberalism and the development of "social and human infrastructures"? It is also in this report that the bank launches its crusade against "corruption" among Africa's political layers—in any case, the same people the bank installed—in favor of "democracy." In order to grasp it, we must put ourselves in the place of the bank: Just to continue colonialist looting, there must be a population that is able to produce, and is not sickly and ignorant like today's African people. There must also be heads of state who have a popular base and don't "pocket" everything.

Thus, the bank's report puts an accent on four points: growth of the Gross Domestic Product (GDP); food security;

generalization of primary education; and universal basic health care. Reflecting this "social concern," it even proposes to set aside double the social development funds than before: 8-10% of GDP as against 4-5% in the past, and to not touch public expenses earmarked for basic social services during the phases of greatest austerity.

Where will these funds come from to achieve this plan, which purports to be able to double Africa's annual growth rates up to 4-5%, and to dedicate 6% of the GDP to infrastructure in the coming decades? Here's an aspect of the plan which no longer comes from idealism, but certainly from a dream if we ignore the present situation in Africa. Whereas indebtedness and capital flight have reached record levels, and in general, foreign investors are leaving Africa, it becomes a question of obtaining annual investment rates on the order of 25%! They would have to be dreaming, moreover, when the World Bank starts proposing that part of these investments should come from greater efforts to encourage Africans to save! One could well ask how a population which is already living in wretchedness and which has seen its standard of living drop further and further, could now increase its savings.

Since the World Bank surely does not seek to expose itself to ridicule, perhaps it is counting on a completely different economic climate in order to put this plan into action. Imagine if, following a process of privatization of public sector enterprises in most African countries, there were a full-scale return of foreign capital! These enterprises will need, in effect, a minimum of infrastructure in the true sense of the term, and "human infrastructure," in order to function. Therefore, it will become necessary to reestablish roads, several railways, several hospitals, and to form a manpower pool that can work properly. It is only in this context that one can understand that the World Bank has been strongly pushing for some time for the integration of the African continent. This integration, so necessary in the context of a true growth plan for Africa, risks, with the World Bank plan, becoming a mere subterfuge allowing it to better organize the looting of the continent.

Savage liberalism

This brings us to the most important aspect of the World Bank report—the promotion of the "liberal credo," with its

theory that the state must never intervene in the economy and that it is private capital's role to define all the rules of the economic game, regardless of whether this is in the interest of the country as a whole. The structural adjustment programs of the IMF are nothing other than the application of this liberal credo and the means by which foreign private capital is presently in the process of repurchasing Africa at the lowest price, thereby taking back, bit by bit, what they had abandoned at the outset of the nations' independence.

"The World Bank calls for deregulation at all levels and in all sectors of African economic life," writes Chedly Ayari. "The government must avoid all interference with the laws of supply and demand. It must let wages, profits, and exchange rates find their own levels without restraint. The flexible adjustment of exchange rates, that is, the devaluation of the national currency, would be the sole guarantee of a true price. . . . The bank insists, above all, on the benefits of devaluation for production, foreign commerce, and growth in Africa. On the domestic capital markets, capital movements and transfers must be free of all hindrances." This is the recipe which will allow Africa to go straight into the system of Victorian England: low wages, high prices, priority given to money.

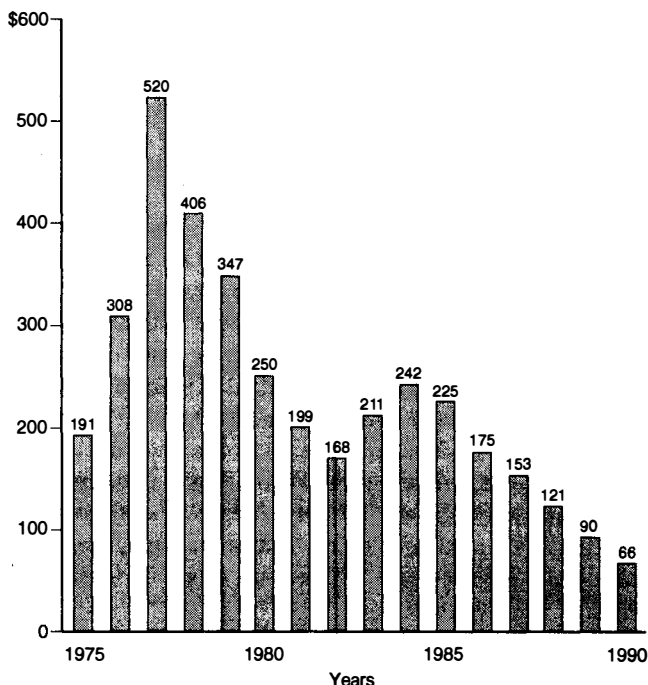
The World Bank has no fear of taking its liberal logic all the way and proposing that henceforth the "citizen consumer" pay "totally or partially, for the costs of public services. The recourse to health and education infrastructure, for example, should not be free, but based on the principle of the participation of the citizen in the costs"!

However you look at this World Bank plan—making itself over with a "new skin," disguising itself behind a new "democratic" face, or reestablishing a bit of infrastructure, the better to grab loot in the liberal context—it cannot succeed. To claim there will be economic growth in the context of structural adjustments—with priority on debt payment, halting great infrastructure projects, halting subsidies to industry and agriculture, currency devaluation, liberalization of exchange rates, etc.—is economic nonsense. The expected growth from the World Bank plan will only be produced in the pockets of a few large international capitalists. A policy that would benefit the African peoples with true economic growth can only take place if the states invest in great infrastructure projects—high-speed rail systems, roadways, canals, energy production, etc.—and in the development of production of basic products as well as processing industries. The African countries must also unite to accomplish two things: 1) fix the prices of their raw materials; and 2) reject the IMF's structural adjustment plans.

In the context of increasing wealth, the state will have no problem allocating the funds destined to reestablish health and educational systems.

With the massive increase in foreign debt, capital flight, significant erosion of the exchange rates, record drop in raw materials prices, the last ten years have been catastrophic.

FIGURE 1
Price of cacao per metric ton 1975-90
 (in constant 1989 U.S. dollars)



'A lost decade for Africa'

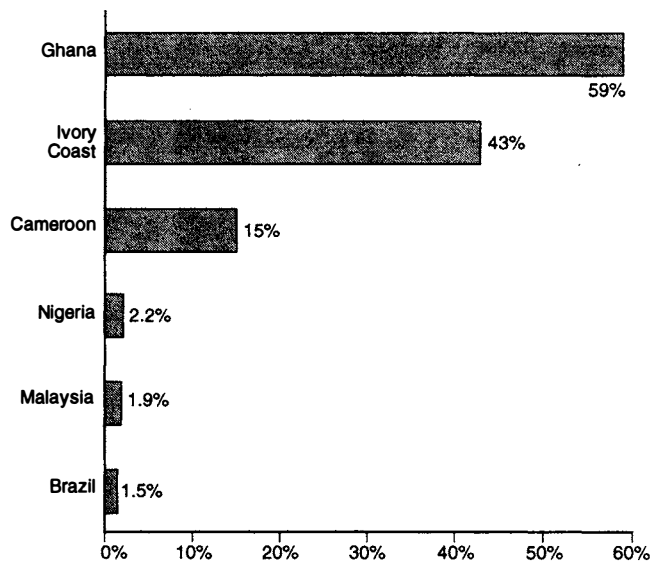
In another article, "Economy: A Lost Decade for Africa," Adebayo Adedeji approaches the balance sheet. Africa's debts continue to grow, even though the amount of credits authorized for Africa has decreased to the point that the continent is a net exporter of capital to the North.

One major cause for the rise in debt has been, without doubt, the brutal drop in the prices of raw materials, which are presently at their lowest levels in 14 years, and which the countries had to counter through increasing their debt burden at higher and higher interest rates. Let's remember that the producer countries have nothing to do with the process by which raw materials prices become set. It is through an absolutely speculative process that these prices become fixed in the commodities markets in London, New York, or Chicago. It is the purchases and sales achieved by the large cartels on these markets which will define the prices of products.

For economies not merely dependent on exporting raw materials, but frequently dependent on only one raw material, the drop in prices (see Figures 1 and 2) becomes translated into a brutal collapse of their economies. The drop in the price of cacao and coffee, for example, has had catastrophic consequences on the economies of Ivory Coast, the Republic of Central Africa, Cameroon, Rwanda, and Uganda. Just in 1986, for example, it is estimated that Africa lost \$19 billion, or about a third of its potential export receipts, because of

FIGURE 2

Cacao as a percentage of total exports



the price drop in the principal basic products. In 1989, Ghana lost \$200 million this way in cacao exports. The suspension of export quotas became translated as well into a loss of \$250 million for the 25 member states of the inter-African coffee organization.

Similarly, Africa has registered a drop in investments due to “more and more limited resources due to poor results from exports, from stagnation, even from the reduction of the flow of foreign resources, increased obligations and greater and greater debt service, and from a series of austerity measures adopted in the course of classical structural adjustment programs.” Thus, the portion of investments in the Gross Domestic Product goes from 20% in the 1970s to 15% in the 1980s.

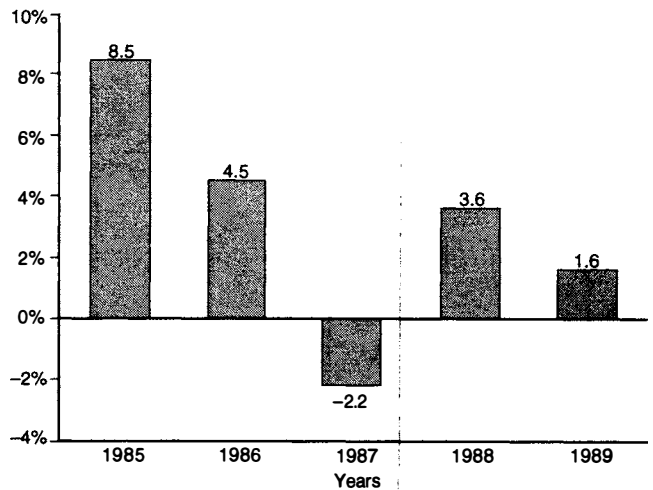
In this context, the volume of African exports has also seen a significant contraction of 8.6% in 1989, after having registered a less important drop of 1.8% in 1988. This translates into an increasing marginalization of Africa in international trade such that its part has gone from 4.7% in 1980 to 2.1% in 1989.

What was the fate reserved for the African population during the 1980s? On this continent, consumption per person, already horribly impoverished, dropped even further by 11% during that decade, when revenues dropped at a rate on the order of 1.7% per year!

Adedeji takes note of several signs of a small economic upturn in 1988-89, essentially due to two factors: the 25% rise in the price of oil during these years, as well as two good years in the agricultural sector. Good harvests allowed a certain number of countries—Tanzania, Zambia, Zimbabwe, Kenya, Ivory Coast, Ghana, Togo, Benin, Gambia, Bur-

FIGURE 3

Growth of agricultural production in Africa (percent)



kina Faso, and Mali, among others—to free up agricultural surplus for export (Figure 3). Pockets of famine would nonetheless subsist in Angola, northern Sudan, Ethiopia, and Mozambique. He also notes slight increases in mining and manufacturing production over these same two years.

Still, it is clear that these are not “tremors,” however fragile—the price of oil has again dropped to intolerable levels for the developing countries—and with respect to the catastrophic situation in Africa as a whole, this represents nothing more than the proverbial drop in the ocean.

African debt payments aid the industrial countries

The “negative transfer” of funds, to the detriment of Africa, reached \$30 billion in 1987. Since then, it has not ceased to grow (Figure 4 and 5).

Adebayo Adedeji goes into greater depth on the problem of Africa’s debt in an article on “Debt: Africa Strangled.” After the first oil shock, Africa and other developing countries benefitted from a considerable flow of resources coming from the advanced sector countries, rising up to 5.5% per year in 1978-81.

But the drop in oil prices and the strong rise in interest rates during the 1980s brought about a reversal of the situation. Between 1981 and 1985, advanced sector investments in underdeveloped countries dropped at a clip of 4.4% per year. Today, not only does Africa not benefit from an influx of capital, but it also carries out a net transfer of resources into the multilateral institutions, notably the IMF, and the advanced sector nations more generally!

According to a report of the U.N. Commission on Trade and Development (Unctad) there should have been over

FIGURE 4
Africa's foreign debt
 (in billions of 1989 U.S. dollars)

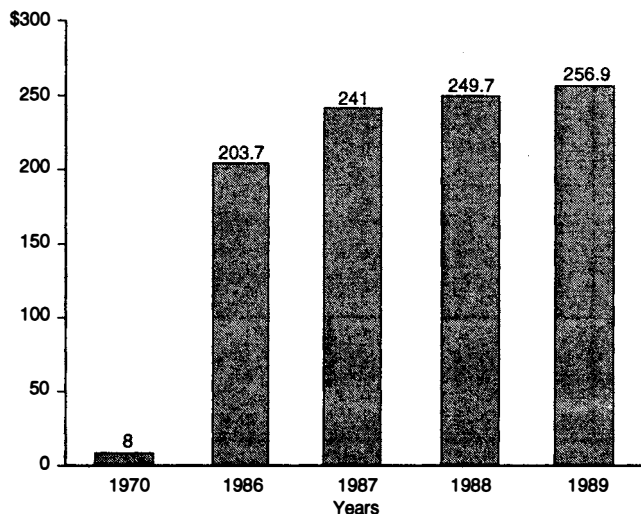


FIGURE 6
African debt as a percentage of Gross Domestic Product

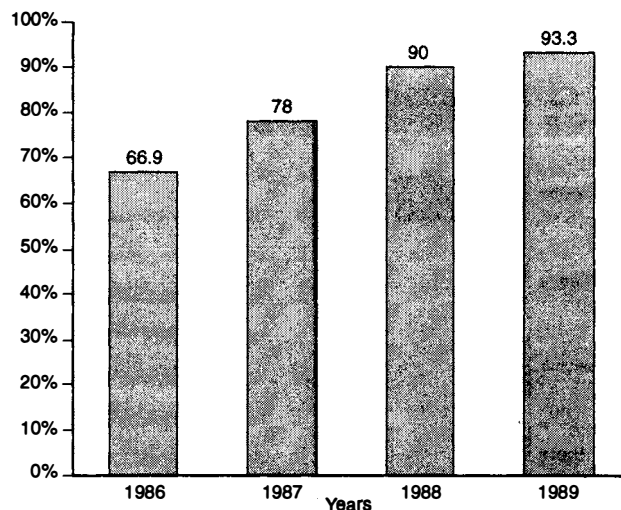


FIGURE 5
Africa's debt service
 (in billions of 1989 U.S. dollars)

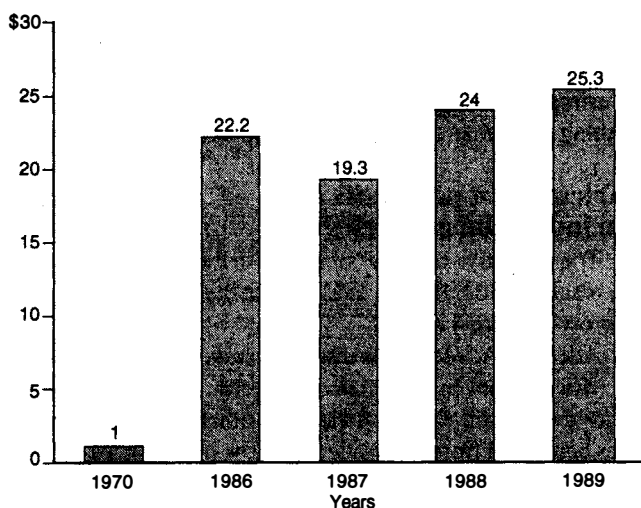
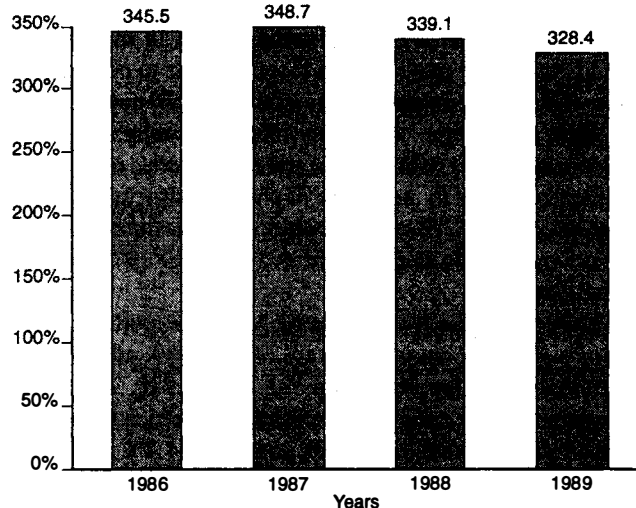


FIGURE 7
African debt as a percentage of goods and services exports



1980-81 a net positive transfer of \$50 billion into the non-oil-exporting developing countries, but in fact, 1984 witnessed a "negative transfer" take hold—that is, money leaving the developing sector for the advanced sector—of \$14 billion. In 1986-87, this negative transfer reached \$30 billion!

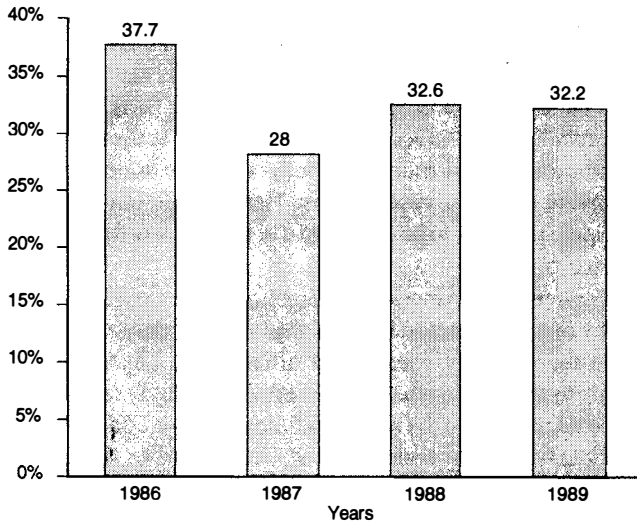
The problem of Africa's debt is not only localized at the level of the principal, but also at the level of the debt service, which reached \$25 billion in 1989. For if, in the beginning, the interest rates for contracted credits were rather low, the

market rates were upgraded very high in the 1980s. Average interest rates for new loans, which were 5% in 1975, reached 10% in 1985. Similarly, interest moratoria were added to the debt principal.

Therefore, the foreign debt of Africa went from \$1 billion in 1970 to \$256.9 billion in 1989. The debt service itself also went from \$1 billion in 1970 to \$25 billion in 1989. With respect to the rest of the economy, this is enormous (Figures 6 and 7). The debt principal makes up 80% of the GDP of the whole continent of Africa. The debt service, for its part,

FIGURE 8

African debt service as a percentage of goods and services exports



represents a good third of total export revenues, which only reached \$61.4 billion in 1989 (Figure 8).

It's worth remembering that Peruvian President Alan García, who revolted against the IMF for several years, had refused to devote more than the equivalent of 10% of Peru's export earnings to pay the foreign debt. In 1988-89, the African continent has effectively reimbursed \$15.9 billion the first year, and \$17.8 billion the second, which represents an 11.9% increase; whereas export revenues during the first period reached no more than 0.7%! Now, with present rates of accumulation, the debt of black Africa has gone from \$38.5 billion in 1978 to \$153.3 billion in 1990. If, in 1978, it already represented 87.8% of export revenues, today it represents more than 328.4%!

Thus, if one adds up the reimbursement of credits, the losses due to exchange rate deterioration, plus capital flight, the total outflow of capital in 1988 and 1989 have reached \$23 billion each year, surpassing inflow. Let's compare this to public aid for the development of Africa, which constitutes the greatest proportion of financial resources that comes Africa's way. For the same years, this did not surpass \$17 billion each year.

Now, let's put in their proper place the "debt relief" measures that the 1988 Toronto Group of Seven summit had adopted toward the least advanced African countries. Adedeji underlines that these measures only concern \$500 million over ten years on behalf of a small group of countries, whereas, during the same time period, the debt service rises \$25-30 billion per year!

This article was translated from the French.

Preventable diseases turning into killers

by Joyce Fredman

It is a sad commentary on the past two decades' "free market" zealotry among ruling financial circles in the United States, that the rate of vaccinations for children in the United States has been drastically plummeting, even as many other countries throughout the world—including developing countries groaning under massive debt burdens—have succeeded in substantially raising their own rates of immunization. Thanks to the current regime of enforced moral and economic stupidity, childhood diseases such as mumps, polio, diphtheria, measles, pertussis, rubella, and meningitis that were near extinction in the United States, have now resurfaced with a vengeance.

Numerous specific factors can be cited for this condition, not the least of which is the declining standard of living for Americans. The increased poverty rate and inadequate access to proper health care, combined with soaring costs for standard vaccines, have put the United States, particularly the minority populations, at greater risk than were they to live in many Third World countries. Coming in tandem with the shrinking of the personal family income, is the devastation of the local and state budgets, forcing "triage" decisions by authorities, similar to the decision to throw thousands off disability support and welfare.

Take measles, for example. During the late 1970s, a huge immunization push nearly eradicated this disease. In 1983, there were fewer than 1,500 cases in the United States. But by February 1991, that number had increased over tenfold. A classic example of how the urban poor are especially vulnerable, can be seen in Philadelphia. Last year in Philadelphia alone, over 1,500 had been infected with measles, and nine children died, because the city, like so many others, had many neighborhoods in which fewer than half of the children were up-to-date on their shots. These are primarily the same children who do not eat properly, and the great majority of them are either black or Hispanic.

The citywide rate for immunization in Philadelphia is 54%, while in various black and Hispanic areas, it is only 25-30%. St. Christopher's Hospital, located in the city's north central district, deals with much of this population. There, the clinic receives roughly 20,000 office visits from children who get their shots. But another 60,000 per year,

who have no doctor, show up only for emergency room visits and are never screened for any vaccines. And Philadelphia is not unique.

Epidemics waiting to happen

While Bush goes around the country talking about the best health care in the world, the question on most people's mind is: To whom is such care accessible? Certainly not our children.

A January 1992 study issued by the Children's Defense Fund on Medicaid and Childhood Immunizations (CDF) lays out the grim picture. Study authors Joseph Tiang-Yaulin and Sara Rosenbaum report that "fewer than half of the nation's urban preschoolers are fully protected against preventable disease. When the proportion of adequately immunized non-white infants is compared to other nations' overall rates, the U.S. ranks 70th in the world—behind Burundi, Indonesia, Cuba, Jamaica, and Trinidad and Tobago.

"U.S. preschool immunization rates . . . declined during the 1980s, causing major new outbreaks of preventable childhood disease. The most glaring result has been a three-year-long measles epidemic that claimed over 55,000 victims, including 89 who died in 1990. Twice as many children contracted pertussis [whooping cough] last year than in 1981. . . .

"The average state underpays physicians nearly \$40 below usual charges for the immunizations a child needs at 15 months. When a child needs a followup visit to complete an immunization series, 17 states refuse to pay physicians for the second office visit and only allow billing for the vaccine and administration. The result is that many children never get the additional immunizations they need."

Vaccine prices skyrocket

The study also reveals some of the financial potholes that are built into the system. First of all, there are two basic price levels for vaccines in the United States. There is the "catalogue" price that physicians or other providers pay for vaccines. Then there is the "contract" price which the Centers for Disease Control (CDC) pays for bulk purchases (to be distributed at public clinics). The difference in price is not small. For oral polio vaccine, for example, the catalogue price is \$9.45 as opposed to \$2.00 for bulk purchase.

But there has also been tremendous inflation within the catalogue price itself. From 1981 to 1991, the catalogue price for diphtheria, tetanus, and pertussis (DTP) vaccine increased from 33¢ to \$9.97—a 2,921% increase. Partly responsible is the factoring of malpractice insurance by the drug companies. But if proper services were provided by the health care system as a whole, the cost of treating the very few cases of a child's negative reaction to a vaccine could be absorbed within the general costs. The real issue, however, is the need to significantly expand bulk purchasing and to have central regulation of standard vaccines. This would

make it substantially cheaper and easier to monitor their distribution.

With the current price differential, one would expect that all states would contract to bulk purchase with CDC. But in fact, only a minority of them do. Because the states are so much under the gun financially, thanks to the Reagan-Bush "recovery" which "saved" the federal budget at the expense of gutting state and municipal budgets, there is no leeway to provide for such vaccinations. Hence, it is left to each individual provider to buy vaccines, at many times the cheapest price.

One-fourth of America's preschoolers are on Medicaid, and the fact that states reimburse physicians at only a fraction of the fee typically charged by office-based physicians is leading to a situation whereby most doctors simply refer their Medicaid patients to the nearest public clinic—a clinic which is probably already overwhelmed. According to the Children's Defense Fund study, several states actually reimburse physicians for office visits with immunization services at a rate less than the cost of the vaccines alone. These include Kentucky, Nevada, West Virginia, Georgia, Nebraska, and South Dakota.

'Bush health reform a hoax'

This dilemma must be situated in a national context of an overall health care system that has ignored the majority of children in America. President Bush may well be the worst offender. Sharon Daly, director of government and community affairs for the CDF, critically held up the White House plan to light of day, in a sharply worded statement: "President's Bush's health care reform package is a hoax. The President's health care plan offers very limited help to millions of American middle-income and poor uninsured children. Most of the benefits from the new *tax deduction* for non-poor families proposed by the President will go to upper-income families. For example, a family earning \$70,000 a year in the 28% tax bracket would receive \$1,050, but a family earning \$20,000 in the 15% tax bracket would receive just \$375 in tax savings. . . .

"The President's proposal will not provide an insurance card, doctor, or clinic to a single American child. Tax credits cannot treat a child's strep throat or correct a vision problem. . . .

"In 1990, 8.4 million children—the vast majority of whom lived in two-parent, working families with incomes above the poverty line—had no insurance coverage. But the number of uninsured children is only the tip of the iceberg. Fully 25 million children, 40% of the nation's 65 million youngsters, lack employer-based health insurance and are outside the mainstream of the health care system. Over the past decade, the proportion of children with employer-based coverage fell by nearly 14%. If recent trends continue, only half of the nation's children will have employer-based health insurance by the end of the decade," she concluded.

BCCI plea bargain: an asset grab by U.S. banking system

by Edward Spannaus

On Dec. 19, the U.S. Department of Justice announced that the Bank of Credit and Commerce International (BCCI) had entered into a plea agreement through which BCCI pled guilty to racketeering and a variety of other charges, and agreed to forfeit all of its assets in the United States.

There is less here than meets the eye. The plea agreement was a "sweetheart" deal worked out with the court-appointed trustees; the actual owners and operators of BCCI were not even consulted, and had nothing to do with the "guilty" plea. The plea was entered on behalf of BCCI by Brian Smouha, a London-based accountant employed by Touche Ross, and other court-appointed liquidators.

Other than an opportunity for the U.S. Justice Department to put out self-serving press releases, the real significance of plea bargain is that it permitted the U.S. government to obtain a much larger share of BCCI's assets than it otherwise could have. Half of BCCI's \$550 million in U.S. assets became available to prop up BCCI-affiliated banks in the United States, thus bandaging up one danger point in the crumbling U.S. banking system.

Foreign creditors object

On Jan. 24, the BCCI plea agreement was approved by federal Judge Joyce Hens Green in Washington, D.C. The approval came over the objections of foreign creditors and central banks, who claimed that they were being unfairly cut out of the agreement, under which the \$550 million in BCCI assets in the United States are subject to criminal forfeiture. Some U.S. banks also objected on the grounds that BCCI assets which they hold may be subject to claims from other countries. The U.S. government said that they could not raise their claims until after the criminal case was decided.

Some background on how the plea bargain was arranged was provided in the Jan. 24 *Washington Post*. The principal negotiators were Touche Ross's Smouha, and the U.S. Department of Justice (DoJ), represented by acting Deputy Attorney General George Terwilliger. (Smouha had previously spent four years "untangling the affairs" of Banco Ambrosiano in the early 1980s.) Also brought into the negotiations were New York District Attorney Robert Morgen-

thau and the U.S. Federal Reserve.

On Nov. 14, Smouha and Terwilliger met at the DoJ. Smouha had been negotiating with the Fed over the screening process—how to "separate the bank's good depositors from the crooks." This was in the context of the Fed's civil proceedings against BCCI. But then the DoJ "upped the ante," announcing that BCCI would soon be subject to criminal charges, and that it might have to forfeit *all* of its U.S. assets, since criminal proceedings would take priority over civil proceedings. "The shock showed on Smouha's face," according to participants in the meeting interviewed by the *Washington Post*. Terwilliger said that any settlement would have to include BCCI (i.e., the liquidators) pleading guilty to charges under the Racketeering Influenced and Corrupt Organization Act (RICO), paying substantial fines, and cooperating with the investigation of individuals.

Averting bank collapses

Obviously the liquidators had no problem with the guilty plea, nor with cooperating with prosecutors by turning over documents and waiving the attorney-client privilege, among other privileges. (They did, however, balk at waiving the attorney-client privilege in any way that might be used against themselves in future civil suits.) The only issue was how to divide up the pie. According to the *Washington Post* analysis, "All the parties, it seems, ultimately got what they wanted." The Justice Department got a RICO guilty plea—good public relations after the many charges of DoJ inaction and coverup. The U.S. banking system got half of the assets to be used to bail out First American and other BCCI-controlled banks in the United States. Morgenthau got a guilty plea and a \$10 million fine (the amount of the fine having been "literally picked out of the air"). The liquidators got \$275 million for a fund for foreign creditors (a real pittance, given the fact that there are \$30 billion in claims against about \$2 billion in assets). By using the criminal forfeiture weapon, the U.S. got far more than its share out of the whole deal, at the expense of foreign banks and creditors.

On Jan. 30, U.S. banking regulators decided to close the

Independence Bank of Encino, California. Independence Bank, one of the three U.S. banks illegally owned by BCCI, was on the verge of collapse, due to bad real estate loans and inadequate capital. The Federal Deposit Insurance Corp. will be reimbursed by the BCCI forfeiture fund for any payments it makes to depositors. The real concern of bank regulators is First American Bankshares, which operates a major banking network in Washington, D.C., Maryland, and Virginia. A collapse of First American would have significant economic and political fallout in Washington, and thus it was First American which was the focus of the BCCI special fund, according to sources quoted in the *Washington Post*.

Independence was "not viable," said a source quoted by the *Washington Post*. "It may be better to close it and compensate the depositors. Then First American goes on," he stated.

As *EIR* has previously reported, the method of the international BCCI shutdown was considered by the central bankers as a "coup" for the Basel, Switzerland-based Bank for International Settlements (BIS) and its Committee on Bank Supervision, known as the "Cooke committee." Cooke committee officials bragged that they had been able to close a \$20 billion bank without "even a ripple" in the international financial markets.

However, a report distributed by the United Nations Center on Transnational Transactions in early February was highly critical of the method by which BCCI was seized and shut down by western central bankers. According to the U.N. report, the abrupt shutdown of the 70-nation banking system, which financed \$18 billion in trade (much of which was legitimate trade) hit certain Third World countries the hardest. The economic damage was most severe in Nigeria, Bangladesh, and Zambia, according to the report, which has not been made public.

Will BCCI scandal hit Bush?

While BCCI has been touted as the "Bank of Crooks and Criminals," there is massive evidence in the public domain that BCCI was an instrument of western intelligence agencies. The CIA, British and Israeli intelligence were all major players in BCCI's dirty deals—which is why no major breaks in the BCCI scandal are expected as long as George Bush remains in the White House.

In a Senate hearing on Feb. 19, Sen. John Kerry (D-Mass.) reported that a sensitive 1986 CIA memo concerning BCCI had "disappeared" from both the Treasury Department and the CIA. Kerry said he was "very disappointed" in the lack of cooperation from the CIA, which first had said that no memoranda on BCCI existed and then claimed that only two documents existed. Kerry has discovered that several hundred memos had been created.

"We have been told that the CIA had a very limited relationship with BCCI, but over the weekend we learn that

a former head of the CIA, Richard Helms, who headed the agency when BCCI was founded, aided BCCI in its attempt to take over First American in 1978," said Kerry. He released a copy of a 1978 telex from Helms to BCCI shareholder Rahim Irvani, promising to indemnify Irvani if he gave a power of attorney to Clark Clifford's law firm for the First American takeover.

Kerry did not say it, but Helms and Irvani were business partners at that time in various Iranian ventures. Also mentioned in the telex is Roy Carlson, then of the Bank of America, reportedly also a business partner of Helms, who later went to work for BCCI frontman Ghaith Pharaon.

A number of news stories linking Bush to the BCCI scandal have also surfaced recently, including disclosures that Bush's new deputy campaign manager, James Lake, was paid over \$200,000 as a public relations adviser to the Abu Dhabi Investment Co., the largest shareholder in BCCI.

