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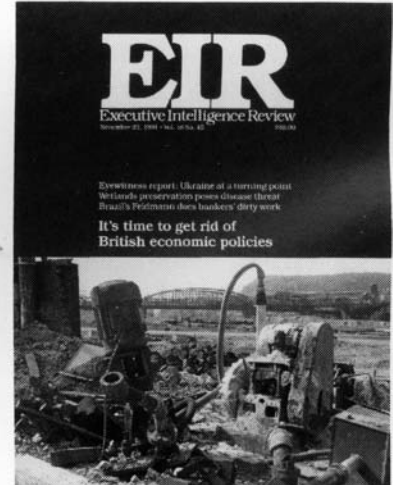
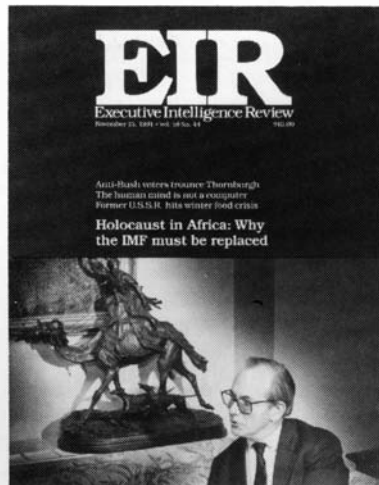
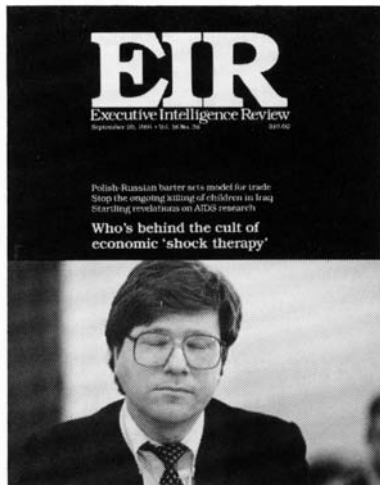
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**Tear down the tyranny of the
International Monetary Fund!**



IMF Commits Crimes Worse Than Hitler's



What is the International Monetary Fund really? Who controls this supranational institution, whose power is greater than that of sovereign governments, and which imposes economic conditions on member states that lead to genocide worse than that for which Nazi war criminals were hanged at Nuremberg?

Executive Intelligence Review (EIR), the weekly journal founded by U.S. economist and political figure Lyndon H. LaRouche, documents the murderous plans of this bankers' cartel, in the perpetrators' own words.

- **The IMF pushes drugs.** The Fund forces developing-sector countries to grow the most profitable cash crop of all: dope. In the words of an IMF specialist on Colombia: "From an economic viewpoint, marijuana is just a crop, like any other. It brings in foreign exchange, and provides income for the peasants."
- **The IMF demands "population control" as the prerequisite for credit.** As World Bank chief Robert McNamara put it, "devaluation is a population control policy." This is a *conscious* policy, aimed to reduce the non-white races.
- **The IMF promotes communist insurgency.** Said Fidel Castro, "The International Monetary Fund alone still inspires confidence in me. It is the IMF that will realize all my plans."

EIR provides the vital political and economic intelligence for patriots of all nations who seek to destroy the power of the IMF and kindred institutions. Under Mr. LaRouche's direction, it presents detailed recommendations on how to launch a global economic recovery, through Great Projects for high-technology-vectored development. It is the lifeline of a growing international political movement. You too can join!

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From the Editor

The toddler happily chipping away at the Berlin Wall on our cover was probably too young to really understand anything more than the mood of relief and joy that pervaded the German population during 1989 and 1990, as the Wall came down and with it, the barriers to German unity, after nearly a half-century of tragic separation. Today, incredible though it may seem, an equally vicious tyranny threatens the hopes of Europeans wherever they live on the continent, as much as it menaces the very lives of Africans, Ibero-Americans, and Asians. This tyranny is known under the false name of “free trade” and it is administered by a band of technocratic thieves called the International Monetary Fund—IMF for short.

In our *Feature*, we update the news on the opposition group whose birth was reported in our March 27 issue, which is taking leadership against IMF: the “New Europe Working Group,” which met for a history-making conference in Warsaw, the capital of Poland. Accompanying our short report—to be expanded in future issues—are an eyewitness account of the situation in Lithuania, and a report on Poland from Mathis Bortner of Solidarnosc, who recently toured the United States. (We hope it’s not amiss to mention that these two countries are not only neighbors but were united in the 15th century in a remarkable constitutional monarchy which has been described as a “republic of love” because it specifically disavowed expansion by military conquest.)

As *EIR*’s Dennis Small told the Warsaw conference, the International Monetary Fund never *gives* anyone money; it only *steals* money, as Kathy Wolfe makes clear, as well, in her article on the case of the \$24 billion George Bush is wheedling Congress to give the IMF supposedly “for Russia.” Congress is likely to balk at this for budgetary reasons, and Bush will present the issue as one of “defending freedom.” And Bill Clinton is backing Bush’s foreign policy and the IMF all the way. (In our next issue we’ll air the Clinton scandal everyone is covering up—until after the Democratic nomination.)

Congress should *not*, for any reason, fund the IMF. Americans ought to follow the example of the Venezuelans and Peruvians: If the game is rigged, kick over the chessboard!

Nora Hamerman

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Correction: Our April 3 issue (p. 13) misspelled the name of the Russian town where a nuclear reactor leaked on March 24. The correct name is Sosnovy Bor.

Bush's \$24 billion 'aid' plan for Russia is a fraud

by Kathy Wolfe

President George Bush's April 1 announcement of the "Freedom Support Act," his initiative to give \$24 billion to the International Monetary Fund (IMF) for "shock therapy" economic policies in Russia, and billions more for eastern Europe, has become an April Fool's joke, ridiculed by world financial circles. Bush's plan "will not work . . . when IMF-style shock therapy has already created a disaster in Russia," a Japanese diplomat told *EIR* that day. By April 3, Tokyo had rejected the scheme publicly.

The proposal and its reception is symptomatic of the political instability sweeping London, Paris, Tokyo, Bonn, and Washington, which is fueling financial panic. In Britain, the Tories' tenuous grip on power led to a London bourse panic, with £6 billion of share values wiped out in the first two weeks in April. In France, voters are demanding the end of the Mitterrand regime. In Italy, the major parties are being challenged by pro-autonomy parties seeking to dismember the nation. In Germany, state election campaigns could soon topple the Kohl majority government. In the United States, disgust reigns.

The financial reaction everywhere is sharp. In Japan, calls for the dissolution of the Miyazawa government led Tokyo stocks to hit their lowest point since November 1986, the Nikkei average falling more than 12% since March 30. "There's a growing fear that the Japanese financial system is being destroyed" because the value of stocks held by Japanese banks is crashing, a British banker in Tokyo said.

Japan's top 10 banks are also the world's top 10, with over \$3 trillion in assets, so the crisis is international in scope (see box, page 6).

The July Group of Seven (G-7) economic summit in Munich faces "a nightmare scenario," Horst Koehler, state secretary in the German Ministry of Finance, told the April 5 *Welt am Sonntag*. "When I begin to reflect on the wobbly

governments, coming elections, and the international security problems—this is all a nightmare scenario. . . . France's Mitterrand is mortally wounded. . . . Japan struggles with economic crisis and scandals. Germany faces the growing threat of budget crisis. If the world economic situation does not improve," he said, "we can simply forget help for Russia and the CIS [Community of Independent States] republics."

Bush's blackmail

At the press conference announcing his grand plan, Bush gave many of the right reasons for much-needed western assistance to the people of the former Soviet communist states. "With the collapse of the Soviet Union, we face an unprecedented historical opportunity to help freedom flourish in the new independent states. . . . The success of democracy . . . can help ensure our security for years to come," he said. "Together, we won the Cold War, and today we must win the peace. Our national effort must be part of a global effort."

Beneath the rhetoric, however, there was no help for the Russian population. In fact, Bush's plan is a \$24 billion check to the IMF, for use in blackmailing Russia into further "shock therapy" economics. "After weeks of intensive consultations in the G-7," Bush said, "Chancellor Kohl, currently serving as chairman of the G-7, has announced today G-7 support for an IMF program for Russia. . . . We're working to develop with our allies and the IMF a \$6 billion currency stabilization fund to help maintain confidence in the Russian ruble. The United States will also join in a multilateral effort to marshal \$18 billion in 1992 to assist Russian efforts to stabilize and restructure their economy. . . . We will work to complete this \$24 billion package by the end of April."

At a followup session, U.S. Treasury Secretary Nicholas Brady explained that the \$24 billion was for IMF programs in Russia alone, and that Bush is proposing \$3-6 billion more

in IMF-World Bank credits to Ukraine and other eastern European states, up to \$30 billion total.

Who pays? The U.S. and Japanese taxpayers, naturally. Bush announced that he was also "transmitting to Congress a comprehensive bill . . . to authorize a U.S. quota increase of \$12 billion for the IMF, which is critical to supporting Russia and the other new states. The IMF and World Bank will be the primary source of funding for the major financial assistance needs of the new governments."

The IMF in fact is in control of the whole process. In an article, "World Monetary System Would Gain Leverage on Moscow Policy," the April 1 *New York Times* noted that the IMF on March 31 had just approved the Russian government's harsh 1992-93 economic plan, certifying Russia for IMF membership—otherwise, Bush could have done nothing. This, the *Times* claims, "will place the Russian economy to some extent under the stewardship of the IMF. . . . The relationship could lead to future strains between Russia and the IMF. . . ."

"The Fund is likely to link continued assistance on further belt tightening," the *New York Times* said, revealing that the IMF will be holding on to the \$24 billion-plus in cash, using its control to demand more harsh austerity measures in Russia. Already shock therapy measures implemented by IMF darling, Russian Finance Minister Yegor Gaidar, are causing prices of bread and meat to soar, massive layoffs, and the printing of ever more paper money. The IMF has also called upon Russia to raise energy prices to world levels, which would shut down dozens of industries in Russia and in former satellite countries that still rely on Russia for energy. Russia must also stop protecting its weakened industries with tariffs and allow dumping by western multinationals.