On Feb. 25, the *New York Post* ran a prominent article by Jack Newfield entitled "BCCI Scandal Points Toward White House," highlighting the BCCI involvement of Bush's son, George W. Bush, and also of Sen. Orrin Hatch (R-Utah), in the scandal. The story of the younger George Bush pertains to his role as a director and consultant to Harken Energy, which has substantial BCCI ties. The *New York Post* also reported that PBS's "Frontline" news program is preparing a documentary to be aired in early April "that will zero in on the Bush administration's role in the coverup."

And on Feb. 24, the *Wall Street Journal* reported on an NBC News story that William Casey, the CIA director during the Reagan-Bush administration, had secretly met with BCCI head Agha Hasan Abedi, probably in connection with CIA aid funneled to Contra and Afghan rebels.

Only Third World targeted

So far, the Justice Department's efforts have only targeted the Third World owners and operators of BCCI. The only exception to date is the recent indictment of David L. Paul, the former head of the failed CenTrust of Miami. Press reports have played up Paul's involvement with Democratic Party candidates. But other reports received by *EIR* suggest that Paul's financial dealings also reach deeply into the Bush administration.

According to one source, transfers and payoffs to Kissinger Associates were also made through CenTrust. Kissinger Associates has already been implicated in the coverup of \$32 million in drug money from Colombia's Medellin Cartel by BCCI's branch in Tampa, Florida. Documents obtained by *EIR* (see *EIR*, Dec. 6, 1991, "Kissinger Caught in Web of Lies on BCCI Ties") show that Henry Kissinger personally recommended that Kissinger Associates assist BCCI in a "public relations offensive" immediately after the Tampa BCCI branch and nine of its employees were indicted on money-laundering charges.

Crisis at Olympia & York

One of the Anglo-Americans' largest real estate developers is sending out "pretty scary messages" to the markets.

Rumors of the imminent bankruptcy of Olympia & York Development Ltd., one of the crown jewels of the Anglo-American financial empire, sent shocks through the world's financial markets the first week of March, causing selloffs of U.S. and Canadian bank stocks.

Olympia & York, owned by the billionaire Reichmann brothers of Toronto, is one of the world's largest private real estate firms. It is the largest private real estate developer and owner in the eastern United States, and the largest private landlord in New York City. O&Y is also the developer of London's Canary Wharf, the largest real estate project in Europe. At the peak of the real estate bubble, the firm was worth a reported \$25 billion.

The bankruptcy of such a large operation is a major event by itself, but Olympia & York is much more than a real estate company. It is also a key component of an Anglo-American intelligence apparatus in Canada.

The Reichmann brothers were born in Hungary and moved to Tangiers, Morocco, prior to World War II. The family was part of the Jewish underground, smuggling Jews out of Hungary. The Reichmanns later made a fortune laundering money for the Israeli Mossad, before they moved to Canada in 1956.

In Canada, the Reichmanns joined the British intelligence-controlled Jewish organized crime network of the Bronfman family, which made its fortune running liquor to the United States during Prohibition. During the 1970s and 1980s, this Toronto-based network, operating through Olympia

& York, Trizec, and Cadillac-Fairview, bought up large chunks of U.S. real estate. The magazine *War on Drugs* in January 1981 published a persuasive account of how this buy-up operation was linked to the drug trade. The same network, through Robert Campeau, also bought up large sections of the U.S. retail department store market.

In addition to its property acquisitions, this network moved into the propaganda business, buying British, Israeli, and U.S. newspapers through the Toronto-based Hollinger Corp. The board of Hollinger includes Peter Lord Carrington, Henry Kissinger, Peter Bronfman, Albert Reichmann, and Robert Campeau. By late 1990, Hollinger owned over 230 newspapers worldwide, including the *London Daily Telegraph* and the *Jerusalem Post*. The acquisition of the *Post* was financed, in part, by Li Ka-Shing, vice-chairman of the drug-running Hongkong and Shanghai Bank. Li is widely known as the "Red Baron," because of his ties to Communist China.

The Toronto network is also involved in looting operations in eastern Europe, through the Central European Development Corp. (see *EIR*, Sept. 20, 1991, "The Kissinger-Sachs 'Shock Therapy' Mob Kills Nations.")

In 1987, Olympia & York took over building the Canary Wharf project in London's rundown Docklands area, from a troubled consortium. In doing so, O&Y was performing a major service to the Margaret Thatcher government, which needed the development to maintain London's role as

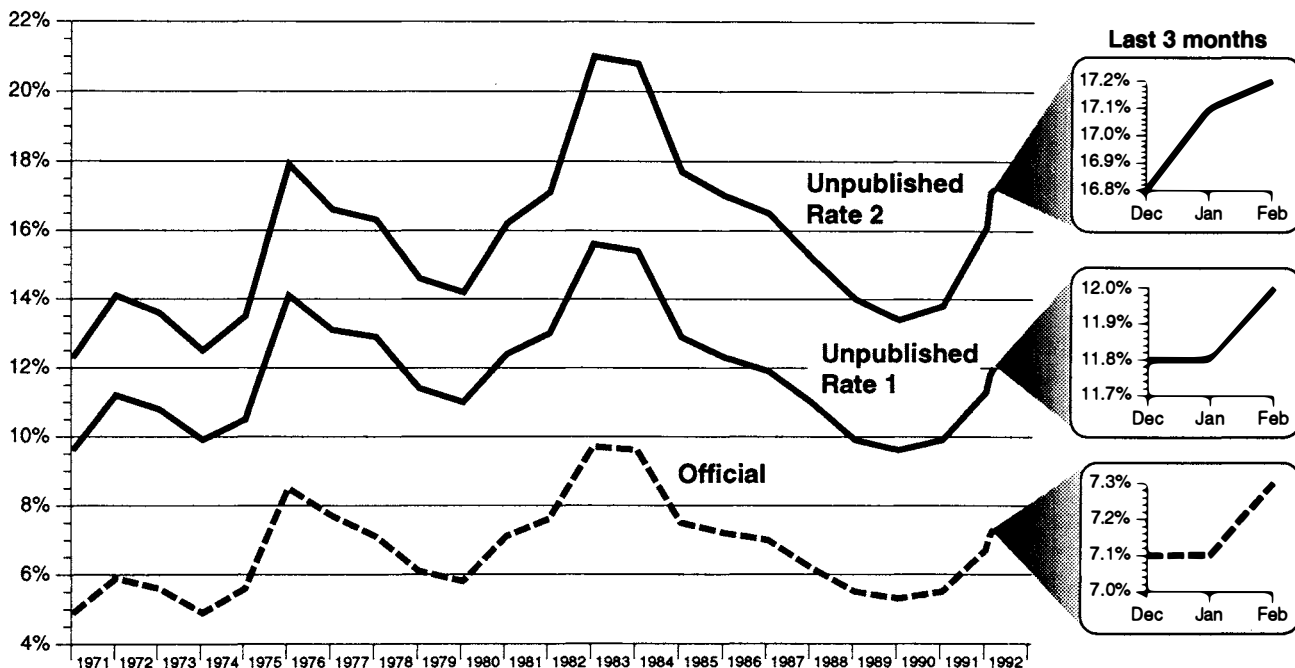
the financial capital of Europe.

The Canary Wharf project was doomed from the start. It was too far from the City of London financial district, with inadequate transportation and few tenants. To raise the \$7 billion needed to finish construction on the project, O&Y has been forced to go deeply into debt and sell many of its assets. Over the past two years, the firm has sold an estimated Can. \$2 billion in mostly non-real-estate assets. Meanwhile, the value of its North American real estate has dropped sharply due to the depression. The firm and its controlled affiliates have borrowed an estimated \$20 billion from Canadian, U.S., and Hong Kong banks. Citicorp, Chemical Bank, and J.P. Morgan are the most exposed of the U.S. banks.

The latest spate of bankruptcy rumors began March 3, when O&Y's agent, the Canadian Imperial Bank of Commerce, waited until late in the day to redeem Can. \$40 million of Olympia & York's commercial paper. "When a company waits until the last minute to redeem its paper, that sends out a pretty scary message," one money market trader told the *Toronto Globe and Mail*. Further fueling the doubts was the March 5 announcement by GW Utilities Ltd., a firm 89% owned by O&Y, that it was selling its 63% stake in Interprovincial Pipe Line, Inc., the world's longest pipeline system, for Can. \$655 million (about U.S. \$554 million). The money from the IPL sale will reportedly be used to retire some of O&Y's slow-moving commercial paper.

In the London market, O&Y loans which were selling for between 80¢ and 85¢ on the dollar at the end of February, dropped to 78¢ on March 5, despite being backed by collateral in Gulf Canada Resources Ltd. and Abitibi-Price Inc., two firms controlled by Olympia & York.

U.S. Unemployment Coverup



Data used for unpublished unemployment rates
(thousands)

Year	Civilian labor force (a)	Official unemployed (b)	Want a job now (c)	Part-time, economic reasons (d)	Official U-5b rate b/a	Unpublished Rate 1 (b+c)/a	Unpublished Rate 2 (b+c+d)/a
1970	82,771	4,093	3,881	2,198	4.9%	9.6%	12.3%
1971	84,382	5,016	4,423	2,452	5.9%	11.2%	14.1%
1972	87,034	4,882	4,493	2,430	5.6%	10.8%	13.6%
1973	89,429	4,365	4,510	2,343	4.9%	9.9%	12.5%
1974	91,949	5,156	4,514	2,751	5.6%	10.5%	13.5%
1975	93,775	7,929	5,271	3,541	8.5%	14.1%	17.9%
1976	96,158	7,406	5,233	3,334	7.7%	13.1%	16.6%
1977	99,009	6,991	5,775	3,368	7.1%	12.9%	16.3%
1978	102,251	6,202	5,446	3,298	6.1%	11.4%	14.6%
1979	104,962	6,137	5,427	3,372	5.8%	11.0%	14.2%
1980	106,940	7,637	5,675	4,064	7.1%	12.4%	16.2%
1981	108,670	8,273	5,835	4,499	7.6%	13.0%	17.1%
1982	110,204	10,678	6,559	5,852	9.7%	15.6%	21.0%
1983	111,550	10,717	6,503	5,997	9.6%	15.4%	20.8%
1984	113,544	8,539	6,070	5,512	7.5%	12.9%	17.7%
1985	115,461	8,312	5,933	5,334	7.2%	12.3%	17.0%
1986	117,834	8,237	5,825	5,345	7.0%	11.9%	16.5%
1987	119,865	7,425	5,714	5,122	6.2%	11.0%	15.2%
1988	121,869	6,701	5,373	4,965	5.5%	9.9%	14.0%
1989	123,869	6,528	5,395	4,656	5.3%	9.6%	13.4%
1990	124,787	6,874	5,473	4,860	5.5%	9.9%	13.8%
1991	125,303	8,426	5,736	6,046	6.7%	11.3%	16.1%

Monthly data (seasonally adjusted)

Year	Civilian labor force (a)	Official unemployed (b)	Want a job now (c)	Part-time, economic reasons (d)	Official U-5b rate b/a	Unpublished Rate 1 (b+c)/a	Unpublished Rate 2 (b+c+d)/a
1991: February	125,076	8,158	5,728 ¹	6,062	6.5%	11.1%	15.9%
March	125,326	8,572	5,728 ¹	6,163	6.8%	11.4%	16.3%
April	125,672	8,274	5,519 ¹	6,162	6.6%	11.0%	15.9%
May	125,232	8,640	5,519 ¹	5,932	6.9%	11.3%	16.0%
June	125,629	8,745	5,519 ¹	5,705	7.0%	11.4%	15.9%
July	125,214	8,501	5,846 ¹	5,881	6.8%	11.5%	16.2%
August	124,904	8,488	5,846 ¹	5,892	6.8%	11.5%	16.2%
September	125,607	8,442	5,846 ¹	6,374	6.7%	11.4%	16.4%
October	125,549	8,582	5,932 ¹	6,328	6.8%	11.6%	16.6%
November	125,374	8,602	5,932 ¹	6,408	6.9%	11.6%	16.7%
December	125,619	8,891	5,932 ¹	6,321	7.1%	11.8%	16.8%
1992: January	126,046	8,929	5,932 ¹	6,719	7.1%	11.8%	17.1%
February	126,287	9,244	5,932 ¹	6,509	7.3%	12.0%	17.2%

¹ The want a job now figure is compiled quarterly. The figure used for monthly calculation of the Unpublished Rate 1 is that from the most recent available quarter.

Explanatory Note

In February, nearly 6 million jobless and over 6.5 million more semi-employed people were ignored by the U.S. government's Bureau of Labor Statistics in its calculation of the official (U-5b) unemployment rate. To bring out the truth, EIR is publishing the rates you would see if the government didn't cover up.

The widely publicized official unemployment rate is based on a monthly statistical sampling of approximately 57,000 households. But in order for someone to be counted as *unemployed*, the respondent member of the household (often not the person who is out of work) must be able to state what specific effort that person made in the last four weeks to find a job. If no specific effort can be cited, the jobless person is classified as "not in the labor force" and ignored in the official unemployment count.

But nearly 6 million of these discarded people are also reported on the monthly survey indicating that they "want a regular job now." EIR's *Unpublished Rate 1* is calculated by adding these discarded jobless to the officially "unemployed." The *Unpublished Rate 2* includes, in addition, over 6 million more people forced into part-time work for economic reasons such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics even if they worked only *one hour* during the survey week.

For comparability with the official rate, the EIR rates are calculated on the same base figure, the BLS defined *civilian labor force*. This figure comprises all civilians classified as either *employed* or *unemployed*. For a number of reasons the *civilian labor force* can be considered as a bloated figure. Its use as the divisor in unemployment rate calculations thus further masks the depth of the unemployment problem. Large segments of the population, who might not under healthy economic conditions be forced to seek work, have become a part of the *civilian labor force* over the past 25 years of "post-industrial society" economy. This includes young mothers, the elderly, and many college students.

Bandwagon rolls for 'tree power'

Those who should know better now join the "alternative" fuels maniacs who are destroying the environment.

On March 2, an announcement was made that a California energy research institution awarded a grant of \$650,000 for tests on burning trees for "biomass" power. Strange things are done every day, but in this case the grant comes from an agency that should know better—the Electric Power Research Institute (EPRI), based in Palo Alto, California, which represents the nation's electric utility companies and funds basic research into nuclear science.

The recipient company, Energy Performance Systems, Inc., is based in Minnesota, home to the food cartel companies and their various "grass-roots" fronts that are now gung-ho for "alternative fuels" as a way of inducing farmers and rural residents to accommodate to economic decline and rural impoverishment.

The tree-burning tests involve growing hybrid hardwoods on plantation plots, drying stacks of timber, burning the stacks at 2,400° Fahrenheit, and using the heat for steam turbines to produce electricity. The company's March 2 release states: "The goal is to replace some of the nation's fossil fuel-generated electricity by retrofitting old power plants and building new wood-fired ones. In addition, as the demand for electricity grows and the nation becomes more dependent on producing electricity using renewable resources like wood biomass, the technology will provide farmers with an incentive to raise more fast-growing trees as part of their crop mix on their existing acreage."

The Energy Performance System's line is that the Conservation Re-

serve Program land (crop acreage removed from food production by government action since 1985) should be put into fuel trees, thus "providing farmers with an important new cash crop."

Biomass fuels are touted as environmentally friendly because they are supposedly renewable. However, the energy output is so low-density, and the energy involved in making the apparatus to capture the biomass power is so great, that biomass-produced fuels are a net loss in terms of the real, physical economy, and they are extremely detrimental to the environment.

The only agencies benefitting from the imposition of large-scale biomass fuel production have been commodities cartels looting the environment and whole populations. Brazil, for example, has had severe damage from "gasohol" produced from sugar cane.

Worldwide, the International Monetary Fund, World Bank, and associated lenders (Citibank, Chase Manhattan, and others) have backed biomass "alternative" fuels in Third World countries as part of their looting schemes. Whole stretches of Africa, India, and South America have been denuded by people forced to burn twigs and trees for cooking and heat, because IMF conditionalities prevented electricity infrastructure development. Now biomass programs are on the agenda for the formerly advanced economy of the U.S.A.

"Whole Tree Energy" is the trademark name of the so-called new technology to be tested in Minnesota and Wisconsin. Energy Performance Systems, Inc., is located in Minneapolis,

Minnesota, also home state of Cargill, Inc., the giant cartel company that gets government subsidies for corn biomass production of ethanol. Another cartel company, Archer Daniels Midland (ADM), headed by former Cargill executive Dwayne Andreas, has received billions of dollars to date in tax benefits and subsidies for processing corn, soybeans, and other biomass for ethanol.

The grant for tree biomass "research" covers two areas: designs for how to burn whole, dried trees at a very high temperature to get maximum heat; and secondly, research on hybrid tree plantations.

Earlier this year, test stacks of more than 2,000 tons of trees were started. One pile in Minnesota is 75 feet × 75 feet × 100 feet. Next, these stacks are to be test dried. The largest pile is to have 500 tons of water removed before the combustion process. Finally, the burning tests will be done, to be completed by April.

Under the sponsorship of EPRI, the Department of Energy, and the U.S. Forest Service, Energy Performance Systems, Inc. already manages 11 tree plantations in the Dakotas, Minnesota, and Wisconsin, where tree clones are being grown, some of which are said to grow 10 times as fast as common hardwoods. Other test locations include Oak Ridge National Laboratory in Tennessee.

The political bandwagon is rolling for "tree power." The platform of the Minnesota Democratic Farmer Labor Party condemns nuclear and fossil fuel energy and calls for "renewable energy sources." Over June 1-3, a farm belt conference entitled "Energy in Rural America: Profits and Opportunities," is scheduled for Des Moines, Iowa, co-sponsored by grain belt state agencies and the federal government, which will feature "Trees to Energy" seminars.

World Bank orders legal abortions

Salinas moves to legalize abortions, after World Bank technicians calculated that killing babies cuts costs.

On Jan. 31, the World Bank ordered Ibero-American governments to legalize abortion and make it the center of their maternal-infant health programs. Quickly, the government of President Carlos Salinas de Gortari put into motion the necessary legislative machinery to take this latest step into "modernity": Deputy Blanca Ruth Esponda, chairman of the Population Commission of the Chamber of Deputies, had the bill legalizing abortion ready only 20 days later.

The World Bank delivered these latest orders at a misnamed "Central American Conference for Maternity without Risk" in Guatemala, attended by health officials, politicians, and legislators from ten Ibero-American countries. World Bank official Anne G. Tiker demanded that governments provide "safe abortion" in all maternal-infant health programs. All "legislative changes" required to legalize abortion must be undertaken immediately, she said.

Most remarkable, was that the World Bank demanded this policy of legal genocide on the basis that killing unborn children cuts down hospital costs! The bank had just finished a study on "Public Hospitals in Developing Countries," which found that conditions related to pregnancy and birth were the top reason for hospital admissions. The bank is upset that these admissions eat up 13-24% of health budgets.

Another World Bank study, this time of Mexico's Social Security system, calculated that every peso spent on "family planning" between 1972 and 1984—when sterilization was

pushed—"saved" nine pesos that would otherwise have had to be spent for maternal-infant health services.

Bank officials expressed horror at how many babies are born in Central America, and demanded that the numbers be cut. The fertility rate in the region averages six children per woman. With "family planning" so cheap (abortions or contraceptives cost between 50¢ and \$2 per capita) the bank considers this a good way to cut costs of social programs, officials said.

To propose to legalize abortion in Catholic Ibero-America is politically explosive, but the World Bank evidently has decided that, with the governments of Ibero-America all so eager to join George Bush's "new world order," the time has come to demand it. Until now, Castro's communist regime has been the only government to do so.

The Mexican government could move so quickly to satisfy World Bank orders, in part because the government had already been working with Washington to draft bills for abortion, in discussions running parallel with the negotiations for a free trade accord. Lucy Atkins, the U.S. Population Council's representative in Mexico, had been working on this for over a year. Indeed, the Mexican government has long been, in the words of the London *Financial Times*, "the darling of the bank's economists (and its major shareholder, the U.S.)." Mexico's "intimacy" with the World Bank grows daily, the paper said March 3. "The World Bank-Mexico team has proved to be extremely effective in achieving its goals."

Cuba's friends in Mexico immediately gave their backing to the abortion bill. Deputy Rosalbina Garavito, parliamentary coordinator of Cuauhtémoc Cárdenas's Democratic Revolution Party, announced that the party has always supported the "social demand" that "a woman can decide freely for her body." But other political parties in Congress are divided.

The National Action Party (PAN) is the only congressional delegation which unanimously rejected the bill. PAN Deputy Víctor Orduna called "the mere attempt to legislate on this matter . . . a crime," and announced that the PAN caucus will oppose the bill with everything "from denunciations before international human rights bodies to acts of civil resistance all over the country." If abortion is legalized, there will be "serious social confrontations between Mexicans," he warned.

Msgr. Norberto Rivera Carrera, president of the Catholic Bishops' Family Life Commission, denounced the World Bank policy as demonstrating "the intention of the international creditor institutions to pressure the Mexican authorities to bend to their will," so that they adopt demographic policies which "are contrary to human rights." Progress, not suppression of human life, is needed; "Mexico's greatest wealth is its Mexicans," he wrote in a pastoral letter.

"Anti-birth imperialism" is responsible for creating the "paranoid myth" of overpopulation, he charged, not because it cares about poverty, but because "it seeks to dominate through perversion. This is the only thing which explains the campaigns for pornography and the strong financing for pro-abortion campaigns." Even if the government legalizes abortion, canon law will continue judging it "a grave sin," and anyone who commits it will "automatically be excommunicated."

Brazil yields to the bankers, again

Collor de Mello signed an unbelievably bad "debt package" with the Club of Paris—but will he be able to stick to it?

In signing a deal in late February with the Club of Paris (the cartel of government creditors), President Fernando Collor de Mello has placed Brazil on the path of what the monetarists like to call "modernization," following six years of rocky relations with the creditor banks. Entering into the usurers' orbit will oblige the country to pay this year a sum total of \$11 billion in interest charges on its foreign debt.

No one in Brazil has the slightest illusion that the negotiations with the Group of Seven bankers has yielded even the most minimal advantage for their country. The Collor government has committed itself to paying the Paris Club, between now and August 1993, \$4 billion in interest payments. Intransigent club members further succeeded in whittling Brazil's request for an 18-20 year repayment term down to 14 years.

Indeed, the pact was so unexpectedly severe that a depressed Central Bank President Francisco Gros declared Feb. 27, "It was the best agreement possible." He clarified that Brazil was not in the same "situation as Mexico or Argentina," since Brazil is behind in its payments.

In contrast, the Anglo-American banking establishment is fully enjoying the success of its extortion efforts. According to a review of the conditions of the Brazil-Club of Paris debt pact appearing in the daily *O Estado de São Paulo* on Feb. 28, during a single day the London branch of Citibank pulled in \$100 million from the Eurobond market, to be invested in the Brazilian stock exchanges. The

money was attracted primarily by the policy of stratospheric interest rates and free circulation of money, which is a part of the commitment the Collor government has assumed with the International Monetary Fund (IMF).

Despite the fact that the creditor banks have been victorious in obtaining all of their demands, they have continued to treat Brazil with utmost arrogance and contempt. For example, during the eighth U.N. Conference on Trade and Development (Unctad) held in Cartagena, Colombia Feb. 11, IMF Managing Director Michel Camdessus hinted how the Club of Paris bankers, who were readying their negotiating strategy, could drive the South American giant to its knees. Camdessus criticized Brazil because it is a country "with the worst income distribution in the world," such that it is "very difficult to help."

And Brazil had better prepare itself for worse to come, since U.S. Assistant Treasury Secretary David Mulford, otherwise known as "Mr. IMF" in Washington, will be arriving in Brasilia in coming weeks to "help" Economy Minister Marcilio Marques Moreira prepare for June negotiations with Brazil's steering committee of creditor banks.

In order to be able to pay its foreign debt interest arrears, Brazil is applying a program of draconian austerity, which will assuredly be intensified in coming months. Indeed, Minister Marques promised Citibank's William Rhodes in a New York meeting in early March that Brazil would comply with all "the anti-inflationary clauses of the agreement with the IMF."

To that end, Brazil's enormous state companies are being sacrificed on the bankers' scaffold. Perhaps the most dramatic case is that of the energy sector, where one month ago, Minister Marques ordered the accounts of the company Electrobras to be blocked, since it had fallen behind in its foreign debt payments, which currently consume a full 25% of its operating costs. The "Achilles' heel" of the Brazilian economy is precisely the energy sector, primarily due to the internal economic disorganization brought about through nearly constant submission to the IMF since 1982, when the debt crisis first exploded.

Electrobras has now dramatically reduced its commitment to expanding the country's electricity grid. Investments went from \$3.4 billion a year in 1987-89, to \$1.5 billion in 1990-91, leading to the paralysis of dozens of major projects.

Despite the bankers' dementia and the illusion of "democratic stability" upon which the Brazilian government is allegedly founded, reality is proving stronger than the most faithfully applied monetarist dogmas. Numerous press commentaries, both here and abroad, have indicated that Brazil is not expected to be able to *physically* comply with its agreements with the banks.

This forecast intersects the recent developments in Venezuela. A March 7 editorial in *O Estado de São Paulo*, mouthpiece of Brazil's oligarchic elites, commented on the "model" free trade policies being imposed by Venezuelan President Carlos Andrés Pérez. In an obvious message to Brasilia, *O Estado* stated: "Venezuela's economic program was played up as a successful example of combatting excessive regimentation, stagnation, and inflation, and yielding stable growth. . . . That program no longer exists."

Business Briefs

Ibero-America

Venezuelan exporters question Pérez's policies

The new president of Venezuela's National Exporters Association, Eduardo McBride, insists on the need to "correct the [government's] economic program, because it no longer works."

In a March 4 statement to the press, McBride said that the Carlos Andrés Pérez government "made a bad deal with the International Monetary Fund, in accepting its demand to create new tax measures that will have counterproductive effects, such that they are going to collect less because there will be greater evasion."

He accused Economics Minister Carlos Bologna of going back on his word to consult with the business sector before undertaking any such measures.

He also demanded that the authorities establish monetary mechanisms to screen legal dollars from drug dollars, "which are doing such damage to the economy." The flood of narco-dollars is causing an artificial cheapening of the dollar and a revaluation of the Venezuelan bolívar, which in turn is hurting exporters. "What does [Minister Bologna] think the banks are financing us with?" asked McBride, who suggested that the country was burdened with "a finance minister, instead of an economics minister."

Health

TB on the rise among hospital employees

One-hundred and five hospital employees in Woodhull Hospital in New York have converted to test positive for tuberculosis over the past year. This represents an increase of 1,000% over last year's conversion rate.

Woodhull is located in Bushwick, a very poor section of New York City, and has a clientele with a low standard of living. The hospital itself has not been able to afford the kind of germ-killing ultra-violet lighting and better ventilation that are minimal steps in preventing tuberculosis transmission.

Federal officials are said to be horrified, although only speaking anonymously. Other New York hospitals are extremely reluctant to release figures on their rates of infection, strongly suggesting that the epidemic is out of control.

Environmentalism

Street kids killed to ready Rio for Earth Summit

Between 50 and 60 homeless street children in Brazil are being murdered daily, largely by police officers out to get rid of the petty crime that plagues city streets, according to a CNN news report. The slaughter is also aimed at cleaning up Rio de Janeiro's image, as the June environmentalist "Earth Summit" or "Eco-92" approaches.

The British journalist who filed the report interviewed Rio's police chief, who said he "didn't approve" of the murders, and that if he found any of his officers involved, he would arrest them. The journalist noted that no one has been arrested.

A congressional committee set up to investigate the charges has issued what is being called a landmark report demanding the indictment of more than 100 individuals from Rio de Janeiro and São Paulo. The report names lawyers, former and current police officers, and one state legislator. The report, a seven-month effort, cites nearly 5,000 juvenile murders in three years. Most of the victims were black.

Industry

German President calls for investment in east

"We are investing in our own, western future when we invest in the east of the united Germany," declared Richard von Weizsäcker, the German President, in his opening address to the Leipzig spring industrial fair March 4. He criticized Chancellor Helmut Kohl's rosy propaganda about the alleged upswing in the five eastern states of Germany, saying, "The time

and effort needed to bring affluence" to Germany's east has "been badly underestimated."

The German population, especially in the country's west, he said, had "deceived themselves into believing that capitalism in the west was robust enough to fuel growth in the east." This, he explained, has proven to be a grand delusion, because economic growth has come to a standstill in the west. Not to invest in the eastern states now, however, would be to close one's eyes to the fact that the west owed something to the east: "The western German economy has had much profit from the demand factor created by reunification. The east German demand for goods came just at the right time to help fill the holes resulting from the weakness of world trade."

Echoing his remarks, Tyll Necker, president of the German industry association BDI, warned the same assembly that should Germany as a whole fail to create an upswing in the east through massive investments, eventually at the price of slowing down projects in the west, "Not only eastern Germany but the economic potential of the Federal Republic as a whole would suffer lasting damage."

Flea Market Economics

Call for privatization of U.S. highways

Joseph Flom, senior partner of the largest U.S. law firm, Skadden Arps Slate Meagher and Flom, wrote in the March 6 "Business Law" column of London's *Financial Times* that a "unique area for new investment activities in the United States" is provided by the Inter-Modal Surface Transportation Efficiency Act of 1991, which opens up U.S. road, bridge, and tunnel construction to private investment. The initiative is the latest effort by the proponents of junk bonds and leveraged buyouts to loot the U.S. economy. Despite the investments being "private," Flom wants federal subsidies of up to 80%.

Flom noted that the budget crises at all levels of government will make it exceedingly difficult to fund the required level of infrastructure spending. "Accordingly, a significant portion of the cost of infrastructure improvement will have to come from other sources. . . ."

Briefly

"In the act, the federal government authorizes the imposition of tolls on federally subsidized bridges, roads, and tunnels (other than those on the Interstate system) to finance their construction or rehabilitation. Toll revenues may be set aside to provide a reasonable rate of return to private investors. . . .

"More important, for the first time since federal aid to highways began in 1916, the legislation permits bridge, road, and tunnel toll projects to be privately owned and permits substantial federal subsidies to private investors willing to undertake transportation infrastructure investments.

"A federal subsidy of up to 50% of costs is allowed to build new roads or rehabilitate existing bridges, roads, or tunnels. A federal subsidy of up to 80% is allowed to private investors willing to construct new bridges or tunnels or replace existing bridges or tunnels."

Finance

BIS head warns of 'global crises'

Bank for International Settlements head Alexandre Lamfalussy has warned that 15 years of financial deregulation and market globalization make the possibility of a global financial catastrophe very real. His statement cites as a special danger the explosion in "off-balance sheet" transactions and the cut-throat competition for international banking business.

He states, "Is there not something about the financial system which would imply that destructive shocks carry a greater systemic risk than in other industries? In particular: Do not globalization and the speed with which shocks are transmitted create fertile ground for full-blown crises?"

He takes up the counterargument of deregulation advocates. "Our observer would have noted quite a few financial disturbances, even major ones which did not lead to a full-blown worldwide financial crisis. One can point to Latin American and East European debt exposures of commercial banks, failures in the U.S. thrift industry, the 1987 stock market collapse, banking and financial failures in the United States, United Kingdom, the Nordic countries, Australia, and Japan. Most of these had

their roots in aspects of the ongoing financial revolution. But they did not degenerate into a real financial crisis."

But, says Lamfalussy, "These arguments do not alleviate my concern. . . . The authorities have been quite good at crisis management, but this praise should not be misunderstood. . . . Luck has been on our side. . . . But the hard fact is that the resilience of our new financial environment has not yet been tested by a genuine worldwide recession."

Russia

Space program is needed, says official

"Our tragedy is that we have not formed a stable public opinion as to why we need cosmonautics," stated Russian space chairman Aleksandr Dunayev, in an interview reported March 6 by Federal News Service. He juxtaposed this to the American "spirit of respect for space science," made easier by the fact that the U.S. space program was never secret. Now that the military requirements for space technology are greatly reduced, he stated, the Russian and other Community of Independent States governments are having a difficult time getting public support for civil space investments.

About 7 billion rubles were spent on cosmonautics in 1989, some 6.3 billion in 1990, and less last year, but Dunayev reported that there are unfinished construction projects alone of over 180 billion rubles, so the "allocated funds are a mere pittance. Cosmonautics needs large investments, and they are lacking." Expenditures for the Mir space station are \$1 million a day, he stated, and so the visits by foreign cosmonauts, which are paid for by their countries, are encouraged, to help pay for Mir.

Dunayev confirmed that managers of the former Soviet space program are trying to sell whatever they have for hard currency. Also, he said, "We have undertaken to launch satellites and participate in design projects in India. There are similar plans regarding Brazil. We also wish to use the European Space Agency." He said that the space program definitely needs outside aid.

● **MALAYSIA** will build a steel rolling mill in Vietnam in exchange for Vietnamese industrial and agricultural products; Eric Chia, president of the Malaysian steel company Perwaja, announced after meeting Premier Vo Van Kiet in Hanoi Feb. 22. The premier also asked for assistance for a trans-Vietnam 500 kilovolt transmission line.