The IMF is actually expecting Russia and the other CIS states to *pay money* to the IMF, before one cent is released to them! During its first year of IMF membership, an IMF official told the *New York Times*, Russia must pay into the IMF \$3.1 billion in rubles and \$900 million in hard currency, and other former Soviet republics are expected to pay in a total of \$2.3 billion. Only then, and only if the U.S. Congress approves Bush's \$12 billion quota increase to the IMF, Russia and the other republics *could* qualify for IMF aid.

IMF shock therapy 'a disaster'

Reaction to the Bush IMF scheme has been sharp. On April 2, Russian President Boris Yeltsin fired the IMF's Yegor Gaidar from his Finance Ministry post, in order to try to forestall criticism of the IMF plan at the April 6-10 Congress of People's Deputies in Moscow (see page 6). Russian Parliament Speaker Ruslan Khasbulatov attacked the shock therapy policies on April 3. He warned that the budget deficit was more out of control than ever, and exclaimed that "now is the hour of the Parliament." He called for reorganizing industry to halt the fall in production.

The Japanese, meanwhile, are refusing to foot the bill,

which could destroy the entire scheme right there. Bush's \$24 billion IMF plan "will not work" because "IMF-style shock therapy has already created a disaster there," a Japanese diplomat told *EIR* April 1.

He reported that he had been visited, the day Bush announced his new plan, by a member of the advisory board for the World Bank's European arm, the European Bank for Reconstruction and Development (EBRD). This banker had just toured eastern Europe and Russia, and was "horrified by what he saw," the source said. " 'It's a disaster over there,' he told me, 'and the Yeltsin government will end up like Venezuela if the shock therapy continues.' "

On April 3, Jacques Attali, head of the EBRD, made similar predictions about the former Soviet Union at a Paris economics conference, warning that there would be 50 million unemployed, a rising balance of payments deficit, and a crumbling of the state system. "We have not touched the bottom of the recession," he said. "This is merely the first stage of a major decline in foreign trade and a considerable worsening of their growth capacity. Eastern Europe has emerged toward civil war, dragging the whole of Europe toward civil war. The dangers are huge."

The Japanese diplomatic source was emphatic that "what is ridiculous is not so much the money, but the idea that the IMF would control the money."

On April 3, Japanese government officials told the *New York Times* that Bush's announcement was "inappropriate," "premature," and never got the slightest agreement from Tokyo. "As far as our government knows, there has been no agreement on this package," the official said. "These figures are extremely new to us. It was inappropriate to announce them."

Finance Ministry spokesman Hiroshi Yasuda said April 3 that the \$24 billion IMF plan had never received Tokyo's agreement. "It's larger than the size we were told of," he told a news conference in Tokyo.

On April 7, the Japanese government announced it would "consider" giving the relatively tiny sum of \$1 billion to the entire scheme. Japanese Finance Minister Tsutomu Hata said that Japan would have "no further statement" on the matter until the end of April.

While the Bush Democrats in the U.S. Congress all endorsed the IMF scheme, led by Sen. Sam Nunn (D-Ga.) and House Majority Leader Richard Gephardt (D-Mo.), IMF sources are worried that Bush's request for \$12 billion in U.S. quota cash for the IMF may present a massive "logistical difficulty." While the Senate approved long-introduced legislation allowing for the full \$12 billion last year, the House never voted on it. Now, the source frets, it appears likely that the full CIS package will come under jurisdiction of a half-dozen House committees which could play politics with it in this chaotic election year. House Banking Committee sources said that Bush will have to break his back to lobby the cash through Congress.

Stock markets dive

The stock market panic in London began on April 3 when the *Financial Times* index dropped by 56 points in the first half-hour of trading, after polls were released giving Labour a substantial lead in British elections April 9. The stock index has fallen by 166 points since Budget Day, and analysts expected another 100-point drop if the Tories should fail to win.

In addition, the key three-month interbank lending rate shot up sharply, and if the money markets continue to be unstable over the next days, the big U.K. banks will come under increasing pressure to raise their base rates. The City of London "has finally begun facing up to the possibility of the Labour Party winning an overall majority at the polls next week," said the *London Times*, and sees the slump as a "foretaste of things to come."

Tokyo stocks collapsed below 17,000 on the Nikkei index April 8, down from the level of one year ago of 27,000, despite the early April government emergency economic package and a hefty 0.75% cut in the Bank of Japan rate. Bank stock drops led the decline, the worst fall taken by Mitsui Trust, heavily engaged in restructuring troubled real estate companies. Mitsubishi Bank and Fuji Bank fell sharply. Moody's has downgraded four Japanese top banks.

British traders in Tokyo had a field day talking down the Japanese market. Barings Bank has forecast the Nikkei could break below 15,000. "It's like trying to catch a knife," said Simon Smithson, head of research at Britain's Kleinwort Benson brokerage in Tokyo. "The market won't be able to rebound before banking stocks stop sliding," he said. "What's happening to Japanese bank stocks is structural—it's cross-share selling, *tokkin* money trusts, and fund trusts trying to get out of the bank stock market, and foreigners . . . thinking, 'we've got to get out of here.'"

The cross-share selling issue cuts to the heart of Japan's *keiretsu* industrial combine system. Industrial companies like Mitsubishi Steel are being forced to dump shares in their traditional banks such as Mitsubishi Bank. Analysts said investors were spooked by banks' bad loans, real estate exposure, and the need to meet strict capital adequacy ratios by end-March 1993.

The news from Japan hit markets across the Far East. In Hong Kong, shares extended sharp losses as investors eyed Tokyo and worried about New York. In Sydney, news from Tokyo sent panic through the stock market which closed at a seven-month low.

Resistance builds shock therapy in

by Denise Henderson

Russia's 6th Congress of People's Deputies opened April 7 amid an ongoing debate over the proposed \$24 billion aid package being offered by the International Monetary Fund (IMF) to Russia. On April 8, however, the debate appeared to be over, as Russian President Boris Yeltsin claimed that thanks to the IMF reforms, as implemented by Harvard's adviser to Yeltsin, Jeffrey Sachs, and his Russian crony Yegor Gaidar, Russia was experiencing an economic turnaround.

Flagrantly ignoring reality, Yeltsin claimed that the Russian economic situation had improved, and defended the decision taken at the 5th Congress in November 1991 to press ahead with reforms. "We have got a clear understanding of the course of transformations," he said. "For the first time in many years we managed to make the economy speak the language of finance. The monetary policy becomes, although slowly, the major factor and incentive of economic activity. We have renounced senseless military spending. . . . Positive changes have started to take place in the economic and political spheres."

Yeltsin was forced to give his speech after the Congress voted down a proposal that Gaidar, who has been removed from his finance post but who remains an adviser to Yeltsin, report on the state of the economy. Although the speech was at least an hour long, Yeltsin only mentioned productive activity in the context of conversion of the military-industrial enterprises, and did not mention badly needed infrastructure at all.

Yeltsin called on the Congress not "to play politics, to fight for an illusionary primacy. We have a common cause that we are responsible to Russia, to the international community, to our own people. It is highly irresponsible to stir up disagreements. . . . But I am sure that the majority of the population understands that it is necessary to live through this period of falling living standards in order to prevent a catastrophe, to start moving away from this poverty."

Gaidar also spoke and ignored economic reality, claiming that there has been a turnaround in the number of businesses engaged in production, in exports and imports, and in agriculture. Gaidar laughably compared the proposed \$24 billion IMF aid package to the Marshall Plan, whose success, he claimed, Russia could repeat today.

But, as Russian speaker of the Parliament Ruslan Khas-

to IMF Russia

bulatov warned in early April, the economic situation is so bad that Russia is running out of time—and Yeltsin and the West know it. The problem is, however, that all parties continue to cling stubbornly to macro-economic programs (free trade, market economy policies) designed, as many Russian critics have said, in theoretical conditions not applicable to Russia or the other republics of the Community of Independent States (CIS).

IMF demands 'amoral, futile, dangerous'

The growing discontent among leading circles in Russia with the government's acquiescence to the genocidal policies of the IMF surfaced in March. The most scathing indictment of the policy was given by St. Petersburg Mayor Anatoly Sobchak, in an interview with the Italian daily *La Repubblica* on March 27. Sobchak said, "If the IMF asks the Russian government to carry out a reform that entails millions of starvation victims among our country's citizens, then I say that such a request is not only amoral but futile and dangerous. It paves the way to another totalitarian government, more aggressive than before.

"Even a blind man can see that [IMF] demands . . . are entirely unrealistic and entirely impossible, now, in our country. . . . To take them as the basis of our policy will lead . . . not to the stabilization of the economy, but to its demise. I have already explained this to . . . Jeffrey Sachs, and I intend to discuss it with IMF leaders. Russia is not a Third World country . . . nor is it Poland or Hungary. We have other problems and a scientific and industrial potential equaled only by that of the United States. . . . Thanks to the huge natural resources that we enjoy, we can even tackle the crisis without imposing spreading unemployment on the country. But to use our resources better we must move in another, fourth dimension. This is an unknown dimension, in which we already find ourselves. These things must be said, must be explained to the IMF leaders. . . . Nobody can demand from us political commitments that cost the lives of millions of people. If they do demand this, they should be sent where they deserve."

Sobchak said that he hadn't publicly protested Russian economic policy sooner because he thought that "the Russian government is composed of intelligent and capable men. . . . This makes all the more unpardonable the superficiality and

incredible irresponsibility with which they act, as though market laws could conquer Russia overnight, by magic. Their platform is pure theory, entirely divorced from reality." Sobchak asked: "What is the point of this reform, and whom does it serve?"

Sobchak is part of a vocal minority among Russian leaders which is asking the right questions. Unfortunately, Sobchak's clearheadedness has yet to be reflected in the policy programs coming out of either the Russian parliament or Yeltsin's Russian White House.