● **FUSION SCIENTISTS** in Russia have been hired by the United States, according to Department of Energy spokesman Phil Keif, who said that \$90,000 is being paid for the services of researchers at the Kurchatov Institute of Atomic Energy in Moscow. "These guys are top-notch fusion scientists," Keiff said. "It's an amazing bargain."

● **THE EUROPEAN** Space Agency has informally proposed to member nations budgets for the 1990s which will be more than \$2 billion short of the agency's original plans. The plan is to increase spending each year by 5%, except for Germany, whose contribution would remain flat because of reunification costs.

● **TWO MILLION** people in Kenya will become infected with AIDS in the next three years, and 320,000 of them will die by 1995, says a study by the Kenyan government. It says that 42,000 people died of AIDS through the end of 1991.

● **'OVERPOPULATION'** and "pollution" are killing millions of people each year, with worse to come, says a World Health Organization report prepared for the U.N. Earth Summit in Rio in June the London *Guardian* reported on March 6. The report will retail the discredited malthusian line that population growth must be halted or resources could be overwhelmed.

● **PAUL VOLCKER**, former U.S. Federal Reserve chairman, will be heading up financial operations in Russia and eastern European countries in a joint venture between Lord Jacob Rothschild and the New York investment bank James Wolfensohn.

Japan achieves big breakthroughs in cold fusion

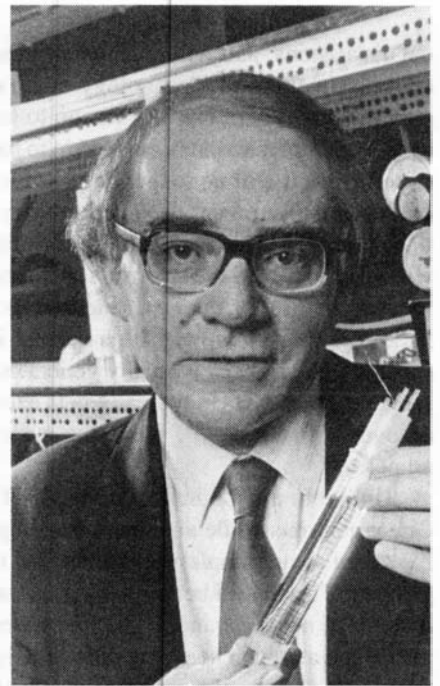
by Carol White

On Jan. 28 and 29, two important meetings on cold fusion were held in Nagoya, Japan, which I was able to attend. The first was a session on cold fusion which opened up a three-day symposium on nonlinear phenomena in electromagnetic fields; the second was an all-day seminar attended by 20 scientists leading cold fusion research teams in Japan.

The conference was sponsored by the Japan Society of Applied Electromagnetics in collaboration with a number of prestigious Japanese scientific institutions and the Institute of Electrical and Electronic Engineers (IEEE) of the United States. After the keynote address, the first panel of the Jan. 28 conference was on cold fusion and featured presentations by Dr. Akito Takahashi, a nuclear physicist who heads the Electrical Engineering Department at Osaka University; and by Dr. M. Srinivasan, coordinator of India's cold fusion effort, who heads the Neutron Physics Division at the Bhabha Atomic Research Center.

At the conference, Takahashi reported achieving power densities in excess of 200 watts per cubic centimeter (cm^3). In the month since his talk, his results have been even more dramatic. On one occasion when he tried to turn off his cell, the temperature began to rise, so that he was led to quickly restart electrolysis in order to gain control of the reaction and avert an explosion. Electrolysis effectively stirs the water of the electrolyte, allowing it to carry off heat from the electrode. Instead of simply turning off his experiment, Dr. Takahashi has gradually reduced the current. He has continued to get high excess heat from the cell even with reduced current.

Even after reducing the current input, he has had two occasions during which excess heat was generated so rapidly that the water in his cell boiled off. He estimates that power densities during these events may have been as high as 500 watts/ cm^3 . The heats that he is achieving compare with results reported by Martin Fleischmann and Stanley Pons—except that in this one cell, Takahashi is getting steady heat production, while Fleischmann and Pons have only seen such heat events as bursts.



Japanese physicist and cold fusion researcher Dr. Akito Takahashi of Osaka University; from left: U.S. cold fusion pioneers Stanley Pons and Martin Fleischmann. While Japan is backing cold fusion research such as Dr. Takahashi's, and achieving astonishing results, the witchhunt against cold fusion has driven Fleischmann and Pons abroad to continue their groundbreaking efforts.

In this, his latest experiment, an average of 70 watts/cm³ has been observed continuously over a two-month period. The total excess heat produced over this period has approached 300 megajoules, which he calculates to be 150% the amount of input energy. This has been coupled with weak neutron emissions. (Dr. Takahashi has recently slightly reduced his estimates of power density from those reported at the ISEM conference—by an approximate 30%).

Fleischmann and Pons typically work with a needle-thin palladium cathode, on the order of a millimeter in diameter, and a few centimeters in length. In this latest experiment, Takahashi is using as a cathode (negative electrode) a square-shaped thin plate, with a 25 millimeter side and 1 millimeter thickness. Thus the volume of his cathode is about 10 times greater than theirs.

When Takahashi scales up his maximum excess power density, this compares to the scaling-up by Fleischmann and Pons which gives them on the order of 1 kilowatt/cm³ excess power-density. This is impressively close to a commercial standard of power emission. A useful parameter in judging the experiment is that the heat output of the Takahashi cold fusion experiment generates more than 10 times the heat output per cubic centimeter of a fuel rod in a nuclear reactor.

The use of a cubic centimeter as a volumetric standard comes from engineering practice, where energy output is balanced against materials and other costs; however, it is useful to bear in mind that, in the Takahashi experiment, the actual power achieved is 10 times greater than that obtained by Fleischmann and Pons. Should it prove to be the case

that cold fusion is a near-surface phenomenon rather than a volume phenomenon, then his results are strictly comparable to theirs, not just within range. Where he has actually gotten power emissions as high as 300 watts, Fleischmann and Pons are dealing in the range of tens of watts with their setup. Martin Fleischmann, who is very excited about the implications of Takahashi's work, remains cautious about working with larger electrodes. He warns about problems of heat transfer and other similar considerations, in working with still unknown nuclear processes, since there can always be the possibility of a runaway fusion event.

Takahashi began this latest experiment in December—i.e., it had been running for two months at the time of the conference. It began producing excess heat on Dec. 20, and it is still producing heat at this time. This several-month-long Japanese experiment is stunning confirmation of the work of Fleischmann and Pons, as reported at the Second Annual Cold Fusion Conference in Como, Italy, and elsewhere in print. (*EIR's* coverage of the Como conference was featured in the Aug. 16, 1991 issue.) Up until Takahashi's recent success there has been abundant confirmation of Fleischmann and Pons's claims that electrolysis using heavy water produced more heat output than could be accounted for by any chemical reaction, but none which replicated the high excess heats that they have claimed.

Experiments using Takahashi's model, or variants of it, are already under way in Italy, the United States, and in other laboratories in Japan. Takahashi himself will be touring the United States in April, where he will be available for techni-

cal discussions, and will give major presentations at Massachusetts Institute of Technology and Texas A&M, on his experiments. There is every reason to hope that, as laboratories around the world become able to replicate Takahashi's experiment, it will no longer be possible for the enemies of cold fusion to suppress this extraordinary new science. With this in mind, I hope that even less technically versed readers will want to follow the story of Takahashi's experiments.

Takahashi runs the experiment in six-hour cycles, alternating between low- and high-current input. Low-current input at .25 amperes typically generates excess heat in the range of 50 watts. He typically gets excess power densities of over 150 watts/cm³, when the current is raised to 4.2 amperes.

Unlike in most other experiments, Takahashi is able to detect neutrons while also measuring high excess heats. He has taken some samples for tritium, but these have yet to be analyzed. Takahashi believes that his statistics show that the amount of neutrons and tritium increases with time up to a maximum at which heat generation really begins to take off; when, he claims, the neutron and tritium production decreases while excess heat generation increases. On several occasions, however, when he experienced large heat bursts, he also noted high neutron bursts.

There is a generally positive climate in Japan toward scientific research, which includes investigation of cold fusion—even though perhaps the majority of scientists in Japan still retain a certain skepticism about the phenomenon reported by Fleischmann and Pons. Their critical attitude, however, is tolerant toward those who wish to go off the beaten path to explore new hypotheses, unlike the situation in western Europe and the United States, where there has been a veritable witchhunt against scientists who dared to work on cold fusion experiments—especially if they reported positive results. Whereas in the United States and, albeit to a lesser degree, in Europe as well, Fleischmann, Pons, and their supporters have been treated as almost common criminals by the leading scientific and popular press, the opposite is the case in Japan. In fact, it is a widely circulated rumor that the two cold fusion pioneers, who are now living in Europe, are receiving financial support from the Japanese, so that they can continue their research in a less pressured environment.

The leading programs in the world today—aside from the ongoing work of the two cold fusion pioneers—are those in Japan and the research work in the United States supported at Stanford Research Institute (SRI) by the Electric Power and Research Institute (EPRI). EPRI is reported to have a \$12 million fund available to it over the next four years—during which it hopes to develop a prototype cold fusion generator. Because this is a commercial venture, and because of the generally aversive climate toward cold fusion in the United States today, EPRI has maintained a high level of secrecy in the programs which they sponsor. (This situation

has only been made worse by the recent tragic accident which occurred at SRI, in which cold fusion experimenter Andrew Riley was killed when a cell which he was removing from a calorimeter blew up [see box].)

What varies between these programs is the protocol of the loading, the configuration of the structure of the electrodes, and the metallurgical treatment of the palladium or its particular alloys. These are the aspects on which research efforts are being concentrated, with results which are increas-

Some issues of the accident at SRI

Chemist Andrew Riley was killed when the cold fusion cell he was holding exploded Jan. 2 at the Stanford Research Institute (SRI) in California. Riley was working on the SRI cold fusion team led by Michael McKubre. Others present during the accident suffered minor injuries, and a portion of the ceiling in the laboratory was damaged. Although there is as yet no official report about the accident, some details have emerged that raise a question as to the nature of the explosion. The cell involved was 6 inches high and 4 inches in diameter. It was designed as a high-pressure closed cell, and therefore had a half-inch thick steel wall. A portion of the steel container split off during the explosion, striking Riley's face and then denting the laboratory ceiling.

Originally it was supposed that this cell was operating at 30-100 atmospheres, the typical pressure for SRI cold fusion experiments. But this was not the case. This particular experiment, designed to test a new configuration of the electrodes, was working at just above atmospheric pressure. According to one unconfirmed account, the electrode was 1 cc in volume, compared to a typical 0.1 cc and had a plate-shaped geometry. Although the cell was closed, two leaks had developed. This would give the cell something like the conformation of Takahashi's latest experiment.

At high pressures, hydrogen (or deuterium) gas can combine explosively with atmospheric oxygen, particularly if they come into contact with metal, which will act as a catalyst. Here the use of a metal-containing wall may be relevant, although usually the metal wall will be shielded by the formation of steam. Furthermore, such cells routinely contain recombiners, which are made of finely ground palladium and carbon. These recombiners control the rate of recombination, in order to prevent an explosion from occurring. In the cell that exploded, it is known that the sensor attached to the recombiner was out

ingly reproducible. A palladium cathode and a platinum anode can, and frequently do, produce excess heat, as well as other products, such as tritium, helium-3, and helium-4, results that indicate some sort of nuclear reaction—although not a traditional hot fusion reaction conducted under vacuum conditions. In future research, the emphasis will be to understand and control what is actually going on, rather than merely to establish that cold fusion does exist.

In Japan there are over 100 researchers who are working

at universities, as well as more secret programs being supported by industrial consortia. Like SRI, these commercially oriented research programs deliberately maintain a low profile. The university groups are interdisciplinary and are organized into 20 working groups that are independent of each other, but collaborate in sharing information. The group leaders meet together every few months to review the ongoing work in a friendly but searchingly critical environment, as I saw at the meeting which I attended. The program is coordi-

of order. The recombiner from that cell has decomposed into small spherical balls containing bits of platinum. This would indicate the violence of the explosion, but nothing about the functioning of the recombiner beforehand.

Although the cell was certainly open to the atmosphere, which would argue against a sharp rise in the pressure of the hydrogen and water, perhaps the holes were not sufficiently large to act as adequate vents. The containing steel wall had a bulge at the bottom, which may indicate a slow buildup of pressure inside. Yet, even assuming—for ease of calculation—that at the time of the accident the canister was three-quarters full of hydrogen (thus overestimating the hydrogen content, since oxygen would have been present and would be needed for a recombination to occur), the force of such an explosion would appear to be at least an order of magnitude too low to account for the damage. This calculation does not assume the buildup of high pressure inside the cell. In the near future, estimates should be available of the dynamite equivalent of the explosion.

Apparently Andrew Riley had disconnected the cell from the current, and was removing it from the water bath in which it was contained during electrolysis. Within a minute, as he was moving to place it upon a work bench, the cell exploded in his hands and a steam cloud erupted. Thus, the explosion occurred *after* the cell was turned off. This suggests that the heating occurred within the electrode rather than in the solution. The experiment had been going on for some time over 1,000 hours. Sensing devices which were functioning during the accident should provide more indication of what caused the explosion.

Stopping electrolysis affects the ability of the solution to transfer heat from the electrode through the solution, and can allow a steam buildup to occur around the overheated electrode. If, in fact, a very high-temperature fusion event had been occurring, inability to vent the heat may have caused the explosion. Here the scale-up of the size of the electrode would be relevant. Another contributing factor could be the deloading of the electrode as it cooled, which could have caused phase-shift oscillations

and created an unstable, runaway fusion reaction. If this was a fusion reaction, neither neutrons nor radiation appear to have been detected.

From their first public announcement of cold fusion in 1989, Martin Fleischmann and Stanley Pons have warned of the danger of a runaway fusion event. They have urged that strict safety protocols be followed. Fleischmann and Pons have recommended the use of very thin electrodes, under 1 cc in volume, designed in a symmetrical configuration. Another recommended precaution is to reduce the electric current gradually, thus deloading the electrode gradually and allowing maximum heat transfer as the electrode cools. They have preferred working with open cells in order to allow a slow boil-out of the solution to occur.

Another possibility, one actually tried in some SRI experiments, is to use a deuterium fuel cell anode. In this case there would be no decomposition of the water and thus no oxygen collected at the anode. Deuterium would be fed in at the anode and travel to the cathode, where it would be absorbed within the palladium. In a closed cell, recombination could not occur. Whatever happened at SRI, it is certainly true that the direction of research at present is toward closed cells at high pressure. This implies using sensing devices—as was done at SRI—and monitoring any accumulation of hydrogen in the laboratory. Some researchers have already begun introducing extra shielding into their laboratories and protective gear for laboratory workers.

It is clear that a no-holds-barred review of the accident must be conducted by top researchers in the field in order to reach a consensus on new safety protocols. This implies that concern for safety should override considerations of proprietary interests, which have otherwise hampered scientific cooperation. In any case, this will improve the conditions for more rapid scientific progress. Andrew Riley was young—34 years old—but he had already achieved an impressive record as a chemist specializing in materials science at the University of Utah National Cold Fusion Institute and the Materials Science Department. His death is a painful loss to us all.—*Carol White*

nated by Hideo Ikegami, a professor at the National Institute of Fusion Science, located at Nagoya University.

Cold fusion hits the headlines

It is an extraordinary sidelight on the viciousness of the attacks to which Martin Fleischmann and Stanley Pons have been subjected over the past three years by the popular and scientific media and the hegemonic scientific societies, that the English-language edition of the monthly *Scientific American* continues to deprecate cold fusion, while the Japanese-language edition of the same magazine (which is published

As Takahashi says, this is “unusual fusion,” and he has a complicated theory which includes the fusion of several nuclei simultaneously—a theory which, in the end, may or may not be borne out—but the excitement of his recent results lies more in the vitality of the experiment itself.

in Japan) has featured Dr. Takahashi's work in its March issue. There, the editors apparently felt constrained to admit that his results add significantly to the weight of evidence confirming the discovery of the phenomenon of fusion-in-a-bottle at room temperatures.

On Feb. 13, some 100 scientists and media representatives gathered in Italy—at the National Center for Nuclear Research at Frascati, on the outskirts of Rome—to hear a report on the Japanese cold fusion program by Dr. Ikegami. He reported on the work of Dr. Takahashi and other Japanese researchers who have begun to report very high excess heat from their cold fusion experiments. Interest was high among the audience, although there is still a good deal of skepticism in Italy, as elsewhere, about the reality of cold fusion.

Ikegami's talk was given favorable coverage in major Italian newspapers such as *La Repubblica*, on Feb. 17. Capturing the mood in the scientific community which was generated by the news from Japan, *La Repubblica* ran coverage of Ikegami's speech with the dramatic headline: “From a Test Tube, the Energy for Lighting a 110 Watt Bulb: Here Comes Cold Fusion.” The article opened: “Japan wins the challenge of the artificial Sun. A hundred or so Japanese scientists with funds from the Tokyo government, have worked for almost three years on the project. Said the Italian researchers: ‘We stood there with our mouths open.’ ” On the next day, the daily *La Stampa* ran an article on the science page with the

headline, “Cold Fusion Returns.” The article characterized Takahashi's experimental results as confirmation of the claims of Fleischmann and Pons.

Also on Feb. 18, *Il Sole 24 Ore*, an Italian financial newspaper, ran a feature by the prestigious Italian physicist Giuliano Preparata, headlined: “Japanese Cold Fusion Technicians Begin to Think about New Power Plants,” with a subtitle, “Meanwhile, in our country, a nucleus at the vanguard of Europe works without support.” There was also a companion piece headlined “The ‘Open’ Cell of Tokyo Creates Energy for Two Months,” by reporter Maria Rosaria Zincone. She quotes Italian nuclear physicist Dr. Francesco Scaramuzzi, who was present at the lecture, commenting on the sorry state of cold fusion research in Europe and the United States. With absolute accuracy, Scaramuzzi said of the Japanese program: “What has been going on now for these last few years is not a miracle. What has been evidenced in Japan, besides the scientific results, is above all the example of a coordinated research which might have also been carried out also in Europe or the United States.”

What is cold fusion?

On March 23, 1989, Martin Fleischmann and Stanley Pons startled the scientific world and the general public when they revealed the results of thousands of experiments in which they had achieved heats in excess of any that could be accounted for by a chemical process, by conducting a tabletop electrolysis experiment.

Using a deceptively simple battery setup (the experiment is still hellishly difficult to replicate), with a platinum anode (positive electrode) and a palladium cathode, and a simple electrolyte of heavy water doused with a lithium compound, they were able to replicate the energy source of the Sun and stars, but at room temperature. The secret appeared to lie in the propensity of palladium to absorb enormous amounts of hydrogen—the gas produced at the cathode when water is subjected to electrolysis and decomposed. (Oxygen flows to the anode.)

Fusion occurs when the nuclei of two atoms are fused, despite the fact that they are positively charged and generally repel each other. This is called, in common scientific parlance, overcoming the Coulomb barrier. In controlled hot fusion experiments, plasmas made of ionized steam are generally exceedingly thin, and the hydrogen nuclei are brought together at high speeds in order to accomplish their fusion and the consequent release of energy. The speed to which the hydrogen (or deuterium) nuclei are accelerated is generally calibrated as a temperature, in this case in the hundreds of millions of degrees. In the case of the Sun, the fusion plasma is much more densely compacted, and fusion can occur at temperatures in the tens of millions of degrees. How, then, can fusion occur at room temperature?

Clearly, there must be several extraordinary properties of the palladium lattice, into which deuterium, the heavy

isotope of hydrogen, is compacted. (Deuterium is hydrogen which contains in its nucleus a proton and a neutron, instead of merely one proton.) When two deuterium atoms fuse, they produce another heavy isotope of hydrogen called tritium and release a proton; or equally likely—in the case of hot fusion—they will produce the next higher element, helium, which has two protons in its nucleus.

The isotope helium-3 (with two protons and one neutron in its nucleus) is produced with an additional neutron being released as well. It is this neutron which is typically detected in order to measure the production of helium-3, but in the case of cold fusion, only a very minute amount of helium-3, compared to tritium, is produced. Like helium-3, deuterium is an isotope, but of hydrogen. Tritium is another isotope of hydrogen, which has two neutrons and one proton. Isotopes of a given element will react chemically in the same manner—thus light and heavy water will undergo similar chemical reactions—but certain isotopes like helium-3 (in the case of helium), and deuterium and tritium (in the case of hydrogen) are inherently more unstable and therefore fuse more easily.

There are serious problems raised by cold fusion experiments. They simply do not behave like typical fusion experiments. Despite the presence of tritium in the electrolyte after heavy-water electrolysis, which was not there at the beginning of the experiment and which could not have been produced by any known chemical means, the amount discovered is too low by up to as much as a billion times, to account for the kinds of heat which the cell produces. Similarly, far too little helium-3 is discovered. The phenomena are still sporadic; the occurrence of two distinct peaks of neutron generation also needs explanation.

By the criteria of traditional physics, a fusion reaction cannot be taking place; it should not be possible under the conditions of the Fleischmann-Pons experiment or Takahashi's version of it. The occurrence of fusion under these conditions is wildly improbable. Relying on their theory rather than the evidence before their eyes, many scientists deny the reality of cold fusion, on the grounds that this would mean hegemonic theory has been challenged by Fleischmann and Pons's unique experiment.

As yet, even those scientists who are fully convinced that some nuclear event is taking place—which it is convenient to call cold fusion, although it is likely to be far more complicated than traditional fusion events—cannot explain what exactly is occurring.

Clearly there are unusual conditions created within the lattice. Palladium is known to absorb high amounts of hydrogen (and all of its isotopes including deuterium). For cold fusion to occur, it is desirable to have at least one deuteron—that is, a deuterium nucleus—packed into the lattice for every palladium nucleus. This is known as a one-to-one *loading ratio*. It is better still if the deuterons are packed in even more densely. This, as we shall see, is one of the secrets of

Takahashi's dramatic success story after three years of painful effort. A good deal of the art of a successful experiment is in raising the loading. Even so, it is still impossible to account for the lattice-deuteron interaction (a phonon-photon interaction) by conventional means.

As Takahashi says, this is "unusual fusion," and he has a complicated theory which includes the fusion of several nuclei simultaneously—a theory which, in the end, may or may not be borne out—but the excitement of his recent results lies more in the vitality of the experiment itself. We shall explore Takahashi's theory below, when we go into the detail of his experiments as they developed over a three-year period.

Takahashi's account

At the Jan. 28 meeting in Japan, Takahashi reported power levels over 200 watts/cm³, and, just as exciting, he said that over the one-month duration of his ongoing experiment (his cold fusion experiment #115), 100 megajoules of more energy had been produced than was input. (The 30% downward revisions from these figures noted above may be too stringent, but he requested that we publish them pending a rigorous review of his data which he is undertaking.)

At the beginning of his presentation, Dr. Takahashi stressed just how anomalous cold fusion results really were, but he pointed to the fact that many experimenters, such as Dr. Srinivasan and Dr. John Bockris, as well as his own group, have found high tritium production; and several experimenters have also observed high-energy neutrons, in the range of 3-7 MeV.

From the work of his own group, Dr. Takahashi, a nuclear physicist, is sure that there is always a correlation between neutron emissions and the production of tritium, although sometimes there is a problem in detecting the tritium due to the extremely low level of neutron emissions. He also reiterated a point which the detractors of the Fleischmann-Pons effect attempt to overlook. The production of excess heats of more than 10 megajoules, cannot be explained by a merely chemical reaction.

In his earlier experiments leading up to the Como conference last summer, he had overlooked the crucial importance of achieving a loading ratio greater than .9 or 1, and as a result he was able to generate very little excess heat. In this talk he emphasized just how important the loading ratio is (see **Figure 1**). One problem in his earlier experiments was that he configured the cathode and anode in his cell side-by-side, whereas Fleischmann and Pons emphasize the importance of symmetry. Thus, they favor an axially symmetric design with a cylindrical, platinum anode fitting around a needle-thin palladium cathode. Improving the loading ratio is, as we shall see, one of the secrets of Takahashi's dramatic success story after three years of painful effort.

Takahashi and a group of collaborators at Osaka University began performing their own cold fusion experiments shortly after Fleischmann and Pons made their historic an-

FIGURE 1
Cell for pulse-electrolysis experiments using $D_2O+LiOD$ electrolyte (500 ml) with Pd cathode

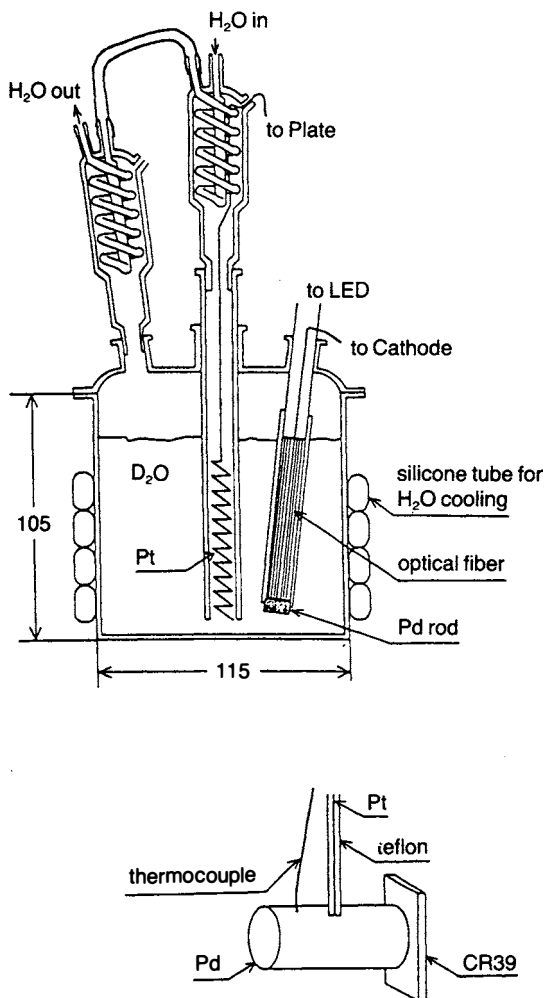
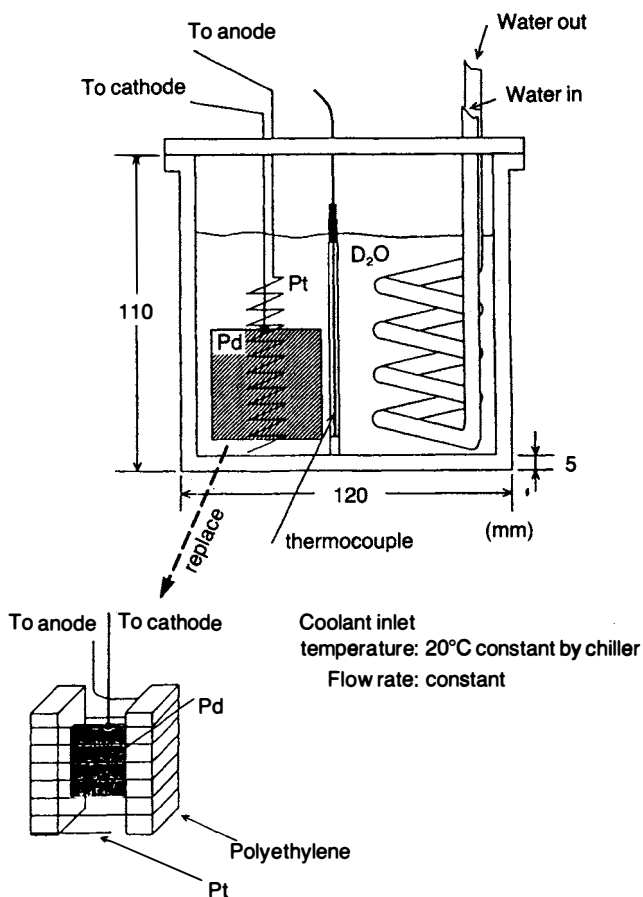


FIGURE 2
The experiment that really worked: Takahashi's Experiment D

Homogeneous D-load from two sides



nouncement.

Takahashi groups his three years of experimental work into four categories which he labels A, B, C, and D (see **Figure 2**). In his first, A-series of experiments, he achieved only a very low level of neutron emissions, and these showed a peak energy level of 2.45 MeV. He introduced 30-second and 4-minute pulse of the current in order to cause deuterons trapped in the palladium lattice to oscillate. To improve this performance he began to lengthen the pulse of the current in his second, B-series. The thinking behind this was to introduce a certain disequilibrium which could catapult the deuterons into sufficiently close proximity to fuse. The pulse durations were only minutes long.

In the B-series of experiments, for the first time he ob-

served another broad peak of neutron emissions, which occurred between 3 and 7 MeV. This gave Takahashi and his collaborators at Osaka University confidence that they were observing a new kind of fusion. In the C-series of experiments, he was also able to detect the presence of tritium. It was with this C-series, that he first began pulsing from low to high currents, in six-hour sweeps. Here he achieved heats in the range of 1 watt/cm³, which was also a definite advance.

Over the three-year period of experimenting, Dr. Takahashi and his collaborators achieved several essential improvements in their experiment. For one thing, they increased their maximum current from a high of only .8 amperes in A-series, to 1.4 amperes in B, to 2.8-3 amperes in the C-series, until recently when they have been working with currents as high as 4.2-5 amperes. In order to work safely with these high currents, it was necessary for them to employ better and better external cooling systems—these allow ordinary water to flow through a cooling pipe during

the experiment to avoid boiling out the electrolyte. They also went from a pulse range from 2 to 20 minutes in the A- and B-series, to six-hour sweeps in series C and D.

One result was the increase in neutron yields, which rose from an original sporadic one to two neutrons per second per cubic centimeter, to as high as 100, simply as a result of pulsing the current. In the B-series, the neutron yield increased to 15 neutrons/second/cm³. Now they were able to observe the two peaks, which encouraged them in their belief that they were witnessing a new phenomenon of cold fusion, since with "traditional" hot fusion only one 2.45 MeV peak would be expected.

For maximizing neutron emissions, an 18-minute pulse appears to be optimum along with a 3 ampere current; however, this regimen did not produce significant excess heat. The six-hour high-current/six-hour low-current mode created conditions in which they were able to gain the remarkable excess heats of experiment D. The key here seems to be that moving from a high-current mode back to a low-current mode apparently enables the electrode to "heal" itself of damages and achieve successively higher loadings of deuterium in the palladium electrode.

At the time when they performed experiment A, they believed that the cathode loading ratio was only .3; however, they measured this loading only after taking the cathode out of the electrolyte, and therefore, in all probability, a significant amount of deuterium would have escaped before they were able to measure the ratio, using a secondary emission mass spectrometer. Still, the conditions under which the experiment was performed indicate that the loading ratio would have been maximally at around .6, if that. They were not able to measure tritium from experiment A, because with existing techniques, at least 10,000 more atoms of tritium are required for detection than is needed to detect helium-3, using state-of-the-art neutron detection equipment.

As was first established at Como, it is necessary to be in the range of one-to-one deuterium to palladium, before high excess heats are produced. Experimenters in Japan now believe they can go up to 2:1 or even 3:1 loading ratios, with suitably enhanced results. Key here is the fact of identifying and filling not only octahedral sites in the palladium lattice, but tetrahedral sites as well (see **Figures 3 and 4**).

Takahashi had several problems which lowered his loading ratio in his experimental design. Even after adopting a plate configuration, Takahashi at first loaded the plate from only one side. Only when, in this last experiment, he used two anodes—placed in front of and behind the cathode—did he receive his startlingly successful results.

Takahashi has always worked with relatively large cathodes. In his first experiments he used palladium of 99% purity, with radii between 4 and 5 millimeters in diameter and 11 millimeters in length. In experiment B, cathodes were 10 mm in diameter and 30 mm long. In the C-series, he used both a 20 mm diameter and 30 mm-long cylindrical

palladium rod, and a palladium plate of the same dimensions as the plate in experiment D. While the excess heat level in the C-series from the rod was about 1 watt/cm³, there was no detectable heat here, from the plate.

In the D-series, in the first experiment (#113), current was applied to one side of the plate only, and for one month the ramped current was alternated in 20-minute periods, before they introduced six-hour sweeps each of low and high current. They achieved a 50-watt excess power level for a week, after which they terminated the experiment. They then began experiment #114 (which is, in reality, their present experiment #115 in its loading phase). Here, they used a higher, 5 ampere current and loaded the plate, using 20-minute ramped pulses, for just a week. (The ramped pulse—also known as a saw-toothed wave—increases from zero to the maximum 5 amperes and then is brought back down to zero, all within a given period—in this case, 20 minutes.) This is obviously a key feature of their success in a rapid, high-loading of the cathode. Five amperes was also the highest current that Takahashi has ever used in his experiments. Clearly another major factor in the success of the experiment is the fact that the plate was loaded on both sides simultaneously.