In late February, the Russian government released a "Memorandum on Economic Policy" which made clear that the City of London/IMF policy planners were firmly at the helm of the Russian government through Sachs and Russian Finance Minister Gaidar. That memorandum led to a number of attacks on the program in the Russian press.

IMF defenders cite 'Mexico model'

Georgi Arbatov of the U.S.A.-Canada Institute replied on March 13 under the "Opinion" column of *Nezavisimaya Gazeta*. Arbatov took a "soft-cop" approach, claiming to agree with critics while attempting to undermine their arguments. Arbatov argued that the problem with the Russian economic reforms was that they had not gone far enough fast enough in turning Russia into a Chinese-style slave-labor operation, and called for the "free trade zone" approach of China. He cited Mexico as a country which "successfully" contested the IMF and won.

Arbatov's idea of "contesting" the IMF and winning, was explained: In Mexico, "the main example was placed not only on liberalizing prices, but on opening the country to foreign goods and capital. . . . And emphasis was also placed on privatizing state property." In other words, Russia should develop the slave-labor factory system known in Mexico as *maquiladoras*, which *EIR* has documented to be an "Auschwitz below the border," and sell off its state enterprises—presumably including infrastructural enterprises such as electricity generation, nuclear power plants, hydroelectric plants, etc., which is what has been proposed for Mexico. For Arbatov and his western cronies, until Russia's industrial base is completely destroyed, they will not be satisfied.

Between Sobchak, who argues that Russia is in an unknown, "fourth dimension," and the rabid free traders, there is a group of economists who would return Russia to the status quo—a physical impossibility, unless the issue of building and replacing infrastructure is included in the program.

Speaker of the Parliament Khasbulatov told the parliament on April 4 that IMF loans are not the answer to Russian economic ills and that the country should rely on its own resources to get back on its feet. "There are no sources available in the West for large-scale financing of Russia," he told journalists. Taking a jibe at the IMF, he said, "And of the money we think we will get, 40% will have to be returned

anyway." He added, "If American policy is constructed solely on Gaidar, then I feel sorry for American policy, and for Russian policy even more so."

Khasbulatov's proposed economic policy, which appeared in *Nezavisimaya Gazeta* in early April, focused on the destruction of Russian industry and the fact that land reform was entirely stalled, which will affect the spring planting. He ridiculed the idea of a balanced budget, warning that what must be addressed are "the 'bottlenecks' of the economy; their identification is an important and complicated task for the government which should be resolved with help from the Russian Federation's Supreme Soviet."

Economy determines security

Khasbulatov warned, "Today the threat of economic collapse is more manifest than the military threat. The prospect of an irreversible technological backwardness [threatens] . . . vitally important national interests.

"It should be remembered that there is no . . . absolute 'non-military' security. For it is the economic potential that determines the possible level of military might. . . . A super high level of armaments is causing major structural anomalies that are wreaking havoc with the national economy. Now that military expenditures have been slashed, the problems of the militarized economy are becoming increasingly apparent. The result is the emergence of a threat to the scientific and technological potential of the defense industry, the collapse of its production structure, brain drain, and sharp changes in the social climate in many cities with an industrial structure dominated by the enterprises of the military-industrial complex."

But Khasbulatov failed to address the most vital need of Russia—a major program to upgrade its infrastructure, with special attention on high-speed rail transport to facilitate agricultural needs and distribution of industrial production. Russia cannot simply return to the command economy of the 1950s, '60s, and '70s. Economist Lyndon LaRouche's "Productive Triangle" program must be assimilated by those like Khasbulatov who have an understanding of economy based on physical principles.

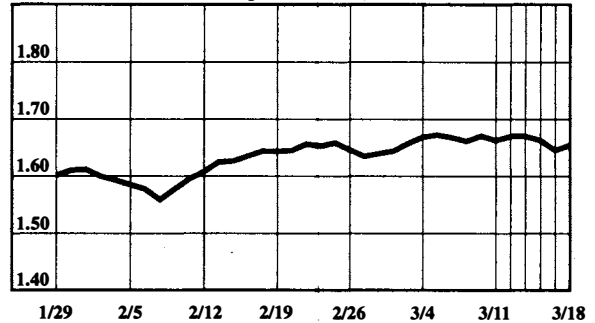
Although the 6th Congress may rubber-stamp Yeltsin's programs, indications are that if the reforms continue, the military may step in. In an interview on April 3, Gen. Nikolai Stolyarov of the Joint Armed Forces Committee of the CIS was asked what would "desperation of millions of civilians and the sufferings of thousands of military men" lead to?

Stolyarov replied, "It would be quite wrong to believe that democracy is invincible and that totalitarianism has collapsed forever." He added, "I am sure that no political provocateur can involve the Armed Forces into an adventure. But this does not mean that the military can be forced to withstand more and more trials. It is a political betrayal of the military to view them as having unending patience. This is also a sin all of us share."

Currency Rates

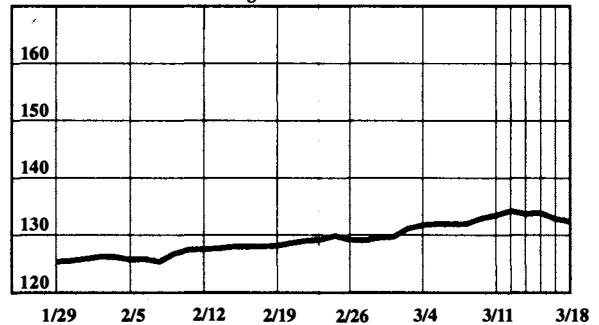
The dollar in deutschemarks

New York late afternoon fixing



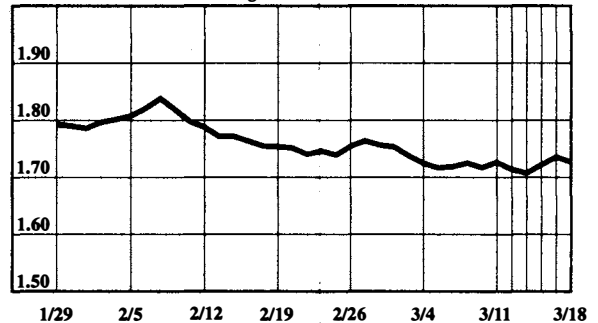
The dollar in yen

New York late afternoon fixing



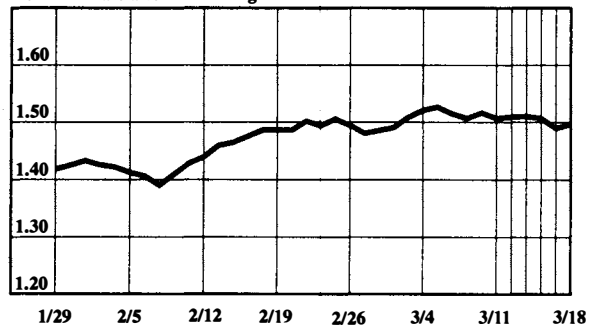
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Congress lacks courage to stop NAFTA

by Suzanne Rose

Judging from the actions of U.S. House Agriculture Committee members at a hearing on the proposed North American Free Trade Agreement (NAFTA) on April 8, there will not be any serious resistance from that quarter to the Bush administration's drive to turn the continent of Ibero-America into a vast cheap labor zone. Members of the committee signaled their assent to the agreement by their failure to even seriously question the open support for the agreement by committee chairman Rep. Kika de la Garza (D-Tex.).

At the hearing, Agriculture Undersecretary Richard Crowder reported on the progress of the negotiations to committee members, representatives of farm advocacy and commodity groups who came to testify, and an audience of press and observers. Crowder implied that the negotiations were on track, with only minor obstacles to be overcome.

The questions to Crowder were perfunctory. Other witnesses largely expressed concern about how their particular interests would be affected, and they were not questioned by committee members. The only serious opposition to the agreement came from Nebraska grain farmer and Food for Peace activist Don Eret, a former two-term state senator.

The lack of interest in the hearing was not surprising, because Congress gave up its say in the negotiations when it voted to grant the administration fast-track authority last spring, which means that Congress cannot substantially alter or amend the treaty once it is negotiated, but only accept or reject it. Status hearings before the Agriculture Committee will now occur monthly, according to De la Garza. But the real struggle is going on behind the scenes at the ministerial level conferences. In agriculture, Mexico is being arm-twisted over its refusal to include corn and beans in the agreement—staple foods for the population—and questions involving the right of foreign investors to own land. The fourth such meeting between U.S. Trade Representative Carla Hills and her Canadian and Mexican counterparts is now occurring in Montreal.

The tone for the questioning was set by De la Garza in his opening remarks. "This member feels that it is in our nation's long-term best interest to proceed with this agreement as Canada and Mexico are the United States's first and third best trading partners." He acknowledged minor concerns with the treaty but expressed the hope that it could be concluded quickly because the "stability of Mexico is in the national interest of the United States."

An 'Auschwitz below the border'

Eret submitted a written statement and concluded the hearings with a five-minute summation. He demonstrated that following the reduction of trade barriers worldwide after the Tokyo Round of the General Agreement on Tariffs and Trade, world trade collapsed, as measured by world seaborne movement of freight.

Eret's testimony quoted Henry Carey, the great 19th-century economist and adviser to President Abraham Lincoln, who understood the evils of free trade. Carey wrote in his book *Harmony of Interests*, that the ability to import is based on the ability to pay, and that the ability to pay is greatly diminished when the labor force is compelled to compete against cheaper, foreign labor. Carey wrote, "The policy that produces a necessity for depending on trade with people who are poorer than ourselves tends to reduce the wages of our labor to a level with theirs, and to diminish commerce." Eret used the Carey references to blast the USDA's repeated lie that Mexico's population is just waiting to become an 80 million-strong consumer market for U.S. exports once trade barriers are removed.

Eret pointed out that to force Mexico and other Third World countries to restructure their economies to increase exports will lead to an "Auschwitz below the border," where epidemic diseases like cholera will spread, given the lack of investment in water projects and sanitation.