Dr. Takahashi typically uses .3 moles of lithium oxide (LiO) for every liter of heavy-water electrolyte, which is about three times more than that used by Fleischmann and Pons. This allows him to run his experiment at a lower voltage, at which he experiences less ohmic heating. In his first experiments, series-A, however, he added lithium sulfate rather than lithium oxide to his heavy-water electrolyte, which may have been a contributing factor in his poor results of the time. To summarize, over the series from A through D, not only did Takahashi improve the loading of the cathode, but he also ran his experiments at increasingly high currents.

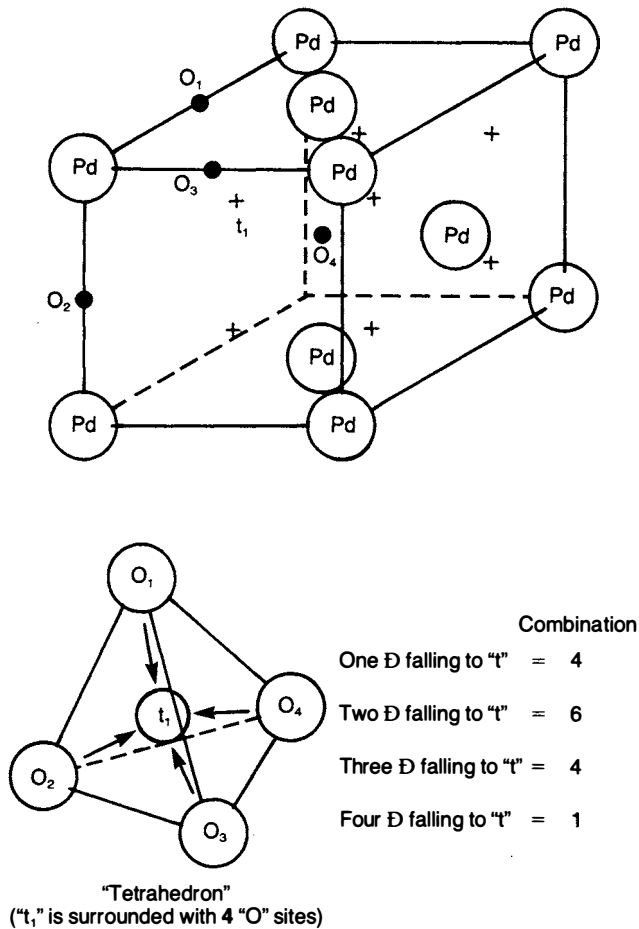
Experiments make progress

To begin with, Dr. Takahashi hoped to cause cold fusion to occur by rapidly alternating from low to high current. His intention was to create disequilibrium conditions which would accelerate the deuterons, so that they would oscillate and thereby come into closer proximity with each other. Even from the beginning he believed that the Fleischmann-Pons effect was caused by multi-body fusion. At the same time he looked to the excess electrons in the palladium lattice to screen the deuterons, so that their effective positive charge was lowered. This was a mechanism by which he hoped to explain how the deuterons could overcome the Coulomb barrier under room-temperature conditions. Since palladium has 10 valence electrons (the outer-shell electrons free to interact in chemical reactions), such screening can occur.

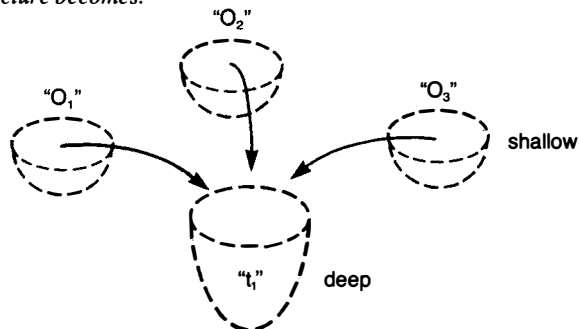
While he did not achieve the kind of excess heat he had hoped to see—in the range of 10 watts/cm³—the fact that he did observe neutron yields of 2-5 neutrons/second/cm³

FIGURE 3

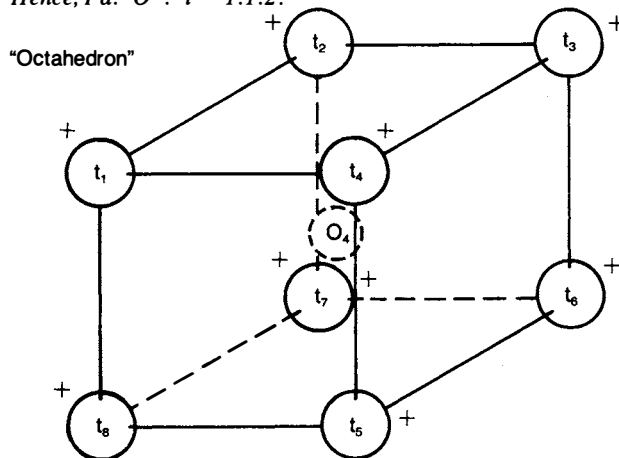
How the deuterium is loaded into both octahedral and tetrahedral sites



a) In principle, we can consider up to 5D process, which is omitted here, because of less "combination," so the potential picture becomes:



b) If you see "O" site at the center, it is surrounded with 8 "t" sites. From a) and b), ratio of "O"/"t" numbers is 4/8=1/2. Hence, Pd:"O":"t" = 1:1:2.



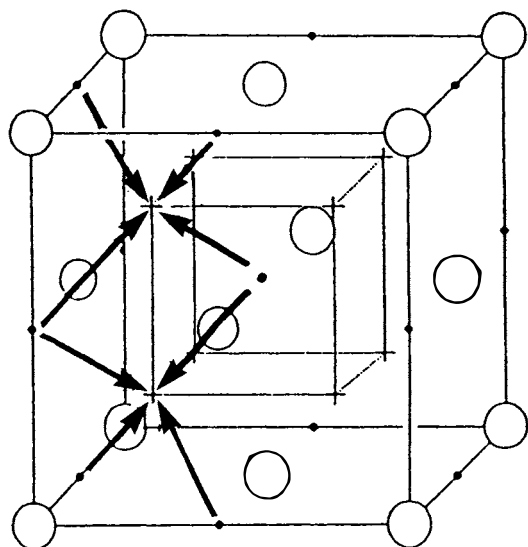
encouraged him in his belief that a fusion event was occurring. This series of experiments did not yet point to what he calls "unusual fusion," although the existence of room-temperature fusion itself is certainly anomalous. Experiments at Los Alamos National Laboratory in New Mexico, Italy's Frascati University, and the National Fusion Institute at Nagoya have definitely confirmed significant neutron yields from experiments using the Fleischmann-Pons paradigm, and even the level of neutron emission achieved by Stephen Jones has been verified at the Kamiokande neutrino-detection facility in Japan, although scientists there are still rechecking the results. Takahashi's first results were only comparable to those that Jones had achieved.

At room temperature, in a vacuum, the expected number of fusion events between two deuterons comes to 10⁻³⁸⁰⁰ per second per deuteron (in other words 1/100,000,000,000, . . . with 3,800 zeros in the denominator). The probability is improved in the palladium lattice because of the enforced proximity of the deuterons, which take up positions in the

lattice known as octahedral sites. The probability is then a mere (!) 10⁻¹⁵⁰, still a ridiculously low probability for fusion to occur. If fusion can be assumed to occur in lattice vacancies, where densities are magnified a hundred-thousandfold, then the probability is increased to 10⁻⁸.

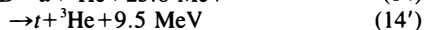
Takahashi assumed that in the first stage of room-temperature fusion—within the palladium lattice—with deuterium-deuterium fusion, a 50% branching ratio would occur between production of tritium and helium-3 (a contention which other researchers would deny for cold fusion), and that therefore he was finding between two and five fusion events occurring per second in a cubic centimeter volume cathode. Assuming more tritium-producing events to helium-3, neutron-producing events would raise the number of fusions accordingly, and thereby establish Takahashi's point even more dramatically. To realize the incongruity of his results with established theory, just compare a probability of fusion occurring, which is 1/100,000,000, to a reality of one event per second!

FIGURE 4

Face-centered cubic PdD lattice

- Deuteron at octahedral site
- + Tetrahedral site
- Palladium

The deuteron wave function at a highly excited state has eight wings spreading toward the eight nearest tetrahedral sites of the four surrounding fcc cubes, hence three deuterons meet at a tetrahedral site as indicated by the arrows.



and



Takahashi pointed to the difficulty facing those people who try to explain the occurrence of fusion in the lattice by an exchange of energy between the fused deuterons and oscillating palladium lattices (although there are theories such as that of Giuliano Preparata which do, at least in principle, deal with the question by supposing that a special coherence domain is maintained in the lattice). In any event, Takahashi proposes a multi-body fusion reaction to circumvent the difficulty, along with a special geometry within the lattice. The problem of lattice-deuteron interaction can be summarized as follows: When two deuterons fuse, they will briefly form an excited helium-4 nucleus, but this compound nucleus is extremely short-lived, only 10^{-20} or 10^{-21} seconds. The palladium atoms in the lattice can only vibrate at 100-millionth of that velocity; therefore there is no easy way for the compound nucleus of the fused deuterons to transfer energy to the palladium lattice.

Takahashi's solution is quite audacious. He points to the fact that palladium forms what is called a face-centered cubic lattice (see Figures 3 and 4). The palladium appears at the

vertices of the cube, and the center of each face. The *octahedral sites* which are entered by the deuterons are located on the edges of the cube, at their midpoints, and also in the center of the cube. These form shallow potential wells, so that the deuterons are not fixed in these positions. An analogy might be to balls located in valleys at the bottom of relatively short hills. At the point when the octahedral sites are filled, a one-to-one loading ratio of deuterons to palladium atoms will have occurred, and most of the free electrons will be bound up around the deuterons to create the shallow potential wells. Electron screening is initially quite effective in enhancing the fusion rate, but this effectiveness decreases as the octahedral sites fill up and there are more deuterons per free electrons.

To begin with, Takahashi supposed that a new mechanism was needed, and he proposed that three-body fusion might be occurring along with traditional two-body fusion. To achieve this, the deuterons would have to be excited to the point that they would begin to oscillate harmonically.

Takahashi proposed that the deuterons located in three of the four shallow octahedral sites surrounding a tetrahedral site, might come together at tetrahedral sites of the palladium lattice to fuse there. These tetrahedral sites are located at the vertices of what would be a smaller cube placed with the cubic structure of the palladium lattice.

Four octahedral sites surround each tetrahedral site—thus creating a tetrahedral, pyramidal geometry. Eight tetrahedral sites surround each octahedral site, giving double the number of tetrahedral to octahedral sites open to occupation by a deuteron. He supposes that over time, more and more tetrahedral sites are also occupied with deuterons, although this also goes against conventional theory. It is generally believed that tetrahedral sites remain vacant. He hypothesizes that his three-body deuteron fusion would create two different possible reactions, either one deuteron traveling at high speed and a helium-4 nucleus (which would contain two protons and two neutrons), or tritium and helium-3. It is the two-body fusion of the high-speed deuterons which Takahashi supposes to account for the 3-7 MeV neutron peak, which he has observed subsequent to his first series of experiments.

Another look at his experiment

In the B-series of experiments, Takahashi and his collaborators used an experimental setup similar to their first one, but with a higher current input. For three weeks they loaded the cathode, alternating high and low current in 2.25-minute periods. During the fourth week they measured the neutron background, and then in the fifth week they began the experiment.

They measured neutrons, tritium, and heat. At the beginning of the experiment, during loading, they registered a slight increase in neutron emissions, which decreased in the third week. After increasing the density of lithium oxide in the electrolyte, however, the neutron emission rate doubled.

It was at this point that they extended the pulses from 4.5 to 19 minutes. After a fluctuation, the neutron rates settled into a ratio of 1.15 to the background level, with a maximum rate of emissions after 180 hours of about 15 neutrons/second/cm³ of palladium.

Fifty percent of the neutrons which they measured fell within the high-energy 3-7 MeV bandwidth. Under the given conditions, the expected energy level of the neutrons would have been 2.45 MeV for deuterium-deuterium fusion, 14.1 MeV for deuterium-tritium fusion, 3.76 for tritium-tritium fusion, 10.1 for tritium-helium-3 fusion, and similarly different values than were found for deuterium-lithium fusion. Takahashi's conjecture is that there is a compound reaction going on. First, three deuterons fuse to produce a deuteron traveling at 15.9 MeV kinetic energy, and a fast-traveling alpha particle (a helium-4 nucleus) is also emitted. Then the fast deuteron slows down in the lattice and fuses with another deuteron, to produce the requisite fast neutrons in the 3-7 MeV range. At this point in their cold fusion experimental effort, Takahashi and his associates believed that his theory accounted for the observations of excess heat and anomalously high tritium-to-neutron ratios that had been found by other experimenters, but they themselves had only

succeeded on the level of producing neutron emissions. Not content with merely fielding a theory, they continued their experimental program, despite a certain amount of frustration.

In a repeat of the B-series experiments, as before, they made careful checks against background radiation. They found that neutron bursts were correlated with the appearance of high-energy neutrons. Whereas in the beginning of the experiment, 2.45 MeV neutron emissions predominated, between 500 and 600 hours into the experiment, the higher energy peak was dominant. When they changed cathodes, they were still able to repeat the experiment.

Takahashi himself admits that his three-body model is problematic, in that it supposes an occurrence even more improbable than deuteron-deuteron fusion at room temperature—i.e., that three deuterons can overcome the Coulomb barrier simultaneously. His explanation includes quantum excitation of the deuterons resident in the octahedral sites and the existence of free electron clouds (plasmons) around tetrahedral sites, which help to enhance the barrier penetration probability. Further, according to his theory, at a certain point, the existence of three-body fusing clusters of deuterons will exclude the continuation of two-body deuterium fusion.

Proceedings of Como conference released

On Jan. 31, Martin Fleischmann and Stanley Pons presented one of their first cold fusion cells to the Leonardo da Vinci Museum of Science and Technology in Milan, Italy, at a press conference which was attended by 250 people. The occasion was the release of the book-length proceedings of the Second Annual Cold Fusion Conference in Como (see *EIR*, Aug. 16, 1991 for our report on the conference).

The press conference was opened by Dr. Fontanesi, a physicist and director of the museum, who made a strong statement on the importance of research such as that into cold fusion: "Science is not made of absolute truths. We are constantly modifying, we are constantly learning. We are proud to host this press conference because we believe that the scientific dialogue in search of the truth must continue. No one today can simply ignore the work done in the area of cold fusion, and I am one who has spent most of my professional years working on hot fusion."

Como conference organizer Dr. Emilio Del Giudice of the University of Milan emphasized why the title given to the proceedings was "The Science of Cold Fusion"—

because cold fusion is no longer a phenomenon or curiosity; it is a new area of science, which must be seriously investigated.

"There is a story," Del Giudice continued in a humorous vein, "of the fellow who discovered boiling water, and explained to his astonished colleague how he went about lighting a fire under a pot of water, and how this soon began to produce bubbles and vapor. His colleague tried to 'repeat' the experiment by taking a large pot of water and lighting a match under it. He concluded that the experiment was not repeatable, and that the first scientist was a fraud. To put the matter simply, certain conditions must be satisfied in order to achieve a positive result."

He summarized the basis for believing that the Fleischmann-Pons experiment is a true example of a fusion reaction. "We hypothesize that there are various nuclear reactions being observed, because some people see tritium, others neutrons, and others observe heat. When a significant amount of heat is observed we also see helium-4 and gamma rays; and these are always in a quantity proportional to the heat. This is a key reaction. You can say that it is the smoking gun in the hand of the assassin."

Martin Fleischmann and Stanley Pons both spoke. Fleischmann described how he and Pons were led to their historic discovery. Describing himself as a "scientific archeologist," he explained that he had knowledge of re-

Only in his C-series of experiments was Takahashi actually able to observe tritium along with the neutrons that he produced. He did so by taking weekly samples of the electrolyte. These results were reported in the summer of 1991 at the Como cold fusion conference, where Takahashi elaborated his theory to incorporate Giuliano Preparata's superradiance theory to explain how the Coulomb barrier is overcome (see box).

At Como, he also suggested that a number of subsidiary fusion reactions might also be occurring, such as accelerated tritium fusion with deuterium to produce a very fast neutron and helium-4. It was only in this series of experiments that Takahashi and his associates were able to detect tritium. In this C-series of experiments, he also used a cubic geometry for his electrode, which was actually a cubic centimeter in diameter.

In this experiment, which also utilized alternating six-hour sweeps in high- and low-current mode, Takahashi's team found that neutron emissions increased over time, with the largest excess neutrons occurring over a 1,050-second period—approximately three sweeps. In general, higher neutron emissions occurred for the high-current intervals than the low-current intervals, and for both modes over time. These ap-

search done in the early part of this century, which indicated the possibility of such a reaction.

Contrasting "cold" to "hot" fusion, he said: "We were before a high-concentration plasma, in an ordered state. This plasma has a low temperature but a high energy, as opposed to the disordered state which we find in hot fusion. Well, you have a choice when you observe something like this. You can say it is inconvenient and ignore it, or you can investigate it. We were skeptical, so we were not surprised by the skepticism of others. The leading opinion of many at the time was that, as the experiments improved, the phenomenon would just disappear. Instead, evidence has increased in favor of cold fusion."

Stanley Pons continued with the same theme, remarking that the skepticism came from the fact that the observations contradicted "modern theory," and therefore scientists believed the experiments to be wrong. "This," he said, "is the antithesis of modern science, which is based upon the observation of phenomena. When we observed one watt per cubic centimeter, we had an interesting scientific curiosity, but today, with one kilowatt per cubic centimeter of energy produced, which has been observed in various labs, we have something with technological implications. Now we have to see if we can contain and sustain this. This will be a hard road, but we cannot say that it will not happen."—*Carol White*

peared to be correlated with the production of tritium, which also increased over time. It was in another experiment in this C-series, during early autumn in 1991, Takahashi first used a plate configuration. A similar neutron spectrum was emitted from the plate, along with tritium in the C-series; however, they did not get excess heat from this plate.

Japanese scientists are now exploring the hypothesis that it is possible to load a palladium lattice at the tetrahedral as well as at the octahedral sites. Tetrahedral sites are deep-potential well sites, and can only be loaded with difficulty over time. It is now believed that the alternation of low and high current causes the octahedral sites in the lattice to unload and reload—but on each reloading, a certain percentage of tetrahedral sites are already filled. These tetrahedral sites, unlike their octahedral counterparts, will tend to remain filled, even as the current is shifted. Since there are double the number of tetrahedral to octahedral sites, filling both could give a 3:1 loading ratio of the deuterium to the palladium.

Whatever the specific details of Takahashi's theory prove to be, it is likely that the conditions which he identifies with the alternation of two-, three-, and four-body fusions (and possibly even higher) are identified with phase-shifts of the loading with the palladium lattice of the cathode.

According to Takahashi's theory, the high heats that he is now seeing come from four-body fusion in which deuterons from three surrounding octahedral sites are excited and "fall into" the tetrahedral site (central to the tetrahedron formed by four octahedral sites) in which a deuteron may also be located. In experiment D there are indications that, as excess power density neared 100 watts/cm³, there was a falloff of neutron emissions which was negatively correlated to the increase in power generation.

Already in the C-series, Takahashi believes that two-, three-, and four-body fusions were occurring, with the latter two beginning to play major roles. In experiment D, he explains the high heats as the prominence of four-body fusion.

In the two-month period from January through February, according to his original preliminary estimates, the total input energy was approximately 250 megajoules; the total output energy was 730 MJ. This gave an excess energy total of 480 MJ. Power input on average was 50 watts, and excess power was about 96 watts, which would scale to approximately 200 watts/cm³. After 40 days, Dr. Takahashi and his collaborators tried to terminate the experiment. They stopped electrolysis while it was in the low mode for about 10 minutes, but as we noted above, to their horror, they found that the cell temperature began to slowly increase. Fearing an accident such as occurred at SRI, they resumed electrolysis. They have been steadily decreasing the current since then, and now believe that the experiment is sufficiently under control so that they can bring it safely to an end, and move on to new tests of their theory.

Will Anglo-Americans or Israel strike Iraq first?

by Joseph Brewda and Mark Burdman

Bloody regional and civil wars, and U.S. strikes targeting the broad region including the Mideast, North Africa, West Asia, the Indian subcontinent, and Central Asia, are on the Anglo-American drawing boards.

In a March 8 interview, imprisoned Democratic presidential candidate Lyndon LaRouche noted that the Anglo-American elite fears that the nations of eastern Europe and the Community of Independent States (CIS) might "align themselves in common cause with the nations of South America, Africa, and Southern Asia for a global development direction, a new global economic order based on the right of all nations to economic development and technological progress." For this reason, the Anglo-Americans are determined to inflict "virtual economic scorched-earth conditions" on eastern Europe (see page 8).

For similar reasons, the Anglo-Americans are intent on destroying those Asian and African regions contiguous to Europe that might be the first to benefit from such an alliance involving the now reunified Germany, eastern Europe, and the Third World, he observed.

Drumbeat against Iraq

Following the appearance of Iraqi Deputy Prime Minister Tariq Aziz at the U.N. Security Council on March 11, British and American officials delivered explicit warnings that new strikes against Iraq are in the offing, perhaps within days.

The pretext for the strikes would be Iraq's alleged failure to comply with U.N. Resolution 687, which requires Iraq to destroy its "weapons of mass destruction." Iraq has asked that some of its military industry be instead converted to vitally needed civilian production. British Prime Minister John Major had threatened on March 8 that he would support bombardment of Iraq if Iraq continues to make this request.

"If that proves to be necessary, the answer is yes, I would support it," Major told BBC. British officials said on March 6 that Major agreed in a telephone conversation with President George Bush that day, that they would use whatever means necessary to force Iraqi leader Saddam Hussein to comply with the U.N. resolution.

Bush and Major are both facing electoral challenges this year, at a time when the collapse of the American and British economies is thoroughly undermining their credibility with the electorates. Since the British election, now officially announced for April 9, is the earlier one, British pressure for such a move may be much stronger than that coming out of Washington. Informed estimates are that Bush would prefer a "summer surprise," in late June or in July, whether it be an attack on Iraq or a strike against Cuba or North Korea, since that would be closer in time to the November elections, and the "psychological effect" would not have worn off by November.

An air strike against Iraq might also be timed with a CIA/British intelligence-fostered Kurdish uprising in northern Iraq, and a related Shiite uprising in the south. In January, CIA director Robert Gates toured the region to prepare for this. In early March, the Iraqi newspaper *Babel*, owned by Saddam Hussein's son, warned of a "foreign conspiracy" targeting both regions. "It is a time bomb ready to explode whenever the foreigners decide," the paper said. The recent release of a U.N. report which asserts that Iraq's alleged abuse of Kurds and Shiites represents the worst human rights violations since those committed by Nazi Germany, is intended to provide propagandistic cover for this plan.

Another strike might target Libya under the claim, for which no evidence has been provided, that the Libyan government was responsible for blowing up Pan American Flight 103 over Lockerbie, Scotland in December 1988.

The Israeli 'breakaway ally'

According to one highly informed British strategist who just held consultations in Washington with senior American Mideast experts, there are two schools of thought about how to strike at Iraq, one favoring an American-led action and the other an Israeli operation. "I understand there is a project under which President Bush would undertake to remove Saddam, by whatever means are available, between now and the American election in November, and this would be carried out under U.N. auspices," he said. "However, the assessment of informed Americans is that it might all be done a different way. Israel might try to offer to carry out an anti-Saddam strike on their own. The U.S., as it were, would denounce it, in the U.N. and so on, but the denunciation would be for the public view, while privately, American officials would be jolly pleased."

Recent high-profile spats between U.S. Secretary of State James Baker and the Israeli government ostensibly over bitter differences concerning U.S. housing loan guarantees, and related assertions that Baker has made anti-Semitic remarks in cabinet meetings, are largely designed to provide the United States with justification for claiming that the defiant Israel is out of control.

On March 8, Israeli Health Minister Ehud Olmert told an Israeli press conference that his country might strike North Korean ships carrying missiles to Iran on its own, regardless of what the United States does.

On March 5, Israeli Chief of Staff Ehud Barak threatened independent Israeli raids against Iraq, because, he claimed, Iraq still has hundreds of Scud missiles and thousands of chemical warheads, and that, despite all the pressure from the United Nations, Baghdad is capable of rapidly relaunching its nuclear program. "There will be no peace whatsoever between Israel and its neighbors as long as Saddam Hussein remains in power," Barak told the Israeli Army magazine *Bamahane*.

The Israelis may also be planning to invade Lebanon. On March 5, the head of the Lebanese delegation to the Washington Mideast "peace talks," Suhayl Shammas, told the press that the leader of the Israeli team negotiating with Lebanon, Uri Lubroni, threatened a new invasion, if the Lebanese did not eliminate the Hezbollah. In February, Israel assassinated the head of that Iranian-backed organization, Sheikh Abbas Musawi, and then launched a 24-hour invasion of Lebanon shooting up U.N. peacekeeping forces in the process. Although one U.N. soldier died, the United States has refused to condemn the invasion.

On March 6, the security chief of Israel's embassy in Ankara, Turkey, was assassinated by a car bomb, a half-mile from the presidential palace and across the street from the army barracks. Israeli media claim, without evidence, that the Hezbollah was responsible, leading to further calls for reprisal.

The Anglo-Americans are fostering other civil and regional wars, in part intended to provide a pretext for future

"peacekeeping" interventions, either under U.N. or NATO auspices.

The most important and dangerous war developing in the region is that between the former Soviet republics of Armenia and Azerbaidzhan. The apple of discord between the two states is the Armenian enclave of Nagorno-Karabakh within Azeri territory, which both states claim, although so far fighting has been restricted to Armenians in the enclave and the Azeris. The borders were drawn by Josef Stalin in 1923 to provide a ready means to inflame each state against the other, rather than against Moscow. The March installation of former Soviet Foreign Minister Eduard Shevardnadze as chief of the ruling State Council in neighboring Georgia, gives those elements in the Russian establishment tied to the West the means to arrange for the joint destabilization of the region.

Over the near term, neighboring Turkey might be drawn into the war on the side of the Turkic Azeris. Just how dangerous the situation might soon become is shown by remarks by Turkish President Turgut Özal on March 6 that the government of Prime Minister Suleyman Demirel, should aid the Azeris by "scaring the Armenians."

For the first time, neighboring Iran is depicting the conflict in religious terms. On March 2, *Jomhuri Eslami*, one of Iran's leading newspapers, denounced the Iranian government for remaining "indifferent" to "massacres" of Azeris allegedly conducted by the Armenians. Iran had responsibilities "dictated by Islamic solidarity when Muslims are massacred," it said. It has long been an Anglo-American objective to trigger a mutually ruinous religious war between continental Europe and the Mideast.

The fact that the now ruling Azeri Popular Front of Azerbaidzhan defines Azerbaidzhan as Turkish, and also lays claims to Iranian Azerbaidzhan, also shows the potential of the conflict spreading to involve Turkey and Iran.

Another way of spreading wars in the region is through the Anglo-Americans' "Kurdish card." The Kurds live in a large contiguous area in Iraq, Turkey, and Iran. The various Kurdish liberation organizations are controlled by the Anglo-Americans and Israel.

On March 7, Gen. Teoman Koman, the head of Turkish intelligence, reported, "We have information that the PKK [Kurdish Workers Party] will launch an uprising around the middle of March." "They will not succeed," he said, but it will take time to suppress it. The Kurds claim about two-fifths of Turkish soil.

On March 3, Turkish Prime Minister Demirel told Parliament that he had warned the Syrian ambassador to Turkey about continuing to support PKK rebel training camps in Lebanon's Syrian-controlled Bekaa Valley. "I told him this was not a friendly situation," he said. It may be that the Anglo-Americans seek to provoke a Turkish war with Syria to finish off the only Arab state that represents any military threat to Israel.

Pots and pans could bring down the IMF

by Valerie Rush

“The Pots Shook the Country,” blared the headline of one Venezuelan daily, in the aftermath of the March 10 “pots and pans” protest demonstration which demanded the resignation of Venezuelan President Carlos Andrés Pérez and an end to his International Monetary Fund (IMF) austerity policies. Said another headline, “All of Venezuela Shouts: Get Out, Carlos Andrés!”

Across the country, from the rich “country club” neighborhood to the poorest slums, Venezuela’s population heeded the call of the imprisoned military leaders of last month’s suppressed coup attempt to come out at 10 p.m. and bang pots and pans, blow whistles, turn lights on and off, and sing the Venezuelan national anthem. On-the-ground observers in Caracas say the noise was “deafening,” that entire buildings had set up loudspeakers to blare their protest, and that the city was in a total uproar. Every state in the country reported the same, with the population exhilarated by the extent of the protest.

This “spontaneous plebiscite against Pérez,” as the historic protest demonstration has been dubbed by Reuters news service, marks the first stage in what analysts now admit is a revolutionary upsurge with the potential to light similar fires across the continent. In countries from Colombia to Brazil, Peru to Honduras, protests against the IMF’s destruction of the continent are now surfacing from both civilian and military layers.

‘Democratic’ thuggery

In response to this outpouring of opposition to his government, President Pérez deployed street thugs to stage provocations and threaten violence. Several scores of people were wounded and arrested, and at least eight people—including two children—were killed by individuals said to be police provocateurs. Early morning rallies of flag-bearing citizens were dispersed with water cannons and tear gas. Latest reports are that the Pérez government has ordered police raids against trade unions, town hall assemblies, and other popular rallying points.

If Pérez is nervous, his sponsors in Washington—who managed to keep all word of the Venezuelan demonstrations out of the U.S. press—are even more so. U.S. Ambassador to the Organization of American States Luigi Einaudi was sent to Caracas March 13, to meet with government officials

and assure them of the Bush administration’s continued support. According to *El Diario de Caracas*, “there exists profound concern in Washington over the ‘extremely delicate situation Venezuela is facing.’ ” Bush, according to international analysts cited by *El Diario de Caracas*, will do whatever he can “to keep Venezuela within the democratic orbit.”

At the same time, the Bush government is sending its Assistant Treasury Secretary David Mulford, otherwise known as “Mr. IMF” in Washington, to Brazil, on what has been strikingly dubbed “a political visit.” The government of Fernando Collor de Mello in Brazil, which has committed itself to imposing IMF austerity measures comparable to those which have triggered the Venezuelan protests, is also on increasingly shaky ground. Brazilian Foreign Minister Francisco Rezek was forced to publicly warn that the resignation of Venezuelan President Pérez would be tantamount to a coup, something which Brazil opposes “in every country in Latin America.”

‘One, two, many Venezuelas?’

But the ferment continues to spread. In Bolivia, 10,000 students and workers marched in La Paz in early March to protest that government’s IMF-dictated economic measures, and EFE news service is reporting that a “group of discontented military officers” with the sympathies of the Bolivian Labor Confederation could undertake “an action similar to the one attempted recently in Venezuela.”

In Peru, the Fujimori government was just forced to roll back a number of drastic austerity measures personally demanded by IMF director Michel Camdessus, after a universal outcry against them prompted a split in Fujimori’s cabinet and forced the Peruvian Congress to consider declaring the measures unconstitutional. In Honduras, former President José Ascona urged that country’s current head of state Rafael Callejas to “follow the example of his Venezuelan colleague” Pérez, in “modifying” his monetarist economic policies.

The César Gaviria government in Colombia, which just nervously granted an unprecedented 45% wage hike to the Armed Forces’ middle-level officer corps, has imposed a total news blackout on the Venezuelan “pots and pans” demonstration. President Gaviria is reportedly on the verge of introducing a new IMF “shock package” similar to the Peruvian one, and is clearly worried about the implications. He has every reason to be nervous, following the disastrous mid-term elections March 8, which were boycotted by an unprecedented 80% of the Colombian electorate as their own silent “day of protest.”

Just two days before the Colombian election, newspaper editor Fidel Cano wrote in the daily *El Espectador* that the Gaviria government was “incapable of confronting the disaster it has caused,” and said “a new government is required. Widespread rejection of the government’s policies, declared Cano bluntly, requires “the appointment of a new President by means of Congress or a plebiscite.”

U.S. targets Peru's Armed Forces in bid to install a 'narco-democracy'

by Manuel Hidalgo

Peru underwent yet another bloodbath, when the narco-terrorist Shining Path called an "armed strike" for Feb. 14. In the name of "propaganda" for the event, Shining Path carried out a series of attacks throughout the previous week which led to at least 10 deaths, including the explosion of a car-bomb against the U.S. ambassador's residence in Lima, which killed two. On the day of the "strike," Shining Path blew up a military bus carrying 16 soldiers; 6 were killed.

One day after the strike, the country learned that a "selective annihilation" team of Shining Path terrorists had assassinated María Elena Moyano, the popular mayor of Villa El Salvador and coordinator of emergency food programs for Lima's poor. Months earlier, Moyano had organized protests when Shining Path had dynamited one of these "people's kitchens" and had begun to assassinate community leaders who defied them.