Cholera has already broken out in Monterrey, Mexico, and the public health director of El Paso, Texas warned in March that it may be expected soon there.

None of the questioning betrayed any understanding of the immoral and destructive nature of free trade. Even panelists who presented a case that their industries would be destroyed, like the Florida citrus growers or the Western Growers Association, said they did not oppose the treaty, but hoped their produce could be given special treatment. Congressmen and panelists who represented sugar and dairy producers, which are protected by import quotas, did not even object to the suspension of the quotas under a NAFTA agreement. They complained that Mexico will be able to import from Cuba and the European Community and send these products duty free into the United States, destroying U.S. producers. This is indeed a likely scenario, but the blame should be placed on the cartel trading companies, which make their profits trading the same goods back and forth over national boundaries, while weakening the power of national governments to interfere.

There was a moment of comic relief when Crowder announced that an agreement has been reached on plant and animal health and food safety standards. Crowder explained that Mexico will have to adhere to the high standards of the United States. One congressman had the temerity to point out that less than 1% of the produce coming across the border is inspected. De la Garza added, "and they publish the days they are going to inspect ahead of time."

Plan for world eco-dictatorship is slowed down, but not halted

by Lydia Cherry and David Cherry

The June Earth Summit to be held in Rio, Brazil will not fulfill the hopes of its architects for concrete accords initiating a U.N. environmental dictatorship against economic growth. Negotiations have broken down in the preparatory meetings. The bad news is that the Third World forces opposing these accords have not established a basis around which this opposition can develop its own positive program, apart from broadly insisting on development. It is instead a case of not wishing to be raped too fast, or without receiving some payment in compensation. Thus, all parties signed a general accord committing themselves not to "damage the environment" (i.e., commit the crime of economic growth), even if there is no scientific basis for the alleged cause of that "damage."

The last series of negotiations to prepare for the U.N. Conference on Economic Development (UNCED) meeting came close to collapse in early April. The hope of UNCED planners had been that the two years of negotiations would result in a number of preliminary agreements that could be signed by heads of governments in Rio. But only one full accord came out of the five-week-long negotiations, and even that text may change before the summit, a spokesman for summit Secretary General Maurice Strong told press. Delegates abandoned a draft statement of principles for the conservation and management of the world's forests after Malaysia blocked all compromises, which U.S. Assistant Secretary of State Curtis Bohlen described as "a giant step backward." And protocols on bio-diversity and global warming didn't fare much better.

The only accord upon which there was a consensus is the 21-point draft declaration on environment and development, couched entirely in terms of "sustainable development." Although there is one mention of "economic growth and sustainable development" in the draft, a newly published Club of Rome study, *Beyond the Limits*, makes clear that "sustainable development" presupposes *zero growth*.

The draft implicitly endorses the hoaxes of "global warming" and the "ozone hole," and explicitly blames the industrialized countries for trashing the planet: "The developed countries acknowledge the responsibility that they bear . . . in view of the pressures their societies place on the global environment and of the technologies and financial resources they command." Concerning population growth—forced onto the agenda by the United States and Britain—the draft asserts,

"To achieve sustainable development and a higher quality of life for all people, states should . . . eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies." According to the April 5 *New York Times*, that means that developing nations should "pledge to curb soaring birthrates that contribute to poverty and to environmental degradation."

The draft also establishes that while nations have a right to exploit their own resources, they have no right "to cause damage to the environment of other states or of areas beyond the limits of their jurisdiction." They must avoid any damage, even in the absence of scientific certainty that damage will occur, the document says.

"Developing countries feared recolonization through environmental conditionalities because they are weaker than the North," said Tariq Osman Hyder of Pakistan, the chief negotiator for the Group of 77 (G-77). But Hyder went on to suppose that "this document achieves a middle point between northern and southern goals."

While UNCED estimates that poorer nations will require an additional \$125 billion in annual foreign aid to carry out its environmental proposals, none of the industrialized nations committed any money to this end. Total annual foreign aid to the Third World is at present \$55 billion. But it is clear that the industrialized donor countries intend to increasingly divert existing aid into "environmentally sound projects" and into building up a "green police" apparatus in each country steered by the U.N. and U.N. non-governmental organizations (NGOs).

Prep-Com IV merely round one

"The Third World could yet change its mind about participating in the process," Cuban delegation chief Ricardo Alarcón mooted on March 27. Cuba is the second country after Malaysia to threaten to boycott the event altogether. Reporting on the exchange at the U.N., IPS news service commented: "Despite assurances from Cuban delegates that this was not a threat, the probability of boycotting UNCED will be discussed in the G-77 conference in Kuala Lumpur in late April, just one week after a meeting of the UNCED financial team in Toyko."