Shining Path's "people's war," which has produced 24,000 dead, 4,000 missing, and \$20 billion in losses since its beginning a decade ago, can only be compared to the deliberate extermination policies of the Pol Pot regime in Cambodia. Shining Path controls nearly one-third of the national territory of Peru, according to reliable sources, and is close to capturing the impoverished slums ("belts of misery") which surround Lima. These sources say that Shining Path has 50,000 members and 250,000 sympathizers, and that the government, in open acknowledgment of its incapacity to stop this subversive advance into Lima, has urged slum dwellers to form self-defense squads.

In the face of this civil war in Peru, the policy of the Bush administration is *surrender* to narco-terrorism, disguised as a "democratic dialogue" with the forces represented by Shining Path and its terrorist sister organization, the Tupac Amaru Revolutionary Movement (MRTA). Washington seeks to impose upon Peru the same model it so recently used in El Salvador, where "dialogue" with the Farabundo Martí National Liberation Front (FMLN) led to a surrender of half that country to the narco-terrorists—with more to come.

If in El Salvador the farce was "negotiated" through the ready offices of the United Nations and its former secretary general, Javier Pérez de Cuellar, in Peru's case that role may

be performed by the same Pérez de Cuellar (now returned to Peru), or perhaps by the leftist machinery of the São Paulo Forum, led by Sandinista Daniel Ortega and by the Brazilian Luiz Ignacio da Silva ("Lula").

It is, perhaps, no coincidence that Peru has been chosen for this next laboratory "peace" experiment. The man who served as the U.N. mediator for El Salvador was Alvaro de Soto, brother of George Bush's favorite "free trade economist" Hernando de Soto. Hernando was until recently a top adviser to the Peruvian government of Alberto Fujimori, and heads the "informal economy" think tank known as the Institute for Liberty and Democracy (ILD), which has offices throughout Ibero-America, the largest being in Peru and El Salvador. The pro-drug and free trade prescriptions of De Soto's ILD dovetail precisely with the efforts of the Anglo-American financial establishment to install a "narco-democracy" in Peru, for which neighboring Colombia offers the first such model.

Campaign to discredit the military

In both El Salvador and Peru, the precondition for the success of the "peace negotiations" is the destruction of these countries' defense forces. As the Bush administration has made abundantly clear, it prefers Shining Path to the Peruvian Armed Forces.

The first step in the campaign to discredit and then dismember Peru's military were accusations of violations of human rights by the one-worldist international human rights lobby. In mid-1991, a group of U.S. congressmen headed by Sen. Edward Kennedy (D-Mass.) asked the U.S. government to suspend anti-drug military aid to Peru, on the grounds of alleged human rights violations by the Peruvian military. That campaign was to increase in the following months, with a series of reports issued by Americas Watch, the Washington Office on Latin America (WOLA), and Amnesty International.

To this campaign can be added that of the Human Rights Commission (HRC) of the Organization of American States. In September 1991, an HRC delegation visited Peru to denounce the Armed Forces. To gather material for their accu-

sations, they visited the prison cells of drug kingpin Reynaldo Rodríguez (a.k.a. "The Godfather"), Shining Path's number-two leader Osmán Morote, and Alberto Gálvez Olaechea, the leader of the narco-terrorist MRTA. Gálvez asked the HRC to consider the Tupac Amaru officially as a "belligerent force" which "respects the Geneva Convention" on warfare.

On Nov. 18, Amnesty International published an advertisement in the *New York Times*, accusing the Peruvian military of being the worst violators of human rights in the world. Since then, Amnesty has been conducting an international campaign to discredit the Peruvian Armed Forces. At the same time, the Peruvian government is going to be "tried" before the Inter-American Court of Human Rights in Costa Rica, on charges of permitting extra-legal executions of prisoners. The "trial" is expected to indict a leading Peruvian military officer.

The U.S. establishment also seeks to blame the Peruvian military for the failure of its hypocritical "Andean war on drugs." On Nov. 11, U.S. Rep. Robert Torricelli (D-N.J.) told the *New York Times* that the Peruvian military and police forces are "thoroughly corrupt," since instead of fighting the drug smugglers in the Upper Huallaga Valley, they were allegedly permitting the take-off of drug-laden airplanes from official airports. The same argument was used by Hernando de Soto as the pretext for his recent resignation from his drug advisory post.

The U.S. State Department has not hesitated to use the matter of military aid—and especially equipment and spare parts—as blackmail to force the government to pursue a "demilitarization" strategy. The initial suspension of U.S. military aid to Peru served to increase pressures by the State Department to get the Peruvian government to tie the hands of the military in the war on subversion. Defense Minister José Malca had to accept, among other conditions, the annulment of military judicial jurisdiction over human rights cases and the entrance of government prosecutors into the barracks and military detention centers. The military is also at a tremendous disadvantage on the legal front, in the face of the vast and powerful legal apparatus of the narco-terrorists, who manage to free subversives as fast as they are captured.

The suspension of U.S. aid has left the Armed Forces defenseless against subversion. When the Armed Forces last year asked Economics Minister Carlos Bologna for an emergency outlay of \$200 million, the London *Economist* reported last Oct. 12 that Peru could not afford the luxury of spending that kind of money and throwing overboard the austerity program imposed by the International Monetary Fund (IMF). Needless to say, Bologna denied the money, and then Defense Minister Jorge Torres Aciego was forced to resign.

The Fujimori government has refused to defend any sort of anti-subversive strategy, and has instead let spokesmen of the human rights lobby undermine the legal basis of a serious anti-subversion fight, with the argument that it needs

to be "demilitarized" and placed under civilian control. At the end of February, leftists and social democrats convinced the liberals in the Peruvian Congress to approve various modifications of the National Defense Law. The fight against narco-terrorism is now under the control of a Unified Pacification Command, largely civilian in its composition, and not under the Armed Forces command as before. The military has also lost its power to operate in emergency zones, again thanks to the human rights lobbyists, while President Fujimori has won the authority to choose military commanders, eliminating any and all institutional autonomy.

The scenario of a 'dialogue'

At the same time, the campaign to legalize the narco-terrorist MRTA escalates. The argument offered is that, because of the bloodthirsty nature of the Shining Path, it is the Tupac Amaru which offers the best likelihood of following the path of the now-legalized Salvadoran FMLN or the Colombian M-19. From the leftist followers of Liberation Theology, to liberal publications such as *La República*, *Expreso*, and *Caretas*, there appears to be a competition as to who can best flatter the MRTA with offers of "dialogue."

The MRTA is playing its part to a tee. In September 1991, the MRTA bankrolled the so-called Free Fatherland Movement as its legal front, with a program for a "great national dialogue." The only problem is that this movement doesn't seem to be able to shake its terrorist habits, and has sought to impose its "dialogue" program by assassinating Andrés Sosa, an orthodox Marxist leader, and threatening other dissidents. According to the Lima daily *La República* of Jan. 27, the fight is "among those who seek to remain a small militarist and anarchic group, and those who pose the end of armed struggle and conversion to legal political action. A National Congress of the MRTA will soon define its path."

When former U.N. Secretary General Pérez de Cuellar returned to Peru in early January, the liberal press hailed him as "the great Pacifier," and he has already opened his doors to initiating a Salvador-style dialogue in Peru. On Feb. 10, his aide Alvaro de Soto was interviewed by *La República*. According to De Soto, still a U.N. official, the problem with Peru is that "its government is not prepared to have a dialogue while the armed groups are refusing to lay down their weapons." But he is hopeful that this will change in the future.

There are other contenders for the "great Pacifier" role. On March 1, former Nicaraguan President Daniel Ortega told the Lima press, "I am prepared to become an interlocutor between the Peruvian guerrillas and the democratic forces of the country. . . . As I participated in the El Salvador and Guatemala negotiations, so, too, would I be ready to make peace a reality here." Ortega simultaneously acknowledged that application of IMF and World Bank austerity prescriptions would need to be applied, as he applied them in Nicaragua, since "that is the only solution to the lack of financial oxygen."

Argentina agrees to halt high technology

by Cynthia Rush

Argentine Foreign Minister Guido Di Tella, who has never hidden his loyalties to the British Foreign Office, is waging an unprecedented campaign to dismantle once and for all the scientific and technological achievements of the past 50 years, particularly the country's nuclear program. The foreign minister's efforts are directly linked to the Anglo-American political establishment's policy of eliminating the institution of the Armed Forces, which has historically played a crucial role in the development of Argentina's scientific infrastructure.

Beginning with the government of social democrat Raúl Alfonsín (1983-89), Argentina's nuclear program came under intense attack, largely through the vehicle of budget cuts dictated by the country's foreign creditors. As a result, the program is now practically moribund. But the Oxford-trained Di Tella, whose family has always represented British financial interests in Argentina, isn't satisfied with this. He complained on March 7 that Argentina had invested "millions of dollars in the nuclear program and had achieved only certain technological results." A day earlier, he remarked that "it makes no sense to continue with the current path of nuclear research and development."

Di Tella and President Carlos Menem are using the Bush administration's campaign against "weapons of mass destruction" as a pretext to smash whatever scientific capabilities Argentina still possesses. The dismantling of the Air Force's Condor II missile project, and its transfer to a civilian agency under the control of the presidency, is one result of this policy, although according to the March 9 London *Financial Times*, the U.S. State Department is complaining that the Argentine Air Force is still withholding information on the project, "raising concerns about the extent of transfers made to a sister-project in Baghdad that was part of Iraq's nuclear-capable missile development program." The article brags that the United States nevertheless had good information on Argentine-Iraqi links in the project, because it "had a deep-cover agent working in the Condor procurement network in Switzerland and Austria."

In early February, the Argentine government allowed officials from the U.S. National Aeronautic and Space Administration and the U.S. State Department to inspect the Condor project site in Falda del Carmen in Córdoba. Ac-

ording to the recently published Argentine book *Operation Condor II*, the missile's destruction was one of the conditions demanded by Great Britain for reestablishing diplomatic relations with Argentina following the Malvinas War—which explains Di Tella's prominent role in the matter.

U.S. applies 'dual-use' weapon

In February of this year, at the request of the Bush administration, the Argentine government halted a shipment of machine tools and piping from the INVAP company to Iran. INVAP is one of the only remaining companies to still produce nuclear technology. Only hours before the material was to be shipped to Teheran, the Foreign Ministry classified it as "dual use" technology, and ordered the shipment halted. The daily *Clarín* reported March 2 that U.S. Ambassador Terence Todman had sent a letter expressing Washington's concern that by going through with the sale, Argentina might be contributing to the building of the "Iranian bomb."

By failing to fulfill the contract with Iran, INVAP stands to lose at least \$17 million, and could lose hundreds of millions more if other countries with whom it has similar contracts—Algeria, Egypt, and Turkey—perceive it as an unreliable trading partner. The Iranian government, whose trade with Argentina is worth \$500 million annually, has said it will now review its entire trade relationship with the country.

That suits Di Tella just fine. On March 7, he said that countries like Iran, Algeria, Iraq, and Cuba are "unreliable," adding that Argentina would only export advanced technology to those countries which sign and respect nuclear safeguard agreements. He also promised that Argentina would shortly sign the Tlatelolco non-proliferation treaty, by which the Ibero-American continent would be declared a "denuclearized zone." Carlos Menem likewise said recently that his government would submit to the related Anglo-American demand to sign the Missile Control Technology Regime (MCTR).

For this policy to succeed, Di Tella insists that the "mission" of the Armed Forces be redefined to cohere with George Bush's "new world order." He recently told the country's military leadership that the Armed Forces have become "the fundamental tool of the nation's foreign policy." To prove this, the government has announced it intends to send large numbers of military men out of the country each year—as many as 2,800—to participate in United Nations-sponsored peacekeeping forces.

Not everyone agrees. After hearing Di Tella speak on the topic, Defense Minister Erman González responded that Armed Forces participation in international peacekeeping missions is "subsidiary to their essential mission, which is the preservation of national sovereignty." Army sources told the daily *La Nación* that "military doctrine views as its first priority the defense of Argentine territory, and as secondary actions, missions such as have just been assigned them by the Executive branch."

Book Review

Argentine nationalism panics Anglo-Americans

by Cynthia Rush

The Invention of Argentina

by Nicolas Shumway

University of California Press, Berkeley, 1991
325 pages, hardbound, \$34.95

A common thread running through many of the books written by U.S. academics about Argentina over the past two decades is a visceral hatred of the nationalist tradition which has caused so many problems for the foreign, particularly British, interests which attempted to dominate the country even prior to its independence from Spain.

Nicolas Shumway, a Spanish professor at Yale University is no exception to this in his book *The Invention of Argentina*. It purports to be a discussion of why Argentina has “failed as a nation,” a topic which the U.S. academic and Washington-based think-tank community never tires of analyzing, with almost always the same conclusions. In this work, Shumway asserts that the country’s problems stem from Argentina’s 19th-century intellectuals who, instead of pursuing a unifying national ideal based on “consensus and compromise,” devised what the author calls “guiding fictions” or opposing concepts of nationhood which could never be reconciled with each other. It is this “divisive mind-set” and “mythology of exclusion,” he says, which has prevented Argentina from becoming a successful nation today.

The “divisiveness” to which the Yale professor refers is the 19th-century battle between Argentine “liberals”—the overtly pro-British, pro-free trade backers of Adam Smith—and the proponents of a nationalist, protectionist school which identified the British in particular as the enemy and viewed Argentina as a potentially great nation capable of exerting both continental and international leadership. While Shumway tells the reader that he intends to objectively examine the “guiding fictions” representative of each of these groupings, and does provide significant historical detail on

both, he makes clear by the manner in which he presents his material that he much prefers the free traders.

He unhappily notes that Argentine nationalism “has a strong isolationist and protectionist current,” and that the arguments used by such late 19th-century protectionists as Vicente Fidel López and Carlos Pellegrini, who were influenced by the German-American economist Friedrich List, “still inform Argentine nationalism and are powerful currents in Peronism.” He also misses no opportunity to attack the Catholic Church and Argentina’s “reactionary” Spanish heritage, thus joining the chorus of “Black Legend” advocates which has become increasingly vociferous in this year of the 500th anniversary of the discovery and evangelization of America.

With the same racism and condescension displayed so often by many of his colleagues, Shumway portrays Ibero-American nationalist aspirations as nothing more than an oddball collection of conspiracy theories and delusions of grandeur, with “no stated doctrine, no creed, no program or platform.”

Timed with assault on military

The timing of the book’s publication in late 1991 is not unimportant. Since taking office in July 1989, Argentine President Carlos Menem has waged a campaign to eradicate all vestiges of nationalism in his country, particularly within the Armed Forces, while applying the draconian free market and deregulation policies demanded by the International Monetary Fund (IMF). That campaign intensified after Dec. 3, 1990, when nationalist military officers, led by Malvinas War hero Col. Mohamed Alí Seineldín, staged a rebellion against the Army chief of staff to demand an immediate change in the U.S.-dictated policy of destroying the institution of the Armed Forces.

Shumway’s assertion that Argentine nationalism has “no stated doctrine, no creed” is wishful thinking. Whether civilian or military, this phenomenon has always struck terror in the heart of the Anglo-American political establishment. Testimony to this fact during the 20th century are the extraordinary efforts made to discredit and overthrow the 1945-55 government of Gen. Juan Domingo Perón, whom Shumway describes with the typical epithet of “messianic demagogue.” In the last century, freemasonic factions allied with the grouping around Giuseppe Mazzini and advocates of British liberalism spent close to 30 years, beginning in 1827, trying to oust the pro-protectionist Juan Manuel de Rosas. They finally succeeded in imposing the 1853 Constitution committed to the British system of free trade.

Even the title of Shumway’s book, *The Invention of Argentina*, and his phrase “guiding fictions” are revealing. For him, the compelling issues which have motivated Argentine patriots for 200 years—opposition to free trade and British and foreign looting, identification with the other nations of Ibero-America, and the idea that the nation could aspire to

economic and political greatness—are simply not real. “The dark side of this nationalist vision of greatness is its obsession with conspiracy theories,” Shumway explains. “Nationalism readily admits Argentina’s ongoing failure to realize its destiny, but only by blaming ‘anti-national’ Argentines and their foreign masters who repeatedly thwart Argentina in realizing her spiritual destiny.”

Nationhood is a ‘fiction’

Shumway thus reduces the real battles fought out in the 19th century to factional squabbling over competing “myths of nationhood” and “guiding fictions”—as if issues such as sovereignty or economic development were merely mythical. His insistence on this point is not unrelated to the fact that the same issues are being fought out today, throughout Ibero-America, as evidenced by the early-February events in Venezuela. His use of the term “guiding fictions” in fact is little more than a gimmick to attack nationalism while presenting the free trade faction as really not such bad fellows after all.

For example, he references a secret policy document written by Mariano Moreno, the British agent who served as secretary of the ruling body known as the Primera Junta which was set up in 1810 following the declaration of independence from Spain. The document was a mish-mash of proposals, including the call for a secret police to persecute political enemies, a strong state presence in the economy, and a foreign policy which invited Britain to take over lands previously owned by Spain. But Shumway insists that Moreno’s crazy plan “transmitted to Argentine discourse a concept of political evil still observable in many of Argentina’s ongoing guiding fictions.” This is the same racist drivel peddled by analysts who claim that Argentines possess some genetic trait of authoritarianism which presumably explains the frequent periods of military takeover throughout the country’s history.

In the same vein, the professor laboriously insists that Moreno’s advocacy of repression and political terrorism has survived as a guiding fiction into the 20th century as reflected in the exaggerated use of the word *intransigent* in the country’s political lexicon. “The term *intransigente* . . . connotes principle, morality, and uncompromising defense of truth,” the author laments, “wherein compromise becomes sellout, and consensus becomes collaboration with enemies.” Behind the silly analogy to Moreno’s document is Shumway’s undisguised accusation that Argentina today is a failure because certain forces historically maintained a commitment to principles, morality, and truth rather than dealmaking and political expediency. No doubt he would hold up the abject submission to the IMF by Carlos Menem and other erstwhile Peronists as an excellent example of “compromise.”

Professor Shumway also gets to his other complaint, Argentina’s tradition of a strong state role in the economy, absurdly arguing that the existence of the “most overgov-

erned, overregulated economy in the capitalist world” can also be attributed to Moreno as well. “Government tampering with the economy has produced such a morass of regulations, industrial subsidies, job protection, labor rights, price supports, artificial exchange rates, state industries, and the like as to effectively paralyze the economy,” he charges. “The justification for such repeated intervention resonates Moreno’s desire to domesticate capitalism in the name of forced equality.”

Defending the Masonry

Where the Yale professor most reveals his ideological bias, however, is in his discussion of the “Generation of ’37,” the Mazzinian faction which, in the name of civilization and “democracy,” imposed free trade and British liberalism on the country following the 1852 overthrow of the protectionist “barbarian” Juan Manuel de Rosas. The group’s two most prominent representatives, Domingo Faustino Sarmiento and Juan Bautista Alberdi, were unabashed in their defense of Adam Smith and in their vitriolic attacks on Argentina’s Spanish heritage, particularly on the role of the Catholic Church.

Shumway provides ample evidence of Alberdi and Sarmiento’s racism, seen in their plans to bring in representatives of Anglo-Saxon culture from northern Europe—not the darker-skinned peoples of *southern* Europe—who, they argued, could rapidly “civilize” the country. Their advocacy of the slogan “to govern is to populate” specifically meant encouraging immigration of the “energetic” and “practical” Anglo-Saxons who might cleanse the nation of its alleged Spanish tradition of laziness, absolutism, and reaction.

Yet Shumway apologizes for this group, explaining that “only the most blindly biased could deny that in the Men of ’37 there is much to praise. With inexhaustible energy they and their ideological successors diagnosed the ‘barbarism’ of their country, prescribed solutions, and did their best to hammer Argentina into a ‘civilized’ country they dreamed of.” In a contrived fashion, Shumway points to the Generation of ’37’s tendency to lobby for “drastic cures” to the nation’s problems, one he describes as almost a “national illness” in Argentina, to warn of what really frightens the Anglo-Americans: “the predisposition throughout modern Argentine history to accept radical changes, from military repression to democracy to messianic populism. . . . It has also made the Argentine economy the most experimented with and manipulated in the world.”

Shumway is right to be nervous, since “radical change” is on the agenda for Argentina, and for the rest of Ibero-America, which is fed up with IMF usury. The professor’s last sentence in the book admits this, albeit in his oblique academic jargon: “I can’t help sensing that the competing myths of nationhood bequeathed by the men who first invented Argentina remain a factor in the country’s frustrated quest for national realization.”

The 'Italian face' of JFK: from Permindex to the Moro murder

by Sandro Mitromaco

On Feb. 24, *Unità*, the daily newspaper of the Italian PDS (Democratic Party of the Left) carried the following five-column page one headline: "Moro Like JFK: A Case Still Open," subtitled, "The state does not want the truth on the kidnaping—the Red Brigades were directed from the outside." Days later, *Il Sabato*, the conservative Catholic weekly said to be close to Joseph Cardinal Ratzinger, carried on its cover the same title: "Moro Like Kennedy," with a huge picture of the slain statesman, Aldo Moro, gazing pensively at the picture of President Kennedy. A kicker reads: "In the U.S. a movie accuses the CIA of the Dallas murder. In Italy, Senator Mazzola, deputy defense minister at the time of Moro's assassination, speaks for the first time of the mysteries of that case. And after 13 years admits that the case is not closed."

A third Italian daily, *La Stampa*, owned by the powerful Agnelli family of Fiat, published prominently the same equation: "Moro Like Kennedy"!

Aldo Moro, as *EIR* readers know, was the Christian Democratic statesman who was kidnaped by the Red Brigades on March 16, 1978 in downtown Rome and held for a hundred days until his bullet-riddled body was found in the trunk of a car, a few minutes away from the national office of the ruling Christian Democracy.

Moro, the most important Italian political leader at that time, had been the architect of a "Government of National Solidarity," inaugurated on the day of the kidnaping. This formula was aimed at stabilizing the country after 10 years of subversion, terrorism, and violence. It was a formula that Henry Kissinger and the Anglo-American elite opposed with all their might. Moro personally was threatened repeatedly by Kissinger, and had abandoned political life. The new government, inaugurated on March 16, 1978, was his first big political undertaking after a period of inactivity provoked by his fear of exposing his family to danger.

The role of Kissinger in the killing of Moro became the focus of investigations that started with a legal petition presented to the Tribunal of Rome by Italian associates of Lyndon LaRouche. Italian magistrates tried to interrogate Kissinger, in vain. After several judicial inquiries, journalistic investigations, and a series of revelations, it now appears inconceivable that the most powerful politician in Italy could have been kidnaped in Rome by a gang of student-terrorists

and held for three months despite the biggest police dragnet in Italy's modern history, and then found dead under the nose of the investigators.

A national coalition

"It is amazing that a right-wing Catholic publication like *Il Sabato* and a daily like *Unità*, the paper of the PDS, both came out with the same title: 'Moro Like Kennedy.' It is astonishing that Agnelli's paper pops up with the same line. What is happening? Are we going back to the National Coalition?" a Roman insider recently said to *EIR*.

Both *Unità* and *Il Sabato* point the finger at Kissinger. The first article was written by Gianni Cipriani, co-author, with his brother Antonio, of the book *Limited Sovereignty: History of Atlantic Subversion in Italy*. It described the report presented on Feb. 23 to the Parliamentary Investigating Committee on Massacres and Terrorism. The report was prepared by a group of lawmakers including Francesco Macis of the PDS and Luigi Granelli of the Christian Democrats, and stressed that the Moro case is "still open." In 41 pages, the congressmen underline that important evidence and records on terrorism are missing—including records on the Moro case—and that the Red Brigades, far from being an independent terrorist organization, was just a tool. A few days earlier, the chairman of the committee, Senator Gualtieri, had publicly denounced NATO's Gladio network as "illegal."

Gladio, a supersecret organization created after World War II, was supposed to be a "stay behind" paramilitary network able to unleash irregular warfare in case of Soviet invasion of western Europe. But the organization was used to create terrorist gangs, according to many accounts, both right-wing and left-wing, aimed at destabilizing countries to keep them under control. Aldo Moro, according to these accounts, was threatening to establish a government solid enough to be independent politically and, especially, financially, from the Anglo-Americans and from Moscow. In a different situation, Kennedy had represented the same "danger."

Permindex and the Dulles brothers

On Feb. 19, Antonio Cipriani had published in *Unità* an original review of director Oliver Stone's film "JFK." In a

long feature, the investigative journalist brought back to light the story of Permindex and its Italian affiliate, Centro Mondiale Commerciale (CMC). The only defendant in the New Orleans trial for conspiring to assassinate President Kennedy was Clay Shaw, a high official of both Permindex and CMC, as the film mentions. Cipriani went back to the Rome connection and dug into it.

The article sparked an electrifying response from many sides of the Italian political spectrum. According to reliable reports, several different researchers began looking for a trail that would link the old Permindex to more recent destabilization capabilities, including drugs, mafia, and terrorism.

"There was also an Italian connection in the only trial for the Kennedy murder," Antonio Cipriani wrote. "By accusing Clay Shaw of New Orleans, District Attorney Jim Garrison pointed his accusing finger against the man who, from 1958 to 1962, represented the CIA in Rome. Not only that: Shaw was a boss in two international companies, Permindex and CMC, that were managing the Rome Fair in those years. Looking into the names of the members of the board, one discovers a network of agents of the British, American, and Italian secret services, tied to the representatives of royal families. And de Gaulle stated: They financed the OAS in order to kill me."

In his information-packed article, Cipriani publishes a secret document, signed "Dulles," that "shut down any investigation [by U.S. personnel at any level] of Permindex." The Dulles brothers Allen and John Foster were respectively the director of the CIA and U.S. secretary of state. "What did Dulles write? That U.S. diplomatic offices abroad should help Permindex, because it operated in harmony with the department, in other words, people should stop investigating these economic groups."

Cipriani describes the charges by French President Charles de Gaulle, who accused Permindex of being a tool of the Anglo-American intelligence agency to kill him (this was why de Gaulle took France out of the NATO military alliance), and also the implications for the October 1962 assassination of Enrico Mattei, the president of AGIP, the Italian oil company.

Oil war against the Seven Sisters

When Mattei died—his plane was sabotaged and crashed near Milan—his independent oil company was engaged in a deadly fight with the Seven Sisters (the Anglo-Dutch-American companies) all over the Third World. Mattei was explicit about his aim: to give Italy an adequate source of cheap energy. For him this was the *sine qua non* condition, if Italy wanted to be independent and prosperous. His challenge had broken the monopoly of the Seven Sisters, to establish direct contacts with several Third World countries, and to use the growing power of his company to invest in modern technology in the oil-producing countries and to train thousands of Third World scientists and technicians.

The "oil war" is also the center of the interview given by Christian Democrat Sen. Francesco Mazzola to *Il Sabato*, published under the headline "Moro Like Kennedy."

When Mazzola, the vice chairman of the Christian Democratic caucus in the Senate, was asked whether the "differences between Moro and Kissinger concerned above all the independent policy of the Italian leaders toward the Arab countries," he stated: "Yes, for sure that was a point of difference. Also because at the end, at the center of the discussion, there was the question of oil supplies for our country. And to have an independent policy in this field would have meant to establish links with the Arab countries. . . . Kissinger surely did not look with favor on the strengthening of our policy toward the Arab countries. Besides, in the United States the pro-Israeli lobby has always had a dominating position. . . . I believe that this has been the issue that prompted the U.S. decision to obstruct Moro's political design. Even more: In my opinion, the key to many mysteries can be found in the battle for oil."

Which mysteries? "I came up with no logical explanation for the massacres that happened in Italy." Senator Mazzola ventures to state that both the United States and U.S.S.R. were determined to keep Moro's plan from implementation, and that both the KGB and CIA are responsible for the terrorism that hit Italy. "I always thought that terrorism was the result of the coincidence between these terrorist groups that conceived of making the communist revolution and those of the fourth directorate of the KGB, the section of the Soviet secret services in charge of the destabilization of the West. . . . Terrorism was born for its own reasons, that were different from country to country, but for sure its birth and its activities were encouraged and helped in this plan of destabilization that the KGB implemented in those years."

So the East was to blame for terrorism? "Certainly, but not alone. I am convinced that the United States watched and let it happen. In a second phase, the help has been overwhelming."

Mazzola, who as deputy defense minister in charge of the Navy took part in the key meetings of the "crisis committee" set up to coordinate the search for Moro, wrote detailed notes on those discussions. The senator makes a point of stating that twice, unknown thieves had broken into his office "without stealing anything. Maybe looking for papers."

One of the issues in Mazzola's papers could be the story of Steve Pieczenik, a "Kissinger man," according to *Il Sabato*, a deputy assistant secretary of state sent to Italy on April 7, 1978, just 22 days after Moro was abducted. He was chief of the State Department's anti-terrorist unit. Pieczenik, probably on the basis of secret clauses dating back to Yalta, took charge of the investigations. Days before the martyred body of Moro was found in the center of Rome, Pieczenik left Italy. Today the State Department apparently doesn't have any public record on him, and not a clue as to his whereabouts.

Italy's elections: Will the Trilateral Commission's dream come true?

by Leonardo Servadio

On April 5, there will be new elections in Italy. The electoral battle has been ongoing for months now, with old and new scandals emerging and re-emerging every day. But it is not the usual election campaign; some have compared it to the 1948 elections, which saw a frontal clash between the Popular Front of the Communist and Socialist parties on the one side, and the Christian Democracy and its allies on the other. At that time, the issue was whether Italy would stay with the "western world," or go with the Soviet Union. Now, the issue is what kind of institutional change Italy should undergo.

The most drastic changes, in the direction of a "presidential" system (Italy, since the end of World War II, has been governed by a parliamentary system), are called for by a variety of forces which include President Francesco Cossiga; the Republican Party of Giorgio La Malfa; the Socialist Party of Bettino Craxi; and the emerging "Leagues" (led by the North League of Umberto Bossi), which since the 1990 local elections in Lombardy, the country's richest and most populous region, has attained as much electoral strength as the Christian Democracy. Changes of a more limited scope are proposed by the Christian Democracy and by the former Communist Party, now called the Party of the Democratic Left (PDS).

All the changes proposed go in the direction of strengthening "executive power"; but the "presidential" option would require a total change in the political structure of the country, and aims quite openly at excluding from the government the Christian Democracy, which has been, in part, the political instrument of the Catholic Church. Therein lies the crux of the matter, rather than in the formal mechanisms of government per se.

The economic issues

In an interview published by the daily *La Repubblica* at the end of February, Prof. Ralf Dahrendorf, the renowned "political scientist" of Oxford, said: "In order to have a healthy economy, countries must have a low inflation rate, adequate interest rates, and, above all, a public debt and a budget deficit of acceptable dimensions. It is precisely in these areas that Italy, together with Belgium, has grave difficulties. And I believe that, if these difficulties remain, Italy

will be excluded from the construction of Europe; this will damage Europe, and will damage Italy."

The Italian public debt has reached unprecedented heights. The current account deficit in 1990 represented 11% of the Gross National Product, or 143,815 billion liras; the total public debt toward the end of 1991 was 1,440,963 billion liras (over \$1 trillion), well above 100% of GNP, with a tendency to double every 10 years.

The argument of those who propose the "presidential" system is that the "parliamentary" system necessarily leads to an inability to control public expenses. Since the "presidentialists" can hardly ignore the economic crisis in the "presidential" United States, it is clear that their aim is not really to "save" the economy at all, but to impose a political change. Italy needs a "thin but effective government," said Dahrendorf in his interview, calling for a change to be effected at the political level: "The Italian Republican Party represents one such source of ferment for change, and I wish them success." His interview was published on the day of the Republican Party congress.

The heavily Anglophile Republican Party stayed out of the current government, led by Giulio Andreotti; it was quite strange that the Republicans decided to do so in 1990, when this government was created, since they have been the most consistent ally of the Christian Democrats in the government ever since the early postwar period. The Republican Party represents some 3% of the electorate, and it has definitely no possibility of becoming an "alternative" to the Christian Democracy (DC). Why pick a fight with the party with which they have been coalition partners for so many years? Yet during the past year, La Malfa, the leader of the Republican Party, has continuously attacked the DC.

The Trilateral strategy

In the summer of 1983, the Trilateral Commission met in Rome, and analyzed the political situation in Italy. The commission established that the Italian political system was too "blocked," since it was centered on the Christian Democracy. This should be changed, they said, with the introduction of a system of "alternation." But Italy does not have two big political entities, like the United States does; there are

three, the Trilaterals concluded: a Catholic pole, which should continue to be represented by a smaller DC; a Socialist pole, which should be constituted by an alliance between the Socialist Party (PSI) and the Communist Party (then the PCI, now the PDS), with the last in a subordinate position; and a "lay" pole, including all the other non-Catholic forces, led by the Republican Party. The Republican Party in Italy is considered the party of "money"—of the banks.

With the collapse of the communist system in 1989-90, evidently the conditions required by the Trilateral Commission started to be realized. The Communist Party started to lose votes, and everybody now expects that with the new elections, it will be overtaken by the Socialist Party. Already, important local governments have been formed in Milan and Brescia (two leading industrial cities in the north of Italy), thanks to some important representatives of the PDS, who decided to join the PSI, thus giving that party enough strength to create governments in coalition with the DC. The PDS is still the second-largest party in Italy.

The DC also started to lose votes, at least in northern Italy, to the advantage of the Lombardy League, also called the North League. As a matter of fact, it was when the Lombardy League in 1990 got some 20% of the votes in local elections, reaching the same percentage as the DC, that President Cossiga started to push openly for a presidential system, directly entering the arena of political discussion, as no other President had done before.

Now President Cossiga is engaged in a fight to prevent the DC from establishing an alliance with the PDS over the issue of institutional reforms. Cossiga has been denouncing the emergence of a new "historical compromise" between the DC and PDS—as at the time of Aldo Moro, the DC leader killed by the Red Brigades after organizing in 1978 a government supported by the PCI, aimed at giving Italy relative independence from American influence (see article p. 46).

A cultural issue

Both the Italian Church and the Vatican have, through their press, criticized Cossiga repeatedly. It is not new for the DC to come under attack from a variety of forces and for it, in order to defend its positions, to call on the support of the communists. What makes the attack particularly violent this time, is that it is happening in a cultural context which is highly degraded, where the principles of morality which go with a Christian vision of life have been largely forgotten by the population. The dominating culture is "lay," consumerist, and hedonistic. It is significant in this regard that Italy now has a fertility rate of approximately 1.3 children per woman: a rate of reproduction well below zero. People prefer to spend their money on new cars, than on children. It is in the context of this new hedonistic culture that the Republican Party entertains the Trilateral Commission's dream, to defeat the Christian Democracy.

Green Queen supports Earth Summit

by Mark Burdman

Britain's Queen Elizabeth II has taken the unusual step of issuing a statement, in her own name, supporting the June 1-12 U.N. Conference on the Environment and Development in Brazil, the so-called Earth Summit or Eco-92. The occasion was the March 9 annual Commonwealth Day Message, in which Her Majesty, speaking in her capacity as "Head of the Commonwealth," called on the Commonwealth nations to mobilize to ensure the success of the Rio event.

The Queen's message is inclusively noteworthy because of her explicit endorsement of the concept of "stewardship" of the Earth. This concept has been put forward by the ecologist movement as a gnostic-pagan alternative to the injunction in the Book of Genesis for man to be "fruitful and multiply" and to assert "dominion" over nature. Heretofore, she left such gnostic pronouncements up to her husband, Prince Philip, and to her son Prince Charles. For her to issue such a statement may contain the seeds of a constitutional controversy in the United Kingdom, since the Queen is formally the head of the Church of England and is obliged to uphold the principles of Christianity in that capacity.

That the Queen would so speak, also bespeaks the British



Promoters of the "green" agenda: Queen Elizabeth II with George Bush at the White House, May 1991.

establishment's nervousness that the Earth Summit is shaping up to be a gigantic flop. In the past days and weeks, the nations of the southern hemisphere have been increasingly vocal in denouncing the machinations around the summit as aimed at denying them the right to development and reinforcing the power of northern nations over the South's destiny, in a new "eco-imperialism." Some of the vocal criticisms have come from nations like Malaysia and India, which are themselves members of the Commonwealth.

Economic concerns growing

Another factor which could potentially torpedo the ecological extravaganza is that the issue of economic depression has taken supremacy over that of the environment in many countries, especially in those, including Britain, where elections are being held in the next weeks. While "green" issues were a high-profile subject in Britain as recently as two years ago, none of the main parties competing in the upcoming elections is willing to focus on the subject, when voters are concerned with the wreckage of Britain's economy.

The political panic in the British establishment about the potential collapse of the Rio gathering was further evidenced two days after the Queen's message, in a signed commentary in the London *Times* by Michael Heseltine, British minister of the environment. Sparing no bombast, Heseltine intoned that "the future of our planet will be decided at Rio this summer," and that "Britain is leading the world debate on the environment." He called for the preparations for the summit to be "awe-inspiring," and stressed the "transcending importance" of the Brazil event itself.

Heseltine lauded the instrumental efforts of former British Tory Prime Minister Margaret Thatcher, whom he characterized as a "scientist," in bringing about the "Montreal Protocol" for phasing out chlorofluorocarbons (CFCs), and for having sounded the alarm about the alleged dangers of "global warming." The British minister patronizingly demanded that the nations of the South overcome their objections and show "firm commitments to action and bring a disciplined approach to bear" in the pre-summit negotiations and at the summit itself. Heseltine made an implicit threat that some giant ecological disaster might have to be concocted to engineer support for the summit: "Does the world need to feel an increasing exposure to danger before it develops a collective sense of purpose?"

Heseltine praised "the brave decision of John Major, who was the first world leader to commit himself to attend the Rio conference in person. . . . Our prime minister will attend the conference in Rio."

In mid-January, in an unusual signed commentary in the London *Observer* weekly, Major had reiterated his commitment to attend the Rio summit. The irony is, by the time June rolls around, it is more than likely that neither he nor Heseltine will still be in power, following Britain's elections on April 9.

Documentation

The following is the text of the Queen's March 9 Commonwealth Day Message 1992:

On this Commonwealth Day I ask you to remember that we share this world with many other living things. The Earth is a gift to us all, whoever we are, wherever we live. We have but one planet and all life on it is interdependent. Our Commonwealth is a partnership of 50 nations and we are responsible for one-third of this planet. We all share the task of ensuring that our world will remain fit for life and capable of sustaining us and those who will come after us.

For too long our natural environment has been taken for granted. It is now only too evident that we have to take serious steps to make certain that we cause no further destruction, nor permanently degrade the very natural resources on which we depend. For example, unless we take action now to halt the rise in global temperatures, rising sea levels will threaten the very existence of several island and low-lying Commonwealth countries.

The United Nations Conference on Environment and Development will be held later this year to draw attention to the many environmental problems that we have either inherited or created for ourselves. At this conference, and in many other ways, Commonwealth countries can make significant contributions. Together we represent a wide variety of climatic, landscape, and ecological conditions and we are at all levels of economic and social development. The Commonwealth can truly be described as a cross-section of the contemporary world.

Democratic governments reflect the will of their people. In our system, the views of the individual can be translated into government action, so it is possible for everyone to make a contribution, however large or small, to ensure the future health and vitality of the natural world around us. Bringing about the necessary changes will not be easy, particularly if it involves restraints and sacrifices. But it must be done, and we can all help in one way or another, individually or collectively.

The living world is a God-given heritage and we have to be more responsible in our stewardship of it. We all need air to breathe, water to drink, and food to eat, but we must be careful—not selfish or greedy—about the way we exploit scarce natural resources and about the demands we make on the natural environment.

Gradually, we are waking up to the challenges, but we especially need the rising generations to help us take the right decisions and actions now. I ask the young people of the Commonwealth to make themselves aware of the critical problems and issues. There is no time to spare. It is your future that is at stake.

'Lusitania Expresso' provocation defused

by Lydia Cherry

A provocation of potentially grave danger was defused, at least for the moment, on March 11 when a dozen Indonesian warships turned back the *Lusitania Expresso*, a Portuguese-chartered "peace boat," as it came within sight of the East Timor coast. Students from around the world along with several dozen dignitaries, including the former president of Portugal, had intended to use the laying of a wreath on the grave where protesters were killed on Nov. 12, 1991 for maximum political effect in a campaign to split East Timor from Indonesia.

The promoters of the voyage, who in advertising for the "crew" had promised to pay all expenses, had envisioned the endeavor as a means of "creating an event of great media impact." The mission was to include journalists from every type of media, but mainly from television networks. British, Portuguese, and Australian press outlets were indeed doing their part in creating this event of "great media impact." In the face of the hefty Indonesian fleet, however, the event fizzled.

What was feared by some Australians in particular, was that the power play could be turned into a military clash between Australian/U.S. and Indonesian forces. The voyage was scheduled to place the protesters in the same area at the same time as the biggest U.S.-Australian war-game exercise in Australian history. "Kangaroo '92," now in process and reportedly two years in the planning, involves 12,000 Australian combat personnel and 880 Americans drawn from the U.S. Pacific command.

Relations between Australia and Indonesia have never been particularly warm, and the largest group of dignitaries onboard the *Lusitania Expresso* were Australians. Furthermore, statements made by Australian Prime Minister Paul Keating calling for caution and recommending that the voyage be called off, as one Australian source noted, were "extremely limp-wristed."

Australian anxiety about the matter increased with the March 9 publication by the Melbourne daily *Herald-Sun* of an interview with an Australian Defense Department spokesman. The spokesman said the military exercise will not stand idly by if Indonesia attacks the boat. The spokesman continued that the commanders of the allied ships "are very well aware of the [*Lusitania Expresso*] operation. They will be

keeping an eye all the way. If things go wrong [the peace boat] could become *the operation*" (emphasis added).

Indonesia takes firm approach

The Indonesian government made it clear from the outset that it would not yield to the provocation. A release from the Department of Foreign Affairs in Jakarta dated Feb. 25 stated "that the objective of this group in undertaking such a voyage is provocative in nature; that it is not all humanitarian but politically motivated and designed to instigate confrontation, aggravate tension, induce divisiveness, and incite disturbances in East Timor. . . . The Indonesian government declares the territorial waters of Indonesia closed to the vessel *Lusitania Expresso* . . . and, in accordance with its sovereign rights and for the sake of public order, will enforce the applicable national and international laws if the group persists in this voyage."

Nevertheless, Portuguese President Mario Soares continued to inflame the situation until the eleventh hour with statements like, "You must always fear dictatorships, which are governments that are apparently strong but really very weak; the weak are aggressive."

Who is footing the bill?

It was an international student grouping, the Peace in Timor Commission, that advertised for the ship's crew, making clear in a call that traveled on computer-nets: "All expenses, including trip from country of origin, lodging, feeding, and return trip, will be supported by the organization." At least \$1 million is estimated to have gone into the media show. There has been no discussion of who was footing the bill. The Portuguese government claims it had nothing to do with the organization of the mission but "appreciated its generosity and its moral importance." Portuguese President Soares and Prime Minister Anibal Cavaco Silva met with the student organizers of the voyage just before they left for Port Darwin, where the crew gathered before departing to East Timor.

The following personalities were part of the confirmed list of dignitaries scheduled to sail. From Portugal, Gen. Antonio Famalho Eanes, former President of Portugal; Rui Oliveira Costa, leader of the Portuguese trade union, the UGT; and A. Barbedo de Magalhaes, a professor at Oporto University. From the United States, among other Americans, was a Brown University Dean, David Targan, reported to be a good friend of Sen. Claiborne Pell (D-R.I.). From Australia, Jean McLean, a left Labour Party Member of Parliament from Victoria, was onboard, as was Shirley Shackleton, widow of an Australian journalist killed in East Timor during the civil war situation in the province in the mid-1970s, prior to its annexation to Indonesia. Some of the other Australian dignitaries were Paul Matters, secretary of the South Coast Traders and Labor Council, and Bernard Collaery, former Australian Capital Territory attorney general.

Chinese develop strategy for 'new world disorder'

by Mary McCourt Burdman

China's Communist Party is once again plunged into a big faction fight; this time not only about who in the party is going to rule China, but also how the party itself is going to stay in power. To that end, the factional brawl is being played out both internally and on the international stage. The reemergence of 87-year-old Deng Xiaoping, China's senior leader, from two years of retirement, preaching "reform" and attacking "leftism," shows that the fight is serious. But there is no question that all warring factions within the party are determined to hold on to power by any means available. They only disagree on the means for doing so.

The clearest picture yet to emerge of Chinese policy was published in France's *Le Figaro* March 10. A document being circulated among China's hierarchy to explain the mission of Foreign Minister Qian Qichen in Europe March 8-14, states that China must seek its way in the "new world disorder." The purpose of Qian's visit to Britain, Germany, and the European Commission headquarters in Brussels, is to attempt to influence the new world situation. "One cold war has been finished; two cold wars are beginning"—between the U.S. and Europe, and within Europe—the document states. It is necessary to return to a "multipolar world," instead of a world dominated "by the United States, as a sole superpower. . . . It is necessary to exploit the contradictions, especially those which exist among the western nations, in order to reinforce China."

China must act "calmly and intelligently to maintain its position, to conceal our capacities, to win time, and to avoid conflicts," the document states. Europe is a place for activity, because it is "in competition with the United States to become the dominant power in the world." Each country is "struggling with the United States to establish spheres of influence in the former communist nations." Qian is going to Germany, because, like Japan, it "defies American supremacy," and, at the same time, "Germany's ambitions are causing disquiet in Europe."

At the turn of last year, the Chinese CP put out a document calling for a "pragmatic foreign policy" centered on an economic "greater China," Hong Kong's *The Tide* monthly reported. This policy has three main elements, the document states: 1) establish a cultural and economic "greater China," focused on the overseas Chinese community in Southeast Asia; 2) expand trade and economic ties with the republics

of the former U.S.S.R., and attempt to use these ties to influence the republics bordering China; and 3) take advantage of the conflicts between the U.S. and Europe, and between the U.S. and Japan, to further divide them and prevent a united front against China.

The document notes the development of economic blocs in North America and Europe, and the calls for various economic plans in Asia, but China's best interests, it says, would be based on an economic "greater China" of Taiwan, Hong Kong, and Singapore, centered around the People's Republic of China (P.R.C.). This "greater China" would be built with the capital and technology of the three small countries and the mainland's industrial network, scientists, technicians, and cheap labor. With the Japanese and U.S. markets "problematic," China must create a market in Asian countries "deeply influenced by Chinese culture," the document states. In addition, the South China Sea region is the only undeveloped source of resources that will be left when those of the Xinjiang region in Chinese Central Asia are gone.

With the world entering a "multipolar warring states period," the document claims that Asia will be the only region to enjoy "relative stability," which China must exploit until the international order changes to China's advantage.

Making deals

In this context, Beijing has recently made a series of deals with the West, including recognizing Israel. Especially interesting have been its deals with Britain. It was on his visit to London on March 10 that Qian Qichen finally handed the articles of China's accession to the Nuclear Non-Proliferation Treaty to Prime Minister John Major. China is the last of the "Permanent Five" U.N. Security Council powers to sign the treaty. Qian called the move a "major step," and Major called it "an immensely important step."

During his visit, Qian also addressed the Royal Institute of International Affairs, where he made the "concession" on human rights that the issue could be discussed internationally as long as consultations were held on "an equal footing." When a Chinese from Taiwan asked Qian, after sounding so moderate, what he would do if the Kuomintang wanted to come to China to organize, Qian responded that the KMT would now be welcome on the mainland. *EIR* has also learned that China has privately given its assurances to the United

States and Britain that it would back a new military strike against Iraq.

On the same day in Beijing, the P.R.C. invested its chosen 40-member "transition team" of Hong Kong citizens for an advisory panel for 1997, when the colony is to be returned to China. The list includes prominent members of the Chinese-British "Dope, Inc." connection, including Li Ka-shing, Henry Fok Ying-tung, Sir Run Run Shaw, and Sir Y.K. Pao's son-in-law Peter Woo.

But the Chinese relationship with Britain is two-edged. At the same time that deals are being made in Hong Kong and London, century-old British-Chinese tensions are heating up. Beijing is extremely nervous about the situation in Central Asia, especially in the "autonomous regions" of Tibet and Xinjiang, which it considers vital to Chinese military and economic security. It is here, where Britain played the "Great Game" for the control of the Eurasian landmass against the Russian Empire in the last century, that Anglo-American-controlled assets are again being played, especially in Kashmir and Turkey.

China moved rapidly to establish relations with the newly independent Central Asian republics of the former U.S.S.R., motivated particularly by the close ethnic and linguistic ties between the Uighur populations of Xinjiang and Kazakhstan, Kyrgyzstan, Tadjikistan, and Uzbekistan. One Muslim revolt in Xinjiang was bloodily crushed in April 1990, and Beijing fears more unrest. On Feb. 5, bombings in the capital city of Urumqi killed 6 people and wounded 26. On March 2, Uighur nationalists based in Alma Ata, the capital of the republic of Kazakhstan, vowed to start a guerrilla war to force the Chinese out of Xinjiang. A spokesman for the Front for Liberation of Uighurstan from Alma Ata denied responsibility for the bombs, calling them a "Chinese provocation." The Chinese CP head in Xinjiang, Tumol, on March 8 accused "hostile forces at home and abroad" of trying to separate the oil-rich Xinjiang region from China, and said that "the police, Army, and militia" were all mobilized to deal with the situation. Tumol also said that the "changeable international situation" had affected and was still affecting Xinjiang's stability.

An even more dangerous "poker game" is going on between China and Britain on the population issue. China will use any and all capabilities to survive, including Beijing's unique "ultimate weapon": deploying its 1.2 billion people as a strategic threat against the other nations of Asia. Deng Xiaoping once again threatened to use this weapon, Hong Kong's *Wen Wei Bao* reported Feb. 22. "If China falls into chaos, if the Chinese people do not have enough to eat . . . they might flee all over the world. Should 200,000 people flee to Hong Kong, the territory will not be able to stand it. Should 1 million flee there, Hong Kong will be crushed," Deng said.

Britain has its own answer to this Chinese threat. There is lots of discussion of China's billion-plus people as the "ultimate marketplace," but the fact is that senior British

policymakers are considering the possibility of nuclear warfare between China and India. They consider this the ultimate malthusian "solution" to what they consider the great problem of the 2 billion people inhabiting these two countries.

Knives are out

This is the background of the Chinese internal power fight. China's CP is the world's biggest mafia secret society, and "ideology is nothing but a cover for the struggle for power," France's *Libération* quoted a Chinese journalist March 7. The power struggle, the "biggest since 1989," is being fought "with drawn knives." The CP will hold its 14th Party Congress in the autumn, and this will be the "last time for the old guard to impose its successors. The Congress will decide the succession to Deng."

Deng emerged from two years of retirement to visit five Chinese provinces between December and January, and at the end of January he appeared on a public visit to the special economic zones of Shenzhen and Zhuhai on China's southeast coast near Hong Kong. Deng also visited Shanghai, China's biggest industrial city and the financial hub of Asia before World War II, and several military units.

The visit and Deng's calls for speeding up free market reform in China were first heralded in the pro-Beijing Hong Kong press. His speeches, calling for adopting "capitalist methods," have since gotten more and more coverage inside China. On Feb. 15, the *People's Daily* gave front-page coverage to a speech by Chinese President and military strongman Yang Shangkun, 85, in Shanghai, endorsing Deng's reform call. Yang also said that there was a need for China to adopt capitalist methods, according to the official Xinhua news agency release. Over Feb. 22-23, the *People's Daily* published a front-page editorial and commentary calling reform China's "only choice." Until this point, the media had been the bastion of Deng's opponents. Deng is now attempting to force the resignations of a newly designated "Gang of Four," including acting Minister of Culture He Jingzhi, who was appointed after the June 4, 1989 Tiananmen Square massacre.

A speech by Deng is being circulated in the party, portions of which were published in Hong Kong's *Ming Pao* newspaper. Deng reportedly assured the hardline faction that he would not hesitate to crush any new political dissent, but that the continued support from the West depended on continued "reform," i.e., offering up the desperate Chinese peasantry as cheap labor for labor-intensive investments in the free trade zones. Said Deng: "It was only because we had reform and the open-door policy that we were able to withstand June 4."

Acknowledging the resistance from the more industrialized North of China, which is suffering from the nearly total emphasis on the free trade zones in the South, Deng also said: "I had to go south to speak, because in the North many people won't listen to me."

Peru's terrorists invade Mexico

Shining Path, proclaiming itself "spearhead of the international revolution," sets up shop in Mexico City.

How extensive is the network of the Shining Path terrorists inside Mexico? Who are their accomplices, allies, and followers there? And why does the Mexican government of President Carlos Salinas de Gortari tolerate their presence?

These questions appeared in a letter to the editor published in the March 5 issue of the Mexican daily *El Nacional*, denouncing the presence of Shining Path at the International Book Fair, which is organized every year in Mexico City by the Autonomous National University of Mexico (UNAM) and the engineering faculty of that university.

In his letter, Hugo Garavito Amezaga notes that the Shining Path book *La Guerra Popular en el Perú. El Pensamiento Gonzalo (People's War in Peru. Gonzalo's Thought*, second edition, Mexico City, 1991), "together with abundant literature promoting death and genocide in Peru, can be acquired at the K-15 stand that the International Book Fair has provided the Shining Path committee operating in Mexico. Its exact name is Support Committee for People's War in Peru, and it is presided over by one Gabriela Salas. . . . Further, the fair announced a Shining Path propaganda event for March 8. . . . [on the pretext] of presenting a pamphlet called 'Our Red Flag Waves in Peru.' The pamphlet is an apology for 'selective annihilation.' "

Garavito writes that worst of all is the fact that the ravings of Shining Path are not limited to Peru but, as Gabriela Salas says in the pamphlet,

"represent the spearhead of the international revolution."

That is, writes Garavito, "for the Shining Path, Peru is but 'a base for the world revolution.' . . . Therefore, the Mexican-based Support Committee for People's War in Peru is a beachhead inside the country for a ferocious project that seeks to incinerate Latin America, and the world."

On March 6, *El Nacional* published a reply from Efraín Badillo Jasso, coordinator of the International Book Fair, who maintains that "there was no bookstand of the Shining Path represented" at the fair. The same newspaper published the reply of Frank Witman, the representative at the fair of Liberation Distribution, who denied that the fair ever gave space to Shining Path, saying it was rather given to his distributing company, which "sells the materials of the Communist Party of Peru (Shining Path)."

According to Witman, his company sells "progressive, radical and, especially, revolutionary books. . . . The nucleus of our activities is the distribution of works of the Maoist international tendency." Regarding the Shining Path propaganda event, Witman claimed that it was merely to present the magazine *Un Mundo que Ganar (A World to Win)*, which is the organ of the Shining Path international movement.

On March 7, *El Nacional* published a second letter by Garavito Amezaga, entitled "Shining Path in Mexico: If It Walks Like a Duck and Has the Tail of a Duck, It's a Duck."

The letter insists that the bookstand at issue was selling every sort of Shining Path publication and videotape, such that "if it wasn't Shining Path at the fair, it was a twin brother."

Garavito Amezaga also pointed out that, in his reply, Witman never mentioned "the links between his distribution network and the (Maoist) Revolutionary Communist Party of the United States, which is part of the so-called Internationalist Revolutionary Movement (MRI) created at the second conference of the (Maoist) Communist International Movement in Paris in 1983. The mouthpiece of this terrorist international is, in fact, the publication *A World to Win*."

Garavito Amezaga warned that from the standpoint of Shining Path, "Mexico has a key role to play, along with other Shining Path international centers—France, Belgium, and Sweden—because of its influence in Latin America and as a route to the United States." He concluded that the book fair was but a glimpse of Shining Path's operations in Mexico, and that those operations are not a question of freedom of expression, but of national security.

In February, at the philosophy department of the UNAM, a poster appeared bearing the headline "The People's War Gets Ready to Take Power," and announcing a Shining Path forum to be held in the auditorium of Section 9 of the National Union of Education Workers, captured by leftists of the National Coordinator of Education Workers.

If one considers that Mexico has just agreed to be the site for revived "peace talks" between the government of Colombia and the FARC/ELN narco-terrorists in that country, one must conclude that Shining Path's presence in Mexico is indeed a beachhead, and a threat to security everywhere.

Noriega's revenge?

Bush's reelection bid could be dealt a new blow, as witnesses admit Noriega's cooperation in anti-drug effort.

As the federal drug trial in Miami against Gen. Manuel Noriega was coming to a close, the head of the U.S. Drug Enforcement Administration during the same period the prosecution claims Noriega was collaborating with the Medellín and Cali drug cartels, testified that there was no evidence that the Panamanian leader was ever involved in drug trafficking.

The testimony by Francis Mullen, DEA administrator from 1981 to 1985, and by other active and former U.S. law enforcement officials called by the defense—most of them as hostile witnesses—tore apart the government's case against the Panamanian leader. If Noriega is not convicted, this could hurt George Bush's reelection bid.

"During the time that you were in charge of the DEA, from July 1981 to March 1985, did you ever receive any credible information that General Noriega was involved in drug trafficking?" asked defense attorney Frank Rubino.

"No," replied Mullen.

"Noriega's Star Rises" headlined the March 6 *Financial Times* of London, adding that "speculation is growing that he might be acquitted on at least some of the main counts." According to the newspaper, "The possibility grows that the 1989 invasion of Panama might become an issue in this year's presidential campaign." Noting that "President George Bush's Desert Storm victory last year no longer resonates with voters," the *Times* concluded: "A rejection by the jurors in the Miami trial of all or most of the charges against General Noriega would mean that the rationale of an earlier foreign

policy action—Operation Just Cause—would be open to question."

Noriega himself attacked the administration's effort to railroad him with the connivance of Judge William Hoeveler, who has prevented the defense from introducing evidence of the administration's running drugs for arms for the Nicaraguan Contras. Invoking his rights as a prisoner of war under the Geneva Convention, Noriega told the court on March 10 that he would not take the stand, because Hoeveler had barred any mention of "political matters, issues of war, and the invasion."

Earlier, Douglas Driver, a DEA official in Panama, had admitted that under General Noriega, the Panamanian Defense Forces (PDF) helped the United States to arrest Gerardo Caballero, the son-in-law of Bolivia's "King of Cocaine," Roberto Suárez, head of "one of the most important cocaine trafficking groups in the world," according to Driver, who testified on March 9 as a hostile defense witness. "This case was one of the finest examples of international cooperation that can be found anywhere," stated Driver in a July 21, 1986 letter to PDF Inspector Luis A. Quiel.

Former Panama Supreme Court Justice Jerry Wilson told the jury on March 9 that it was Noriega who had drafted and ensured passage in 1986 of Law 23, which for the first time made it a crime in Panama to launder drug money. One of the first measures undertaken by the puppet-government installed by the United States after the December 1989 invasion, was to abolish Law 23. That law was described

by former DEA Administrator John C. Lawn as "a model for other countries throughout the Americas."

But it was Panamanian legislator Balbina Herrera who showed how flimsy the government case was, during her testimony for the defense on March 3. Prosecution witness Max Mermelstein had testified that in 1983 he had met in Panama with an immigration official who, on behalf of Noriega, promised him assistance with smuggling cocaine through Panama. Mermelstein said he did not learn Herrera's name until 1988, when prosecutors showed him a videotape of a news broadcast.

But, as Herrera testified, she has never met Mermelstein, nor has she ever been an immigration official. In 1983, she was a bureaucrat in Panama's Department of Human Resources, which administers student loans and scholarships. At the time, she did not know Noriega, who was not yet commanding the PDF. She does not speak English, and Mermelstein does not speak Spanish.

Defense attorney Rubino asked Herrera if she was offered immunity or a U.S. "green card" for permanent residence in exchange for testifying. She replied "no," as the prosecution objected.

Almost all the prosecution witnesses—including drug lord Carlos Lehder—received reduced sentences, money, immunity, or green cards to testify against Noriega. Charges were dropped against Mermelstein for three murders he admits to and two others he is suspected of, for smuggling 56 tons of cocaine and 21 tons of marijuana into Florida, for smuggling guns, and for cheating on his taxes. Before he was sprung from jail, the government gave him \$900 to buy snacks from the prison's commissary. Since then, Mermelstein has been on the government payroll, making at least \$250,000 a year.

International Intelligence

Haitian President slams OAS accord

Haitian provisional President Joseph Nerette urged the Parliament on March 6 to reject the Organization of American States' accord and hold out for a "definitive, constitutional solution." He said the accords violated the Constitution, and the OAS would make "inacceptable inroads . . . into national sovereignty."

He particularly opposed the provision to send a large team of civilian "observers" to supposedly oversee and strengthen Haiti's democratic institutions until ousted President Jean-Bertrand Aristide returned. "How can we commit ourselves to accepting on the sacred soil of our ancestors this mission, which has always intended to behave like an occupation?" he said.

In response, OAS Secretary General João Baena Soares said he still expected the Parliament to approve the accords, but as for military intervention, he confessed that it would not work. "I don't think a military intervention in Haiti . . . could solve the problem," he said. "It would not be just an intervention, it would be an occupation, and that is in nobody's plans right now, and, I believe, will not be in the future."

Chinese immigrants spread into Burma

Chinese settlers are systematically moving into and spreading throughout northeast Burma (Myanmar), Dr. Tint Swe, an opposition member of Parliament who had to flee to India last year, told the *Hindustan Times* recently.

The Chinese immigrants are moving as far south as the city of Mandalay. Their numbers have perceptibly increased since the Sept. 18, 1988 military coup, Swe said. Many are entrepreneurs, and are buying land, whose price has gone up five times in the Mandalay region since 1988. The Burmese government, Swe reports, is showing "unusual tolerance" of the immigrants, because of Burma's dependence on China for

medicine, armaments, and electronic goods. There is an unrestricted flow of Burmese timber and gems being taken out by the Chinese, and the Chinese find it very easy to obtain National Registration Cards, Swe said.

There is enormous pressure on the Association of Southeast Asian Nations (ASEAN) countries to condemn Burma for human rights violations, yet at the same time these countries are being blamed, especially by environmentalists, for "looting" Burma's forests. No pressure is being put on Beijing.

Zurich shuts down drug 'free zone' park

The City of Zurich, Switzerland closed the Platzspitz Park at the beginning of February, the *International Herald Tribune* reported on March 3, in an editorial which rejected the idea of legalizing drugs. The park had been a free zone for drug addicts since 1989, and the number of drug users grew from a few hundred to tens of thousands.

"In theory it was a thoughtful, well-meaning plan. In practice it was a disaster," the paper editorialized. "One glimpse of the faces in the crowds at Platzspitz should convince even the most fervent reformer that legalization is the wrong way to go."

The City of Bern also has announced that it will close down Kocherpark, its free zone for drugs, at the end of March.

Japan's Miyazawa suffers election loss

Japanese Prime Minister Kiichi Miyazawa's Liberal Democratic Party lost a critical seat on March 8, in a special election which is seen as a litmus test, four months before the July national elections. The LDP's Nobuo Onodera, a member of Miyazawa's faction, lost his contest for a seat in the Upper House of the Japanese Diet in Miyagi.

Farmers in Miyagi, a key rice-growing region, were angry over the slowdown of the economy, and especially over leaks from Miyazawa's government that Japan might

fail to take a strong stance against the U.S. demands at the General Agreement on Tariffs and Trade (GATT) talks that Japan open its nationalist rice market.

Koki Hagino, a coalition candidate supported by the Japan Trade Union Confederation, the Social Democratic Party, the Democratic Socialist Party, and others, won the seat.

Miyazawa flew into Miyagi on election eve to stump for Onodera—despite pleas from his party's local campaign headquarters not to come. The media have been giving Miyazawa such bad press lately that some LDP elders thought he would be a liability to the local candidates.

Miyazawa, 72, a nationalist, is under attack from the Anglo-Americans for such things as Japan's nuclear program, which he helped create. But because he has refused to break with the Bush administration's broader geopolitical games, the Japanese people can easily be convinced that his program is weak.

Colombian military curbs deals with terrorists

The Colombian Communist Party daily *Voz* reported on March 4 that the country's Armed Forces are imposing strictures on the Gaviria government's pursuit of a negotiated pact with the narco-terrorist FARC, and has been holding secret meetings on those negotiations, which had been due to resume in Caracas, when the Venezuelan insurrection intervened on Feb. 4.

According to *Voz*, the military has outlined the conditions under which it will accept continued negotiations, including: 1) the government must not fear the alternative of war; 2) the government must put aside its attitude of "peace at any price"; 3) the government must first establish the sincerity of the guerrillas, based on a full understanding of their capabilities and intentions; and 4) the government must not negotiate away anything which falls under the exclusive mandate of the government or Congress.

Voz fears the possibility of President César Gaviria's acquiescence to these mili-

tary demands, noting that "on occasion, there appear to exist two powers" in the country. Late reports now confirm that the site of the negotiations, when and if they resume, has been moved from Venezuela to Mexico.

Imprisoned Chinese leader is 'optimistic'

Wei Jingsheng, leader of China's "Beijing Spring" in the 1970s, is said by his family to be "very optimistic. . . . He is in very good spirits and is even quite confident about the future." Reuters reported on March 9 that sources say he is now allowed to read books.

Wei has been in solitary confinement for 13 years, tortured physically and psychologically. The report says he has lost his teeth from hunger strikes against the earlier mistreatment. Despite reports that he had been driven to mental problems, the source told Reuters that "he is very well-informed now about what is going on in the outside world." He is due for release in March 1994.

EIR's feature story on Feb. 14 reported on the writings and life of this extraordinary leader.

Amazon governor denounces the greenies

The outspoken governor of the Brazilian state of Amazonia, Gilberto Mestrinho, says that he would "open up the Amazon to ambitious new mining projects and legalize hunting," according to a profile issued by Reuters on March 6. Says Mestrinho: "Environmentalists like to talk about plants and animals but forget about man. Man is the beginning and end of everything. The Earth loses all meaning without men. . . . They want the forests to remain untouched, that not a single tree or animal should be removed. They believe everything should remain exactly as it is. They'd love to pull a condom over us."

Mestrinho objects to the government's granting of vast tracts of land to the Stone

Age Yanomami Indians. "I am in favor of the Indians having a plot of land marked out for them. But I am against these huge tracts which they have not even asked for." He continued: "My grandmother was an Indian, and if policies of this kind existed in those days, her grandson would never have been elected governor. . . . The world has fought a long battle to put an end to apartheid, and now they want to start a new apartheid over here."

Ortega campaigns for Bush in Ibero-America

During a trip to Peru, Nicaraguan Sandinista chieftain Daniel Ortega came out swinging for George Bush as a President with whom the Ibero-American left can deal.

In an interview with Peru's *La República* on March 2, Ortega said of Bush: "I spoke with him several times when he was vice president, and he had to defend [U.S.] positions, but when he was President, we met in Costa Rica in October 1989 and we had a very interesting exchange, on friendly terms, although we ended up fighting in front of the press over a matter of the Contras. You could talk to him."

Ortega was visiting Lima to speak at a conference organized by the São Paulo Forum, a network of leftist and terrorist groups set up by the Cuban Communist Party (see *EIR*, March 6, 1992, page 34). Ortega made clear that the fall of communism in Eurasia has not turned Ibero-American leftists away from seeking power. The Brazilian Workers Party and Broad Front of Uruguay are "becoming an alternative government," he said, while El Salvador's Farabundo Martí National Liberation Front "fought a war to create a larger political space."

Ortega was busy selling "democratic socialism" as the model to achieve power. That does not mean breaking with the International Monetary Fund system, Ortega said. The IMF is "the only solution" for the economic crisis, he told *La República*, while specifying in a radio interview that what the left offers, is the ability to lessen the social explosions provoked by the "inevitable" IMF adjustment programs.

● **DENG XIAOPING** is reported to have promised to take no reprisals on returning dissidents. Reuters on March 6 quoted a source close to the Communist Party saying that all Chinese are welcome back "no matter what their political views and what views they have expressed in the past." The source claims to have read a speech to this effect by Deng, now circulating among top layers of the party.

● **AN ALGERIAN** panel of judges has ordered the dissolution of the Islamic Salvation Front (FIS). The party won first-round elections in December, but a runoff vote, which was expected to yield them a legislative majority, was blocked by the Army. It is feared that the decision will drive more extreme elements in FIS to take violent action.

● **MEXICO'S** "Eco" TV network, in a report on the presidential primary elections in the United States, said that Lyndon LaRouche is a factor to be reckoned with in the elections. George Bush and Bill Clinton are the current front-runners, the broadcast said, but there are other candidates, such as Lyndon LaRouche, the democratic candidate imprisoned on fraud charges, who could surprise everyone.

● **EXILED TIBETAN** leaders blame the United States for the U.N.'s failure to censure China on human rights. Lodi Gyari, the Dalai Lama's special envoy for United Nations affairs, called the U.S. government's opposition to the passage of a resolution on Tibet "diappointing."

● **INDIA** will urge the United States to incorporate Israel, Iraq, and former Soviet Central Asian republics into a regional plan against nuclear proliferation, Reuters reports. Indian President Rao reportedly broached the issue of Israel's inclusion in the plan when he met Bush in New York in January.

Pentagon leaks plan for for U.S. world dictatorship

by Leo F. Scanlon

A classified Pentagon planning document calling for a U.S. strategy based upon the United States asserting itself as the dominant world power has been leaked to the press, providing new evidence of the imminent danger in which George Bush's "new world order," his *pax universalis*, has placed the world. The document is the main component of the bi-annual Defense Planning Guidance, and represents the official Pentagon interpretation of the Bush administration's national strategy.

The war planning document illuminates the British geopolitical strategy lurking behind George Bush's talk of a universal peace: The administration is pursuing policies which will foment instability, while proposing to achieve "control" through measured military intervention. The administration has repeatedly made clear that the target of this strategy is central Europe, with the goal of preventing the emergence of an independent concert of nations intent on economic development outside the constraints of the International Monetary Fund system. In the language of the Pentagon planners, the United States must pursue strategies which will convince "potential competitors that they need not aspire to a greater role" in the defense of their legitimate interests, and which will "discourage them from challenging our leadership or seeking to overturn the established political and economic order."

The Pentagon planning document represents the military component of a series of Bush policy revelations which began with the "Thornburgh Doctrine" promulgated to legitimize the invasion of Panama through asserting a U.S. right to violate the national sovereignty of other nations. The architect of that doctrine, Attorney General William Barr, has recently added the corollary, that U.S. super-sovereignty

extends not only to alleged violations of U.S. criminal law, but to matters of commercial law as well. These doctrines are complemented by the assertions of former CIA head William Webster, made during congressional testimony, that the CIA should henceforth direct its efforts against the chief economic adversaries of the United States, such as Germany and Japan.

Disturbing evidence that these erosive and unconstitutional notions are being fully assimilated by the military, turned up in the recent congressional testimony of U.S. Army Chief of Staff Gen. Gordon Sullivan. He reported that his reorganization of the Army "supports the role of the United States as the preeminent power of our age." He reiterated a point he previously made in a *Washington Post* commentary, that the United States considers economic threats and "unfair trade practices" as potential causes for military action, and that his command is prepared for that eventuality.

The politics of arrogance

The excerpted versions of the Pentagon report support Gen. Sullivan's outlook. The report was prepared by Defense Undersecretary for Policy Paul Wolfowitz, and was circulated on Feb. 18 to top defense officials, with a cover letter signed by Wolfowitz's deputy, Dale A. Vesser. A copy of the cover memo and the accompanying 46-page document was leaked to *New York Times* reporter Patrick E. Tyler by an administration official who wanted to force a public debate over the assumptions underlying the strategy.

The release of the document has provoked a domestic and international uproar, especially among erstwhile allies of the United States, who have characterized the proposal that the U.S. should, in effect, become the policeman of the world, as "shocking" and not "oriented to reality." Many

American military officers have expressed scorn at the arrogant assertions of the planning guidance as well.

But the harshest response has come from the Russian press, civilian and military, which has condemned the document as an insult and a warning to "Russia and to the other CIS [Community of Independent States] nuclear weapons-carrying states," in the words of Radio Moscow commentator Viktor Innikeyev. Innikeyev concluded that the report should help leading people in Russia to "part with their illusions that the good old Americans will raise our living standards and take care of our interests."

The particular section of the document which has provoked the most reaction, contains the following paragraphs:

"This Defense Planning guidance addresses the fundamentally new situation which has been created by the collapse of the Soviet Union, the disintegration of the internal as well as the external empire, and the discrediting of communism as an ideology with global pretensions and influence. The new international environment has also been shaped by the victory of the United States and its coalition allies over Iraqi aggression—the first post-Cold War conflict and a defining event in U.S. global leadership. In addition to these two victories, there has been a less visible one, the integration of Germany and Japan into a U.S.-led system of collective security and the creation of a democratic 'zone of peace.'

"Our first objective is to prevent the re-emergence of a new rival, either on the territory of the former Soviet Union or elsewhere, that poses a threat on the order of that posed formerly by the Soviet Union. This is a dominant consideration underlying the new regional defense strategy and requires that we endeavor to prevent any hostile power from dominating a region whose resources would, under consolidated control, be sufficient to generate global power. These regions include Western Europe, East Asia, the territory of the former Soviet Union, and Southwest Asia.

Clinging to the 'established order'

"There are three additional aspects to this objective: First, the U.S. must show the leadership necessary to establish and protect a new order that holds the promise of convincing potential competitors that they need not aspire to a greater role or pursue a more aggressive posture to protect their legitimate interests. Second, in the non-defense areas, we must account sufficiently for the interests of the advanced industrial nations to discourage them from challenging our leadership or seeking to overturn the established political and economic order. Finally, we must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role. . . .

"While the U.S. cannot become the world's 'policeman,' by assuming responsibility for righting every wrong, we will retain the pre-eminent responsibility for addressing selectively those wrongs which threaten not only our interests, but those of our allies or friends, or which could seriously unset-

tle international relations. Various types of U.S. interests may be involved in such instances: access to vital raw materials, primarily Persian Gulf oil."

The scenario blythely assumes that no matter what type of government evolves in Russia, even a resurgent imperial faction could not pose an immediate threat to Europe without the Warsaw Pact. The threat to the Bush administration is perceived as coming from other quarters: "There are other potential nations or coalitions that could, in the further future, develop strategic aims and defense posture of region-wide or global domination. Our strategy must now refocus on precluding the emergence of any potential future global competitor."

Pentagon spokesman Pete Williams insisted to reporters that this refers only to a "hostile power," an assertion which may provide small comfort to allies who are wondering exactly what that means. The Pentagon insists, for example, that the United States "must seek to prevent the emergence of European-only security arrangements which would undermine NATO." This posture produced a direct clash between Secretary of State James Baker and French officials at the Brussels meeting of the North Atlantic Cooperation Council, who reject the Bush administration plan to use NATO as the mechanism to preserve the European borders, drawn up at Versailles and Yalta, even when that policy produces wars and chaos which threaten the stability of Europe.

The Italian newspaper *Corriere Della Sera* editorialized on its front page that the Pentagon document "is shocking in many respects, starting from the frankness, to the brutality with which it theorizes the permanent subordination of allies-competitors and explains how to use military power and nuclear force to reiterate this subordination." U.S. correspondent Rudolfo Brancoli goes on to call it a "foolish ambition" that pushes somebody "to design such ambitious plans while belonging to an administration which is every day forced to realize that it has no money to help the new democracies in the East, no means to help paying the costs of the U.N. peacekeeping missions, and is not even able to pay its own quota to the international financial organizations."

Lyndon LaRouche was the first statesman to predict that on the basis of administration performance and stated goals, George Bush will be vilified in history as the man who lost the peace in Europe. But now Bush's refusal to respond to reality has even drawn fire from former President Nixon (see page 4).

Indeed, one Army strategist pointed out that the only parallel to the insanity which is being expressed by these Pentagon documents, is the effort by U.S. military officials to become a major instrument of the Versailles Treaty in the 1920s. The officer observed that at that time, only sheer intransigence on the part of the Congress saved the military from that fate; but he added that if there is no similar opposition today, he would be "pulling the hair out of my head in frustration."

LaRouche maps out industrial recovery

Democratic presidential candidate Lyndon LaRouche addressed the nation in a half-hour nationwide political broadcast entitled "The Industrial Recovery of the United States" on March 8 on the NBC television network. The program, the second nationwide broadcast by LaRouche's campaign committee, "Democrats for Economic Recovery, LaRouche in '92," outlined a six-pronged program for an economic and industrial revival of the U.S. economy.

The program began by outlining that the government has thousands of pages of documents which could prove that LaRouche's sentence and incarceration are the result of unlawful government activity. George Bush was shown being questioned during a campaign appearance in New Hampshire on his refusal to release the files, and the White House attempt to hide the fact that the files exist. LaRouche has stressed that without his personal, hands-on involvement, there is no one capable of ensuring successful implementation of a recovery program.

The broadcast highlighted the fact that LaRouche is the only candidate running in either party who has offered a program to get the United States out of Bush's new "Herbert Hoover" depression. LaRouche has repeatedly presented these programs to the American public and policymakers since the 1970s, when the opening phase of the collapse of America's physical economy became apparent. A LaRouche statement from 1984 set the context for the recovery proposal: "This depression, like all modern depressions, is completely unnecessary. During the period 1939-43, President Franklin Roosevelt proved that with the right measures the federal government can get us out of a depression any time it chooses; or can stop a depression at any time our government has the sense and willpower to take the necessary measures."

Components of recovery program

The economic recovery, LaRouche said in the broadcast, must be "based upon a new industrial policy." In taped voice statements made from prison, LaRouche outlined exactly how the federal government can get us out of the depression, by issuing over \$600 billion in low-cost credit to state and federal authorities for infrastructural public works projects. LaRouche estimates that this would create 3 million jobs in the public sector, and would result in the creation of an additional 3 million jobs in the private sector.

LaRouche outlined the vital components of America's industrial infrastructure that will be rebuilt under his presidency. First, he said, is "the creation of a water management

system capable of ensuring a sufficient supply of fresh water into the 21st century." LaRouche committed himself to the North American Water and Power Alliance proposal to bring fresh water south from Alaska and Canada. "This NAWAPA project would admittedly cost hundreds of billions of dollars over the 10 to 20 years required to complete the construction. But, it will provide an additional 135 billion gallons of water per day for the United States. That is enough water to satisfy the thirst of the biggest industrial recovery in the history of America, and to ensure more than enough supplies of clean water for our grandchildren."

The second infrastructure program, LaRouche said, is "the rebuilding of our transportation grid, especially our rail system, and development of roads and ports." LaRouche stressed the importance of investing in "trains without wheels, magnetically levitated above their tracks, traveling at speeds of up to 300 miles per hour." Such trains already exist in Germany, he pointed out, and committed himself, if elected President, to constructing maglev corridors along the eastern seaboard, and two from Chicago to New York City—one through Buffalo, New York and another through Pittsburgh, Pennsylvania.

"These maglev systems will pay for themselves, even just in terms of wasted passenger-hours saved. An estimated \$40 billion of value is lost as a result of traffic delays each year in the nation's eight most congested urban centers," LaRouche noted.

The third area, LaRouche said, is "the construction of the energy grid needed to power an industrial recovery." Moving toward a fully nuclear-based economy and making the United States again "the principal exporter of nuclear plants and technology throughout the world," are necessary steps toward a fusion-based economy.

LaRouche said that he would also "develop two vital areas of so-called soft infrastructure," health care and education. He outlined the creation of a new health care infrastructure consistent with the requirements of the Hill-Burton Act of 1946. "My campaign is not offering any new health insurance plan as such; what we are doing is simply offering to secure enough high-quality medical care, to ensure that the needs of all Americans are met."

Fifth, LaRouche said, "we shall develop educational facilities suitable for the tasks of the rising productivity in the coming century."

"Federal investment in these five areas of infrastructure will immediately halt the current depression collapse—as nothing less will do. But, on top of these measures, and in order to promote continued growth and increase in industrial productivity, we will need . . . a science driver, some great national mission, like the Kennedy Apollo program, whose goals will be the kind of scientific breakthroughs which will transform our productive, technological base." LaRouche said that the "available best such choice of program will be a long-range buildup toward the colonization of Mars."

LaRouche campaign reports intense voter response to TV address

by Patricia Salisbury

Officials of the Democratic presidential campaign of Lyndon LaRouche say they are pleased with the high level of citizen response to the first in a series of half-hour campaign broadcasts aired in most of the country on Feb 1. The show was viewed by 1.9 million households, and in response the Democrats for Economic Recovery, LaRouche in '92 campaign organization received over 1,200 cards and letters from all over the country. Campaign officials say that they consider such an outpouring as an indication of the depth of voter dissatisfaction with the choices currently represented by the media-acknowledged candidates in both major parties.

This time, at least, the polls seem to reflect reality when they report that over 50% of all Americans rate President Bush's performance as unsatisfactory, and that a large segment of Democrats consider none of the current front-runners adequate, and want others to enter the field.

The LaRouche campaign reports mail coming in from all parts of the country, with particularly heavy concentrations from the Northeast. Senders identified themselves as Republicans, Democrats, Independents, or as first-time voters, and virtually every letter requested detailed information on the strategic perspective and policy proposals which LaRouche had outlined on the broadcast. Many also reportedly contained at least short comments or questions addressed to the campaign, while a significant number of the letters were of substantial length, commenting in detail on the substance of the arguments and policy presented in the broadcast.

One campaign official reported that many who wrote at length expressed a profound appreciation of LaRouche's insistence on the depth of the depression crisis facing the country, and contrasted this with the failings both of President Bush and of the other Democratic Party candidates besides LaRouche. "We believe that the letters indicate the beginnings of a break in the population with the cheerleading approach to presidential politics," she said, "and a willingness to face LaRouche's challenge to the individual citizen to acknowledge his or her responsibility for the misguided policies of the last 25 years, and to use his campaign as a vehicle for a fundamental change in the nation. Rather than respond like spectators at a football game, the people who who sent us letters appear to be seriously examining LaRouche's assertion in the broadcast that he is uniquely

qualified to be President because of his record of projecting and posing policy alternatives in each of the major crises the nation faces today."

'Is it a crime to tell the truth?'

The campaign spokesman presented a selection of letters to back up her claim. One letter from LaRouche's home state of Virginia wrote: "I watched the predictions made by Mr. LaRouche during the Reagan and Bush administrations of how the economy could stabilize by implementing his programs.

"It is a shame that both administrations actually hid the true facts from the American public by stating the situation was either under control or the economy was slowly recovering. I believe that this tactic was used by both administrations to keep the public from panicking if the truth was really revealed to them about the economic situation.

"I am truly amazed and highly interested in this person and his views politically and economically. It is also shocking to think that a person like this who would make these predictions and they would actually come true. The fall of the Berlin Wall and the reunification of Germany, the chaos in Yugoslavia, the fall of socialism in the Soviet Union and the economic crisis in the same area. And to also think that the President of the United States would lock this man down in a federal penitentiary for telling the truth? Is it a crime to tell the truth? . . ."

Another letter came from a college freshman in Ohio: "This will be my first year voting and I wish to make a difference in the lives of Americans. I was truly moved by your advertisement on the television; therefore, I now write you asking for more information.

"I, too, agree that many Americans have been 'blinded' by Bush's soft wordings, and that we are in an economic depression—as well as a depression of morals. . . ."

"After I look further into what Mr. LaRouche plans to do for our bereaved country, I may wish to write you once more for information to pass out on my college campus. . . ."

Other letters were bristling with questions the writers would like the candidate to answer. One from Connecticut read in part: "I saw your televised message to the people of the United States on the ABC television network. Besides

believing every bit of what was said, it also raised some questions in my mind. I am 27 years old, and really started noticing something very drastically wrong with the political makeup of this country. Before I get into that aspect, let me ask a few questions: 1) Why was your 'Address to the Nation' not previewed by ABC? 2) What do you feel the Reagan-Bush administration has to hide, or gain, by railroading you? 3) What are the objective goals of the Reagan-Bush administration? And what would they gain by running this country into the ground? 4) Why was your 'Address to the Nation' not praised nor scrutinized? 5) Do you plan to air your campaign or argue the seeming truthful credibility of your story on the CNN news program Crossfire? 6) If elected President, do you believe in the immediate protection of our economic boundaries in proportion to the world?

"I could go on asking all kinds of questions, but I'd like to get back to our present political leadership.

"The more I dissect George Bush, and his deviously deceptive track record, his campaign speeches become less and less credible with myself, and others I know. . . .

"I could write a book on how I feel about things. Politicians of the past have offered no promises in the year of election. People have become apathetic toward our government and its politicians. We need someone like you who will come through. We need you. I'd like to help if I can. Please respond. I have more to say."

'Why are you in prison?'

A number of letters focused on LaRouche's economic policy, but raised additional considerations, such as in this letter from a trade unionist: "After watching your program on TV tonight I wonder why no one has paid any attention to what you have to say.

"I am a union member and things have been going downhill for a union ever since Reagan was in office. . . .

"People can't live on the low wages that non-union companies pay, also with no medical and retirement benefits.

"If they keep lowering the working people's wages, then who do they think is going to buy the junk that they import to sell?"

"Sir, there is no doubt that you or me would be a better President than what we have now—but—I don't think that you or I have a chance of becoming President because the American people are like cattle, they have to be led in a herd to the waterhole. . . .

"Why are you in prison?"

Another letter from a worker in Indiana read in part: "I . . . very much agree with your positions on the economy. There is not a dime's worth of difference between the Democrats and the Republicans. I do not choose to be governed by a group of (congressmen) elitist bums who vote themselves huge pay raises while the rest of the working class must work for lower and lower wages. In some cases I am forced to work for fees I was used to getting 10 and 12 years ago. . . .

"We cannot change the direction of this country unless we correct the mistakes that were made 10, and 25 years ago. Our education system is a shambles, so is our heavy industry, we are not producing educated skilled workers for our future. I truly hope the Japanese and Germans learn to love hamburgers, because all of us will be flipping burgers for them in a national McDonald-Disneyland of the future."

But the issue raised most frequently in the letters was the illegal jailing of LaRouche. Many asked at some point in their letters, "Why is Mr. LaRouche in jail?" or "I can't understand how this fine man can be in jail." In some of these letters, the writer supplied his or her own answer, as in the following:

"In this day and age we need all the help we can get.

"One question we all would like to know is why Mr. LaRouche is in prison?

"Lyndon LaRouche seems like a brilliant man with a lot to offer the people of this world. It does not surprise us that Bush, and those like him would do whatever they could to break down such a strong opposition.

"We as concerned Americans would like your information on how we can turn this election around and give us a ray of hope in this otherwise dismal election."

Another wrote: "We want all information that you can send us, on his views, on the rebuilding of this once great country, and what we can do to free him and make him a powerful opposition for the Republican Party."

And a Maryland woman wrote: "I was spellbound by the program on Mr. LaRouche's beliefs and plans. . . . As I watched this I asked myself, 'Where have I been, if this type of thinking has been around?'

"It is easy to see why Mr. LaRouche is in prison. He scares the 'good ole boys' who are and have been running the games in our government for all these years. They are running scared, fearing that enough of us intelligent voters, will wake up long enough to really examine the records.

"If enough of us will wake up and examine what is obviously going on—under the table—we can get a real President elected and, then, build a real government by the people and for the people, not just for a few of those who are 'on the inside' and who are financially raping the citizens of the U.S.A. who are doing all the 'grunt work.' . . .

"I want to read as much of his views and remedial plans as I can get. I have a lot of catching up to do. And I want to understand the inner workings of his plans and proposals so I can come to an intelligent understanding of his logic.

"As I listened to and watched the TV program, I could see a glimmer of hope on the horizon. I wonder if we, the common man, are just intellectually malnourished to the point where we need to immerse our minds in Mr. LaRouche's teaching, then perhaps come to a point where we can see his visions.

The letter concluded: "With hope-filled anticipation I await your reply."

Ibero-Americans decry U.S. rights abuse

Members of a delegation of congressmen from Ibero-America that visited the United States at the end of February to investigate human rights violations against Democratic presidential candidate and political prisoner Lyndon LaRouche, are launching a number of initiatives to press for his freedom. One of the lawmakers, Cong. Miguel Bush Ríos, the ranking member of the Foreign Affairs Committee of Panama's National Legislature, is preparing a report on the LaRouche case, and will present a resolution for Panama's legislature to call on the U.S. government to free LaRouche, said a spokesman on March 5.

Bush, of Panama's opposition PRD party, was one of the seven members from three Ibero-American nations in the congressional delegation. Several are undertaking initiatives similar to that of Congressman Bush. The others in the delegation were: Cong. Carlos Rivas Dávila, Minister of Economics of Peru during the APRA administration of President Alan García; Cong. Oswaldo Bockos, of the current Peruvian ruling party, Cambio 90; Cong. Lino Cerna Manrique (APRA), Cong. Francisco Palomino García (APRA) and Cong. Eduardo Salhuana of the United Left party (IU), all from Peru; and Cong. Jorge León Díaz (Independent) from Venezuela.

"It is not only in Latin America that human rights are violated. Surprisingly, even in the United States itself, human rights are being violated, specifically in the case of Democratic presidential candidate Lyndon LaRouche," Congressman Palomino said in a radio interview broadcast nationwide by Radio Programas network on Feb. 28, as soon as he returned to Peru. Palomino added that the U.S. government has tens of thousands of documents that prove the innocence of LaRouche, "who because of his ideas has been kept in prison, on the pretext of tax fraud, for the past three years in the Minnesota jail."

Palomino informed a reporter that he told a U.S. congressional aide: "I will do everything in my power to prevent the U.S. from investigating human rights violations in Peru, unless an investigation of the charges of human rights violations against LaRouche by the U.S. is undertaken. All we are asking for is reciprocity," said the Peruvian lawmaker.

According to the lawmakers, Organization of American States Secretary General João Baena Soares expressed similar sentiments when they raised the LaRouche case with him, during a meeting at OAS headquarters on Feb. 25. "The secretary repeatedly insisted that he was not passing judg-

ment on the merits of the LaRouche case—that is something for the OAS Commission on Human Rights to decide—but is just defending the need for all member countries to subscribe to the accords. He was very forceful about this," said one congressman.

The secretary general told the congressmen that he would ask the OAS Human Rights Commission to reconsider the LaRouche case, which it had previously refused to consider. Baena Soares offered his good offices, after Congressman Bockos of Peru's ruling Cambio 90 party, on behalf of the delegation of lawmakers, formally handed him a copy of the full complaint and supporting documentary evidence earlier presented to the OAS by LaRouche and five associates. According to the source, Baena Soares was moved to act, at least in part, because of the reciprocity issue.

During their tour, the delegation met with LaRouche's attorneys Odin Anderson and Ramsey Clark, the former U.S. Attorney General. The congressional delegation traveled to Chicago for a "Food for Peace" conference of the Schiller Institute (founded by LaRouche's wife and collaborator, Helga Zepp-LaRouche) on Feb. 22-23, and thence to New York City, where they met with state and municipal leaders, and with Catholic Church officials. The office of United Nations Secretary General Boutros Boutros Ghali also arranged for the lawmakers to meet with the ranking human rights official at the UN's New York headquarters.

The State Department's heavy hand

The congressional visit was just one of several recent actions by Ibero-American lawmakers on the LaRouche case. On Feb. 12, the Congressional Committee on Human Rights of the Chamber of Deputies of the Congress of Mexico officially adopted the case for study. Earlier, the Commission on Human Rights of the House of Representatives of Bolivia's Congress called upon the OAS and the United Nations to pursue an investigation. The persecution of LaRouche appears to be "an irregular occurrence," stated Bolivian Cong. Gonzalo Ruiz Paz, chairman of the commission, "consisting of depriving a political leader of his freedom, merely because of the fact that he was a political enemy of the Bush administration" and because of his "harsh criticism of [Henry] Kissinger."

But, showing its continued blatant disregard for human rights, the Bush administration has used every dirty trick at its disposal to stop these embarrassing challenges. For example, the Speaker of Panama's Legislature, who is known to be very close to the U.S. embassy, attempted to dissuade Congressman Bush from joining the delegation, telling him that he had learned that LaRouche was a "child molester." His pressure tactics backfired.

The same cannot be said for U.S. congressmen, cowards who surrendered to the administration's blackmail: Not one American congressman or senator had the courage to meet with their Ibero-American counterparts.

Auto layoffs create hot political climate

by H. Graham Lowry

The United Auto Workers, born in the labor struggles during the Great Depression of the 1930s, is now under attack by the same financiers who are driving the United States into an economic collapse of far greater magnitude. The recent wave of automobile plant closings announced by General Motors has brought the union-busting desires of the moguls of corporate finance out into the open—and is fueling a new surge of militancy within the United Auto Workers (UAW) itself.

The massive contraction in productive capacity currently under way in the auto industry is not even good for General Motors, let alone the country. It also poses a major threat to the dwindling supply of skilled labor, the most precious of all economic resources. GM announced Feb. 24 that it was shutting down 14 plants employing 16,000 workers, as part of a “cost-cutting” scheme to eliminate 74,000 jobs and 21 factories over the next four years.

Beyond consigning such a major chunk of American industry to the scrap heap, however, GM also made it clear that it no longer intended to maintain the living standards necessary to skilled labor, for the workers whose plants survived the shutdowns. GM chose to keep its Arlington, Texas, plant open—over Michigan’s Willow Run Assembly at Ypsilanti, for example—because the workers agreed to allow a three-shift schedule, to build cars around the clock without overtime pay.

Twelve years of Reagan-Bush economics

UAW leaders in Michigan have angrily denounced GM’s open intentions to violate the company-wide contract with the union. UAW Vice President Stephen Yokich, director of the union’s GM division, declared Feb. 25, “Plant-against-plant competition would only lead to an ever downward spiral of wages, benefits, and working conditions, which would be extremely harmful not only to UAW members, but to countless other American workers for which our UAW-GM contract has set an important standard.” Condemning “12 years of Reagan-Bush economics,” Yokich added, “Not a single vehicle is produced on Wall Street.”

Wall Street itself is gloating over GM’s new salvo against organized labor. In a front-page feature March 6, the *Wall Street Journal* noted, “By selecting Arlington, GM strongly signaled that worker cooperation will determine which factories will—and which won’t—survive the extensive downsizing the company plans.” GM chairman Robert Stempel

made that clear enough when he said of the latest closings, “Innovative labor agreements and work arrangements are going to be part of our decision” on which plants remain open in the future.

The UAW does not regard such measures as “innovative.” At his Feb. 25 press conference, Yokich declared, “We formed our union over 50 years ago to put an end to precisely that kind of practice by the automakers, playing off workers against each other, and we will not allow a return to those frustrating and difficult days. . . . We know how to stop it. We will do everything to enforce the contract, including a strike. . . . We’re not threatening a strike, but it’s an option.”

A political tinderbox

The toll already inflicted on the auto industry by the current depression has certainly not left the UAW in a mood for “politics as usual” in this crucial election year. The future of the industry itself has become a highly politicized issue. Michigan’s Republican Gov. John Engler further stoked the fires Feb. 27 by suggesting that auto workers offer more contract concessions to “save jobs.” Last fall, he threw 83,000 destitute persons off General Relief to “save money.” The GM shutdowns hit Michigan harder than any other state, with five plant closings and the loss of over 9,000 jobs. Previous auto layoffs helped push the state’s official unemployment rate back up to 9% in February, the highest among the nation’s industrial states.

Engler’s move has added to most auto workers’ rage against President Bush, already under attack for his push for a North American Free Trade Agreement (NAFTA), which would herd workers into jobs at below-subsistence wages along the Mexican border. On the Democratic side of the presidential race, self-proclaimed front-runner Bill Clinton has aggressively endorsed NAFTA; and going into the March 17 Michigan primary, the UAW leadership was backing an uncommitted slate.

Clinton, who is publicly opposed by the head of the AFL-CIO in his home state of Arkansas for his anti-union record, may have shot himself through the head, as far as labor is concerned, by embracing the Wall Street line on the auto industry. Appearing on national television March 8, Clinton declared that “workers are going to have to change their attitude toward work, [and] be willing to change all the work rules in order to be competitive.” Clinton cited the concessions by workers at GM’s Arlington plant as a model, “because the workers there took matters in their own hands, went against the leadership of their own union, and agreed to new, flexible work rules to be more productive in the global economy.”

Voters in Michigan got a chance March 15 to hear from the only candidate with a positive solution to the current economic disaster. Democrat Lyndon LaRouche’s proposals for creating 6 million productive new jobs were aired on a half-hour paid campaign broadcast (see article, page 60).

Oliver North's 'Confederates' still targeting Contra opponents

by Jeffrey Steinberg

John Edward Hurley is, by his own description, "apolitical." The northern Virginia businessman, lay Catholic activist, and self-styled historian of the South is not registered as a member of either major political party. He has never run for office. In matters political, it is fair to describe him as "naive."

Hurley has devoted most of his leisure time over the past decade to the restoration and maintenance of the Confederate Memorial Hall, an old brownstone mansion located on a tree-lined street in northwest Washington that once served as a retirement home for Confederate war veterans. The last of those veterans died years ago, and by 1980, the memorial hall had fallen into disrepair and was near bankruptcy; at that point, Hurley stepped in to revive the facility as a library-museum.

That is where John Hurley's troubles began. Early this year, Federal District Court Judge Thomas Penfield Jackson, in a highly unusual ruling, ordered Hurley, his attorney, and one other board member of the Confederate Memorial Association (CMA), which maintains the hall, to pay an estimated \$70,000 in legal fees to the Washington "white shoe" law firm of Steptoe and Johnson on the grounds that Hurley and friends had filed a frivolous lawsuit.

A front for intelligence operations

The lawsuit in question was a civil Racketeering Influenced and Corrupt Organizations (RICO) action initiated several years ago after Hurley and several other CMA directors found themselves under political and legal assault from some of their erstwhile Memorial Hall colleagues who had designs to take over the facility and use it as a safehouse and money-laundering front for the Nicaraguan Contras and other Reagan-era secret intelligence schemes. *EIR's* own investigation into the CMA affair has identified a cast of characters who were also involved in a similar dirty scheme involving the collapse of the Omaha, Nebraska Franklin Credit Union of convicted swindler and accused pedophile Larry King.

The ruling by Judge Jackson, a one-time attorney for the Watergate burglars, capped a back-and-forth legal battle that has been ongoing since 1988, which has pitted Hurley against the combined political muscle of the Oliver North "secret team" of Iran-Contra fame, leading elements of the Bush political apparatus, and a major component of the powerful

tobacco and cotton lobbies centered in the Carolinas. The Hurley affair underscores the continuing active involvement of the "secret parallel government" in the nation's political affairs.

Recently, this same apparatus scored a big political coup by purging several longstanding senior staffers from the office of Sen. Jesse Helms (R-N.C.). The staffers had reportedly been involved in an investigation of corrupt covert operations by the Bush administration in central Europe. Among the targets of the probe was Agency for International Development (AID) chief Ronald Roskens, a 33rd Degree Freemason of the Southern Jurisdiction Scottish Rite.

Ollie's fundraising

Things began to turn from bad to worse for John Hurley in early autumn 1986, when in his capacity as the chairman of the Confederate Memorial Association, he canceled a "Freedom Fighters' Night" at the hall on the grounds that the event was a political affair that violated the CMA's charter as a charitable-educational group. The host of the affair was to be Navy Adm. James Carey. The guest of honor was to be Lt. Col. Oliver North.

Soon after the "Freedom Fighters" event was canceled, Hurley found himself the target of a smear campaign and an all-out assault to take over the CMA. He was accused of financial mismanagement and of harboring homosexuals at the hall. When Hurley fought back against the slanders, he was dubbed a "LaRouchie," despite the fact that he had never been in contact with any representative of Lyndon LaRouche.

The "LaRouchie" allegation is revealing. In Spring 1986, LaRouche was also a target of Oliver North's covert operations because of his opposition to the Contra program, according to government documents.

A string of lawsuits was filed against Hurley and other board members allied with him following his cancellation of the Contra support rally. He found that some of the board members he had bounced from the CMA after the North "Freedom Fighters" incident had been laundering funds of undisclosed origin through Confederate Memorial bank accounts. Those funds were later traced to the First American Bank, an outfit covertly owned by the Bank of Credit and Commerce International, a haven for secret intelligence slush funds and drug money.

Ollie's cronies

The single most active member of the cabal that moved to take over the Confederate Hall on behalf of the Contra "secret team" was Richard T. Hines, a former South Carolina legislator who held a number of posts within the Reagan administration. Hines was a protégé of Max Hugel, a long-time business associate of CIA head William Casey and briefly his chief of CIA covert operations; and of Gerald Carmen. Hugel and Carmen, who today run a Washington, D.C.-based "consulting firm," also were key GOP sponsors of Franklin Credit Union crook Larry King.

After serving as one of Carmen's chief deputies at the General Services Administration during the Reagan administration, Hines, who according to an FBI official was implicated in a bribery scheme in South Carolina involving a convicted cocaine dealer, moved into the corporate world, becoming a vice president of the defense firm EDS, a senior vice president of Automated Sciences Group, and, most recently, a well-paid consultant to Philip Morris Tobacco Co.

In 1983, Hines approached Hurley and offered to help in the restoration of the Confederate Hall. An editor of the Buckley family-linked *Southern Partisan* magazine, Hines began funneling a small army of Southern conservative activists through the hall, including White House official Morton Blackwell and Department of Energy attorney Steven Page Smith. Hines also brought along a group of "volunteers" who were all former military pilots, who would put in a few days of work painting and repairing the building, only to disappear for weeks at a time.

Hurley is now convinced that Hines was deployed by the North "secret team" to take over the CMA and turn the Memorial Hall into a front for the Contra program. The hall was to be used as a Washington safehouse for Contra operators from the South on temporary assignment in Washington, and as a money-laundering front.

According to Hurley, Hines's takeover scheme was proceeding on schedule when the "Freedom Fighters' Night" flap occurred, following which Hines and his entire group were purged from the CMA board.

It was at that point that the protracted legal battles ensued, and Hurley suddenly found himself up against a formidable machinery run by Hines's "friends in high places."

In a highly unusual move, for example, Judge Jackson dismissed Hurley's civil RICO suit against the Hines group without filing a written opinion. He then dismissed the remaining civil counts with prejudice without a written opinion, despite the fact that the case was a state court matter outside his jurisdiction. When Steptoe and Johnson, representing Hines, filed under Rule 11 for financial sanctions against Hurley, a second CMA board member, and attorney David Bartone, Judge Jackson readily ruled in their favor.

Hurley is skeptical that he will get any better treatment before the appeals court, where the matter now stands. One

of the judges who will be reviewing his case is James Buckley, whose family is another patron of Richard Hines. While the Buckleys are generally associated with New York City—William F. Buckley publishes *National Review* there and James Buckley served as its U.S. senator—the family has deep roots in the South as well. In 1988, South Carolina public television sponsored a string of presidential candidate debates hosted by William F. Buckley and the current Bush administration ambassador to Russia, Robert Strauss. Also, Fergus Reid Buckley is a writer for *Southern Partisan*.

Entrenched in Washington

If Hurley's enemies are entrenched in the federal judiciary, their strength inside the Bush administration is even greater.

Hines's wife, Patricia Mayes Hines, is the daughter of Jim Mayes, the largest cotton grower in South Carolina and the driving force behind the National Cotton Council, and has held a number of senior posts in both the Reagan and Bush administrations, starting with a staff position at the Reagan White House. During her Reagan White House days, Patricia Hines forged a close alliance with fellow staffers Gary Bauer and Deborah DeMoss. DeMoss is now a driving force on the staff of Senator Helms.

The DeMoss Foundation, based on the family's fortune, constitutes one of the largest sources of funds for Christian evangelical activities in the United States, Mexico, and Central and South America. Mark DeMoss, Deborah's brother, was chief of staff to Jerry Falwell and the administrator of the Christian Embassy in Jerusalem, according to Washington sources. The embassy serves as a bridge between Christian evangelicals and right-wing Israeli Zionists, and is an important component of the Temple Mount plot to foment a religious war over the holy sites in Jerusalem, which some evangelicals see as a harbinger of the Final Judgment.

Since leaving the White House staff, Patricia Hines has served as assistant secretary of education and deputy assistant secretary of the Army for education, training, and simulation. She still holds the latter post.

According to Washington sources familiar with both the CMA battle and the purges at Helms's office, the same characters were behind the two incidents. These sources point to the Charleston, South Carolina Scottish Rite lodge as the power base of this crew of would-be Confederates, all of whom have entered into an alliance with the Zionist lobby. In recent years, Helms has himself been inducted into the 33rd degree of this lodge, a position already obtained by AID chief Roskens.

Some people view this Southern Jurisdiction Freemasonry as little more than a symbolic club, of little importance in the world of Washington power politics. But in reality, this Freemasonic connection is as dangerous as it was 150 years ago when the Charleston lodge was the center of the British-run secessionist movement.

Elephants and Donkeys

by Kathleen Klenetsky

'Front-runners' see more troubles ahead

Bill Clinton and George Bush came out of the March 10 "Super Tuesday" primaries as the putative Democratic and Republican front-runners, but they may not hold onto that status for long.

On the Republican side, Pat Buchanan didn't win any primaries, but he continued to eat away at Bush, garnering anywhere from 16% of the vote in Mississippi to 32% in both Florida and Rhode Island.

As far as "Slick Willy" Clinton is concerned, many Democratic activists harbor deep concerns that the scandals which have dogged his campaign are merely the tip of the iceberg. If he wins the nomination, they fear Republicans will dredge up all sorts of as-yet-unpublished dirt that will knock him out of the running.

"Bill Clinton is one shoe-dropping away from imploding," Democratic consultant Alan Secrest told the March 11 *USA Today*. "The question is, where and when?"

Exit polls continue to register an extraordinarily high level of dissatisfaction with all the major candidates. A poll of voters in five of the Super Tuesday primaries showed that only 39% of Democrats, and 45% of Republicans, strongly favor any of their party's candidates.

Bush's health a campaign issue

The state of George Bush's mental and physical health has started to emerge as a campaign issue, with possibly disastrous consequences for the incumbent.

The London *Times*, representing an influential segment of the Anglo-American establishment, published a

lengthy article on March 10, which painted a grim picture of Bush's physical and emotional health.

The article is based principally on discussions with Stanford professor Dr. Herbert Abrams, an expert on the health of world leaders, who has just published a book, *The President Has Been Shot* (New York: W.W. Norton), on the 25th Amendment (which governs the succession in cases where a President is incapacitated).

As part of his research, Abrams was given access to Bush's medical records, and came to the conclusion that Bush is in danger of crippling his party's election prospects because of lack of public confidence in his health "after his hospitalization for heart fibrillations and his startling collapse in Japan."

Abrams said that more and more people are asking him about the possibility of Bush having a heart attack, about whether the 25th Amendment might be invoked, and about Dan Quayle's chances of becoming acting President.

The *Times* is not the only press to raise the possibility that Bush may be unfit to run for reelection due to his medical condition.

In early March, the White House was forced to deny rumors circulating in the Washington press corps that the President's cardiac condition was going to require a pacemaker, and that he had already been put on nitroglycerin pills. And during CBS News's coverage of the Super Tuesday returns March 10, anchor Dan Rather made several references to Bush's health problems as a potential bar to his re-nomination.

Meanwhile, the Dan Quayle fan club continues to beat the drums for its favorite presidential candidate. The March 10 *Wall Street Journal* ran a commentary by its editor, Robert Bartley, stating that the failure of any

of the current candidates, including Bush, to command popular support, suggests that Quayle should get into the race.

LaRouche shapes economic debate

Although every effort has been made by the establishment to destroy Democratic presidential candidate Lyndon LaRouche's influence—he is not only in federal prison on trumped-up charges, but has been denied federal campaign matching funds, given almost no media coverage, and kept out of the presidential debates—he nevertheless is making his presence felt in the election campaign.

In the Super Tuesday voting, LaRouche won 2% of the vote in Oklahoma, and 1% in a number of other states, including Texas and Louisiana. The percentage could have run much higher, had LaRouche not been blacked out by the major media, which caused many voters to believe he was not on the ballot.

Moreover, LaRouche's policies are having a definite impact on the election debate over economic policy. In the wake of widely viewed and enthusiastically received national television shows, several of the presidential candidates have picked up on key elements of LaRouche's platform.

Jerry Brown, for example, is calling for large-scale port development, to be serviced by a network of high-speed trains.

And Pat Buchanan, who has heretofore embraced a strictly "free market" approach, said he would revive President John F. Kennedy's investment tax credit to spur an industrial recovery. This is an idea which LaRouche, alone, among U.S. politicians and economists, has vigorously advocated.

Brady pleads for IMF quota increase

In testimony before the House Foreign Affairs Committee on March 5, Treasury Secretary Nicholas Brady pleaded with Congress to authorize a \$12 billion quota increase for the International Monetary Fund. Citing the "successful" work of the IMF in Latin America and stressing the role the Fund intends to play in eastern Europe, Brady warned that a failure to pass the increase could throw a monkey-wrench into IMF efforts to impose its austerity conditionalities on the newly liberated countries of the former Soviet Union.

"The consequences of failure to pass the IMF quota increase legislation would be extremely adverse," said Brady. "Without our support, the IMF quota increase cannot go into effect. This will threaten the West's entire response to the new states of the former Soviet Union, and seriously erode U.S. leadership in the IMF at a critical turning point in history."

If the increase is not approved, and opposition to it is strong, Brady warned that the Japanese and others could renege on their pledges to the Fund.

Dem leadership would scrap budget agreement

The House Democratic leadership is supporting a bill introduced by Rep. John Conyers (D-Mich.) which would alter last year's "budget pact" between the White House and Congress. Last year's agreement divided the budget into three major areas, domestic, international, and defense, and stipulated that new outlays in one area must be compensated by cuts within the same area. The Conyers amendment would break down that "firewall" to allow defense savings to be spent on domes-

tic social programs.

The Democratic budget would reduce defense spending authority by about \$15 billion, roughly twice that recommended by President Bush. House Democratic leaders are supporting the plan as are key committee chairmen including Ways and Means Committee chairman Dan Rostenkowski (D-Ill.), Appropriations Committee chairman Jamie Whitten (D-Miss.), Energy and Commerce Committee chairman John Dingell (D-Mich.), and Transportation Committee chairman Robert Roe (D-N.J.).

The plan has met with stiff opposition from Republicans and conservative Democrats, however, who want to use the "savings" in defense for reducing the overall deficit.

After rejecting the Bush budget proposal by a 370-42 vote, as well as a budget proposal presented by the Congressional Black Caucus, Congress passed a budget of \$1.5 trillion on March 5. The Democratic budget resolution contains two budget options, depending on whether the Conyers amendment passes.

Senate Republicans move for tougher crime bill

Desperate for election campaign issues, Senate Republicans have introduced a crime bill even more grisly than the one narrowly defeated last year.

The proposal incorporates most of the more barbaric aspects of last year's bill, but dropped the five-day waiting period for handgun purchases opposed by most Republicans. A threatened filibuster over this issue stopped passage of the previous bill.

The new crime proposals also authorize the death penalty for felony murders in the District of Columbia. The Republicans are using the shooting of House Sergeant-at-Arms Jack

Russ in the District as the pretext for ramrodding through this legislation.

District police, however, faced with numerous peculiarities in the Russ shooting, are beginning to question whether it was the result of a robbery at all. Russ was implicated in the investigation of financial improprieties at the House Post Office, whose operations Russ was partly responsible for.

Delegate Eleanor Holmes Norton (D-D.C.) called the Republican moves "election year, high-profile posturing."

Space station targeted by Dems

In a press conference on Feb. 27, a week after the Bush administration forced the resignation of NASA Administrator Richard Truly, Rep. Richard Durbin (D-Ill.), the chairman of the House Budget Committee Task Force on Space, and Sen. Dale Bumpers (D-Ark.) announced that they would move to eliminate funding for the space station. The move is an attack on manned space programs.

Durbin said that he was joining with Sen. Albert Gore (D-Tenn.) in reevaluating the funding for the space station. The aim would be to reduce the NASA budget by \$13 billion. There are "more projects [in the budget] than we can afford," said Durbin, who claimed that there was "no scientific research project on the drawing board that cannot be done by unmanned space vehicles."

Contradicting testimony by representatives of the National Institutes of Health before congressional committees earlier this year where they underscored the importance of space medicine, Durbin claimed that the NIH would rather have the funds for their own research than give them to NASA.

Durbin cited a General Accounting Office report which questioned the funding needs of the space station. Sen. Jake Garn (R-Utah), one of the few members of Congress to have flown on the Space Shuttle, said in floor statements on Feb. 27 that he considered it ridiculous for the GAO to try to predict how the future budgets will look, "since indeed, it is the Congress, through our own actions, which will determine the future for NASA programs and our nation."

Finance Committee okays tax cut, veto threatened

The Senate Finance Committee approved on March 3 a Democratic tax package that includes a \$300 tax credit for the children of middle-class families and a tax increase for the upper tax brackets. The bill was approved by an 11-9 vote along strict party lines.

The legislation, crafted by Finance Committee Chairman Lloyd Bentsen (D-Tex.), is a variation of the seven-point package presented by President George Bush in his State of the Union message in January, but included the middle-class tax cut and a smaller capital gains tax reduction than that proposed by the President.

The bill is facing a certain veto by President Bush, but will serve Democrats in their attempts to profile themselves as being for "tax fairness"—their own election issue.

Lieberman calls for holy war against Saddam

In a significant escalation of the "war of words" in the U.S. Senate, Sen. Joseph Lieberman (D-Conn.), one of the more pro-Bush Democrats during Operation Desert Storm, celebrated

the anniversary of the war by lashing out against Iraq, vowing no let-up until Iraqi President Saddam Hussein is overthrown.

Making an outlandish comparison between the Iraqi turkey shoot and the U.S. Civil War, and blasphemously quoting Abraham Lincoln, Lieberman demanded that there be "no easing of sanctions while Saddam rules." He also called for increased support to the Kurdish, Shiite, and Sunni opponents of Saddam, recognition of "a provisional government comprised of Kurds, Shiites, and Sunnis," and "protecting that government's existence in areas of Iraq outside of Saddam's control."

Lieberman also proposed American surveillance flights over Iraq, supplemented by flights of combat aircraft, "a reminder that we mean business." "Normal practices of diplomacy," said Lieberman, should not be applied when dealing with "international outlaws."

Gonzalez questions Gates's veracity

As part of his continuing investigation of the Banca Nazionale del Lavoro, House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) presented more information in floor comments on March 9 that CIA head Robert Gates may not have been candid about continued intelligence-sharing with Iraq after the Iran-Iraq War.

Information received by the Banking Committee shows that the intelligence-sharing agreements with Iraq during the Iran-Iraq War continued until May 1990, a fact which contradicts statements by Gates to the Senate Intelligence Committee in October 1991 where he stated that the arrangements had been terminated in 1988.

Gonzalez is also questioning

whether procedures were followed by the intelligence agencies in informing congressional committees responsible for intelligence oversight. "The revelation that intelligence sharing with Iraq continued well into 1990 also raises new questions about the administration's reporting to the Senate and House intelligence committees," said Gonzalez. "Based on the fact that the Senate Committee report on the Gates nomination contains a misleading date for the end of the intelligence-sharing arrangement, I wonder if they were properly informed."

Gonzalez recommended that these issues be addressed in public oversight hearings.

Freshman GOPers want House bank scandal names

House Republican freshmen are taking the lead in demanding full exposure of those congressmen who ran overdrafts on their accounts at the House Post Office. The scandal surfaced when Democrats proceeded with an investigation of the "October Surprise."

About 20,000 bad checks have been written at the House Post Office, but no action has been taken against the offending congressmen. The only consideration taken by Post Office managers was that overall monthly deposits covered overall monthly withdrawals. The practice has been followed since 1832.

Republicans believe that in the present atmosphere of supposedly strict "ethical propriety," the scandal could hit Democrats in the upcoming congressional elections. Rep. John Kyl (R-Ariz.) said that more than 50 members had been overdrawn by more than one month's pay at least once, and "scores" had written more than 100 bad checks.

National News

George Bush's son said in insider trading scam

George W. Bush, President Bush's oldest son, is involved in an insider trading scam, according to a March issue of *U.S. News and World Report*.

The younger Bush sold \$848,560 of his stock in Harken Energy Co. just before the share prices began to plunge because of a poor earnings report. At the time of the sale last June 22, Bush was a member of a committee formed by the Dallas-based oil company to study the effects of a corporate restructuring. The magazine reported that Bush's stake in Harken, and his insider role, stemmed from Harken's takeover of another oil company that he helped found. As a member of the restructuring committee, Bush had "detailed knowledge of the financial pressure Harken was under and of the demands being placed on the company by its creditors," the magazine reported.

Throughout the 1980s, the Reagan-Bush administration actively protected the interests of corporate raiders, leverage buy-out specialists, and greenmail looters that gutted American industry. Between 1985-86, some 31 pieces of legislation were introduced into Congress to stem what became known as the "Decade of Greed," but were vigorously opposed by the Reagan-Bush administration.

UMW protests loss of health benefits

Hundreds of retired coal miners from the United Mine Workers union from around the nation picketed the Department of Labor in Washington on March 10 to protest the impending loss of the Union's health care benefits.

As many as 120,000 retired miners and their families have been told their health benefits could be cut off in mid-April because of the debts of the two health benefit trusts that pay for the health care, the March 7 *Richmond Times-Dispatch* reported. Life-long health care has long been included in UMW contracts throughout the industry. A

federal judge has scheduled a hearing in Abingdon, Virginia on March 16 that may delay the cutoff.

Bush Secretary of Labor Lynn Martin has opposed a plan that would restore the financial solvency of the funds through an industry-wide tax and a transfer of funds from solvent pension fund trusts. The plan is an initiative of Sen. Jay Rockefeller (D-W.V.) that is part of the Senate Finance Committee's proposed tax legislation. A group of non-union coal companies in Virginia, favored by state Attorney General Mary Sue Terry and the state's right-to-work law, say that the Rockefeller plan could increase the cost of ton of Virginia coal by 15¢ per ton.

CDC guidelines on AIDS under attack

The Atlanta, Georgia Centers for Disease Control (CDC) guidelines on testing health care workers for HIV infection are causing confusion about what preventive measures should be taken to protect patients from exposure.

States have until Oct. 28 to use the vague CDC guidelines, or develop "equivalent" policies to reduce the risk of patients contracting the AIDS virus from infected physicians, dentists, and other health care workers, after which they will not receive federal grants from the Public Health Service. Only seven states have passed laws and 19 have introduced bills related to infected health care workers.

An article in the March 3 *Washington Post* showed the absurdity of the CDC's lack of policy for mandatory testing for all. "The risk of a physician contracting the virus from an infected patient is far greater than the reverse," it read. There are 47 reported such cases, according to CDC.

"Since the CDC has not issued final guidelines, it is difficult to know what would be considered equivalent," a director for HIV-AIDS at the Association of State and Territorial Health Officials told the *Washington Post*.

CDC guidelines recommend that HIV-infected physicians and dentists not perform invasive procedures without a patient's consent. Health workers would be tested, and

all medical personnel who have contact with patients would be urged to take precautions to prevent transmission of HIV and hepatitis B.

Castration approved in molestation plea bargain

Houston, Texas Judge Michael McSpadden of State District Court agreed on March 6 to the request of an accused child molester, 28-year-old Steven Allen Butler, a father of one, to be surgically castrated rather than serve a possible life sentence. In return, the judge said he would sentence Butler to 10 years deferred adjudication, a form of probation.

The decision was harshly criticized by critics who stressed that child molestation has more to do with violence and the need to control, not sex-drive. "This is not the answer," said Cassandra Thomas, president of the National Coalition against Sexual Abuse. "It sounds good. It makes you feel good, but in the long haul it doesn't deal in any way with the basic issues of sexual assault."

Philip Reilly, who wrote a book on the history of involuntary sterilization in the United States, asked: "Would you allow an 18-year-old boy who stole a car three times to say, 'Cut my hands off so I won't do it again?'"

Phone customers to pay for FBI wiretaps?

The Bush Department of Justice has proposed that the nation's telephone companies install expensive equipment designed to facilitate FBI and police wiretaps of citizens, and authorize the phone companies to pass the costs on to customers.

According to an AP story on March 6, the proposal was drafted by the FBI and the Justice Department in response to dramatic advances in telephone technology, which have complicated the practice of installing taps on regular phone lines. New digital transmission and switching systems pass conversations through central stations in a disassembled form, making obsolete the old methods of tapping a residential phone at

the central switch. The FBI has previously demanded, and been denied by Congress, authority to force the phone companies to build electronic "trap doors" which would allow the government unrestricted access to the computer-encrypted digital phone traffic. The proposal would mandate that phone companies cooperate with the FBI, and standardize the necessary equipment.

The proposal would prohibit phone companies and private exchanges from utilizing equipment which doesn't comply with the new standards, which are to be set by the Federal Communications Commission. The phone companies would have 180 days to change their equipment, the specific methods by which the taps would be done would remain secret, and the bill would give the attorney general power to seek court injunctions against companies that violate the regulations and collect civil penalties of \$10,000 a day. The FCC would be authorized to allow phone companies to raise rates to cover the costs of the equipment, which will be many millions of dollars, according to estimates.

Critics of the proposal say that the FBI has never made a clear case why its current methods are not working, and are demanding public hearings on the measure.

U.S. Embassy in Bolivia funded pro-drug study

The U.S. Embassy in Bolivia has funded a study claiming that coca production helps the ecology and the economy, the Feb. 21 German daily *Frankfurter Rundschau* reported. Bolivia is the success model cited by "shock therapy" advocate Jeffrey Sachs, who has admitted that his economic policies have forced Bolivians into coca production.

The article read: "Coca plants contribute to the maintenance of soil fertility on the stony slopes of the Bolivian Andes, and protect the land from erosion. A U.S. Embassy-funded study of the 'Center for Ecological Research and Integrated Development,' located in the Bolivian city La Paz, has come to this result. The researchers thereby express opposition to the reports of the government, which claim that coca leaves extract minerals from the soil and make it infertile. From coca leaves, cocaine is produced.

"According to the scientists, the cultivation methods of the coca farmers are based on traditional agricultural and ecological knowledge. Coca plants would also, evidently, be able to grow without chemical pesticides, because the substance contained within the leaves (alkaloid) repels insects.

"Economically equivalent alternatives to coca cultivation . . . don't exist, the researchers claim. Coca leaves could be harvested up to three times a year and bring in higher prices than other agricultural products. In the Bolivian highlands, the labor-intensive cultivation of coca is the most important factor in the economy. . . .

"In Bolivia, estimates are that 120,000 tons of coca leaves are produced each year. Illegal drug traders buy up 90% of the harvest, and manufacture it into cocaine paste. . . . Experts estimate the proceeds from illegal coca sales to be some 20% of the Bolivian gross national product."

Milk lift a 'crack' in Iraq embargo

The milk lift to feed Iraqi children sponsored by the Food for Peace organization "is one small crack in the deadly embargo," Monsignor S.J. Adamo reported in his regular column in the March 7 *Philadelphia Daily News*.

Entitled "Embargo Is Killing the Children of Iraq: They're Paying the Price for U.S. Policy," Adamo reported that Food for Peace "has managed to convince farmers from eight states to turn surplus milk into milk powder so it can be shipped to Iraq to save the children from starvation."

Farmers are contributing to the milk lift to dramatize their need for higher milk prices, and the severe food shortages throughout the world, and as a way of avoiding dumping milk. The effort is being coordinated by the Committee to Save the Children in Iraq, which was founded in 1991 by His Beatitude Raphael Bidawid, Patriarch of the Chaldean Catholic Church, Helga Zepp-LaRouche, chairman of the Schiller Institute in Germany, and Dr. Hans Koehler of the International Progress Organization.

"The calamity that is descending upon Iraq is the result of the new barbarism," Monsignor Adamo charged.

● **JEWISH** Defense League head Irv Rubin was arrested in Los Angeles and charged in a conspiracy to commit murder, police said, AP reported on March 8. In 1985, Rubin, 46, had succeeded Meir Kahane.

● **VICE PRESIDENT** Dan Quayle was asked at a press conference in South Carolina on Feb. 28 if the United States intended to respond to the U.N. human rights query regarding the persecution of Lyndon LaRouche. When pressed, Quayle finally said, "Yes, we will definitely respond."

● **'NASA** is expected to put out a second ozone report any day now," retracting its initial alarmist position on the "ozone hole" of Feb. 3, a *Wall Street Journal* editorial reported on Feb. 28. The editorial warned that by such political use of NASA, "The administration is, of course, putting the NASA space program in jeopardy."

● **BETH OSBORNE DAPONTE**, who calculated the 1991 Iraqi death tolls for the Census Bureau, has found her work classified, her files destroyed, and has now been informed that she will be fired from the Center for International Research of the Census Bureau. She reported that 89,194 men, 39,612 women, and 32,195 children died as a result of the Gulf war and the sanctions.

● **AN ENVIRONMENTALIST** gathering of religious and scientific leaders will take place in Washington in May, charlatan scientist Carl Sagan revealed in the March 1 issue of *Parade* magazine. A key purpose of the meeting will be to affirm support for radical action on the environment and population control.

● **A LAND** development scheme, as reported in the March 8 *New York Times*, may involve Democratic presidential candidate Gov. William Clinton of Arkansas in a new scandal. Political appointees of the governor implemented proposals suggested by his wife, Hillary Clinton, to keep a savings and loan used to subsidize the scheme from going under.

Community of nations must prevail

According to the Pentagon leak which appeared in the March 8 *New York Times*, there is now a U.S. strategic military plan which baldly asserts Anglo-American aspirations to become the new Rome. To quote the *Times*, the policy asserts: "America's political and military mission in the postwar era will be to ensure that no rival superpower is allowed to emerge in western Europe, Asia, or the territories of the former Soviet Union."

This, of course, is not a new policy, but a reassertion of the same British imperialism which brought us two world wars. This is the policy which is drawing the nations of the world, apparently ineluctably, into yet another global conflagration. In the period leading up to the First World War, and then with the Versailles Treaty, the post-World War I pre-World War II decades of the early 20th century, we saw a determined British effort to prevent Germany or Russia, or any other nation, to become a rival to British imperial aims.

The British Empire at that time was not an awesome threat, not a mighty superpower—indeed, for that very reason the economic vitality of Germany was a threat the British were not prepared to tolerate. The United States was also potentially a threat to the British, except for the fact that there was a treacherous group of Anglophiles—Teddy Roosevelt is a worst example—who were determined to make the United States the battering ram for the British Empire.

The British plan for the United States was, pure and simple, to reassimilate it into the British Empire. Thus they intended to make U.S. industrial strength an asset for their plans of world domination. They would start the wars, and the Americans would win them. This worked for the British in two world wars, but now they have a problem: While they have subverted the United States from being the world's leading republican force, to being a puppet of British imperialist policy, they have at the same time, and for that very reason, destroyed U.S. economic might.

Whereas in the First and Second World Wars, the U.S. came to the rescue of a British Empire which otherwise would certainly have been defeated by the Germans, only a fool would count on that happening

again. This is not merely a question of the fact that American industrial potential has been gutted, but that the culture which made the United States an industrial giant has also been destroyed in the process. Widespread drug abuse and the collapse of the family are symptoms of this cultural decay.

While the collapse of the Soviet system is obvious, the more profound collapse, in terms of global effects, is the ongoing economic collapse of the Anglo-American system, a self-induced collapse. This collapse tends to evoke acute disorientation and demoralization for those who lived in the former Soviet system and within the Anglo-American domain.

The Versailles system put into place after the end of World War I is dead, but what is to replace it? If we are not going to move into a period like the Thirty Years' War of the 1600s, which reduced the population of Germany and Austria by half—but this time on a global scale—or some other hellish variant of a third world war, then we must learn from history.

What is needed, is an alternative to the doomed Versailles system. It's just a matter of time before the whole thing falls apart. Therefore, the question is, to propose immediately counter-policies for a global system based on the political economy of Hamilton, List, and their co-thinkers, and on the sovereignty of nation-states.

What is needed is an understanding by ordinary citizens of at least the last 200 years of history, so that they can prepare themselves for this moment when the "little" people are called upon to undertake great responsibilities. The United States was born of a great struggle against the very same British imperialism whose policies now threaten to become institutionalized as U.S. official military-strategic doctrine. We cannot allow this to happen.

It is the principles of American System economics, of the defense of national sovereignty and of the rights of men, which must again become the rallying cry for a new community of nations based upon the great republican principles for which the American Revolution was fought.

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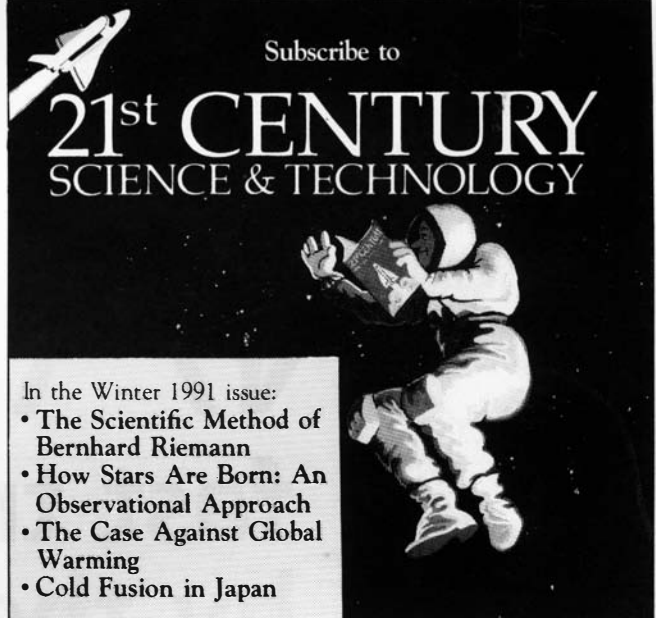
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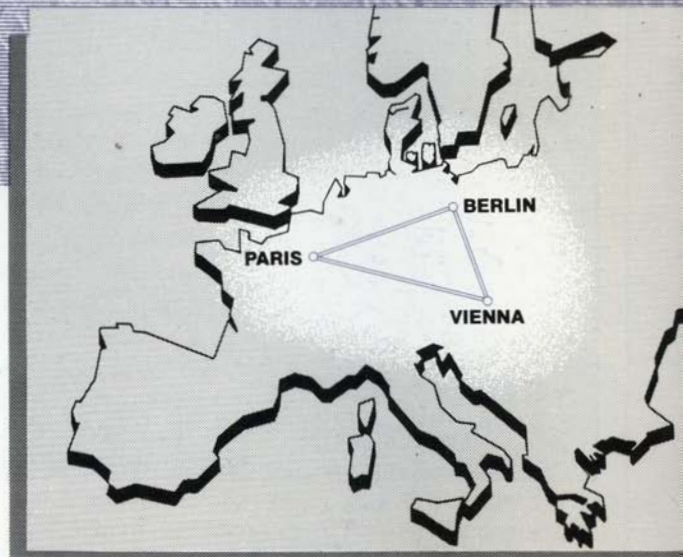
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