Malaysia, which has come closest to questioning the premises of the summit, reiterated April 2 that it and the 44

other countries who will meet in Kuala Lumpur beginning April 26 will map out a collective action plan to be presented in Rio. Malaysian Science, Technology, and Environment Minister Law Hieng Ding announced that the plan, expected to be called the "Kuala Lumpur Declaration," would address nine issues, notably financial resources, transfer of technology, climatic changes, and forestry. "We will act as one and make our stand felt at the Earth Summit," he said, according to Malaysian news service Bernama. The Kuala Lumpur meeting, under the sponsorship of the G-77, is *not* the "alternate summit" idea that Prime Minister Dr. Mahathir Mohamed mooted last August. At that time, he suggested that it might be better for developing nations to hold their own meeting where the developed countries would be excluded: "It is only then that we can learn what is the real situation" on the environment, Mahathir said, as reported by the Malaysian daily *The Star* on Aug. 17.

Just how divided the developing sector is, however, was shown by a report in India's *Economic Times* on April 7 which disclosed that the Brazilian government of President Collor had quietly sent representatives to India and China to attempt to coax them to accede to the North's demands. The Indian press called the action "groveling."

Establishing an environmentalist dictatorship as part of the new world order is not progressing swiftly enough for its planners. UNCED chief Maurice Strong, speaking in Geneva on April 7, just four days after Prep-Com IV was disbanded, let his displeasure be known. Strong insisted that a failure in Rio would mark the biggest breakdown yet in North-South relations and it would take years to mend the rift. "It would be the beginning of a very pervasive rich-poor war . . . a cold war of deepening division, deepening suspicions, and the gradual manifestation of selective violence," he threatened. He said he was still confident that the June 3-14 meeting in Rio would result in a deal on the crucial issue of financing the transition to "sustainable development."

At the urging of Strong and his backers, former Japanese Prime Minister Noboru Takeshita hastily called a meeting in Tokyo in mid-April designed to obtain the financing demanded by the Third World as their price for agreeing to their own doom in the name of "sustainable development." Takeshita, from the Mitsui banking group, has recently written a blueprint for the greening of Japan entitled "For a Humanistic and Prosperous Japan." His connections to Strong are not surprising, since he has had strong Anglo-American connections in the past. The convening of the Eminent Persons' Meeting on Financing Global Environment and Development, as the Tokyo meeting is labeled, will attempt to extract at least \$2 billion from the Japanese government for the developing sector's environmental programs (as contrasted to the \$125 billion per year that UNCED assesses will be needed). Among those invited to the meeting are former Costa Rican President Oscar Arias Sánchez, former World Bank President Barber Conable, former Singapore Prime

Minister Lee Kuan Yew, and former Mexican President Miguel de la Madrid.

Takeshita's involvement does not necessarily mean the involvement of the Japanese government, however. "The whole process of the UNCED summit is ridiculous," and the Japanese government has no intentions of financing it, a Japanese diplomatic source told *EIR* recently. Asked about a report that Indian government officials are lobbying Japan to "take over" the summit by funding it, he laughed. "Miyazawa is not going; the only countries pushing it at this point are the British—Mr. Major—and the Nordics [sic], and of course the NGOs, the World Bank-International Monetary Fund bureaucracy." Regarding the great divide between the North and the South on these questions, he added: "The United States, U.K., and the NGOs say the Third World has to help clean up and keep clean the earth 'for the next generation.' The Third World points out that 'by the next generation, you mean the next generation of the rich countries—because we in the Third World may not have a next generation; *this* generation is dying in our countries!" He concluded that it is known in Japan that development is the only way to reduce the rate of environmental degradation, "not the other way around."

UNCED planners pacing themselves?

An interview with an Indian government official intimately involved in the UNCED process provided an antidote to the too-quick perception that the Earth Summit is finished. UNCED Deputy Secretary General Nitin Desai, who served in the office of Prime Minister Rajiv Gandhi, was questioned by a reporter from the *Economic Times* who claimed nothing had been achieved. Desai noted that through the UNCED process, Business Councils had been set up throughout the world. He talked about how NGOs had come into their own during the two-year period, noting that a number of governments have now accepted their premises. "This is only the beginning," he said, drawing the parallel to the seven-year process by which the Montreal Protocol, which phases out use of chlorofluorocarbons, was finally signed. In spite of debates over funding, "that protocol was signed," the Indian official reminded the interviewer. Richard Benedick, the U.S. negotiator for the Montreal Protocols, made a similar point in his book *Ozone Diplomacy*. He noted that the North was never forced to make firm commitments as to funding levels. It was simply a step-by-step process, he said.

UNCED planners intend to circumvent even the forestry protocol, some experts think, by taking advantage of the contradictions inherent in the South's stand as it has been expressed thus far. The South has alternated between rightly insisting that the planned agenda at Rio violates sovereignty, and making clear that with enough funding all things are possible. Thus, the back-up plan being mooted is that it will be a country's own NGOs who will be set up as environmental policeman.

Japan rejects U.S. 'anti-trust' outrage

by Kathy Wolfe

Japanese officials on April 4 rejected a plan by the U.S. Department of Justice to sue and destroy Japanese companies, by applying U.S. anti-trust laws on Japanese soil. "We don't accept this idea of extra-territoriality. . . . We cannot accept the administration of a country's law beyond its territory," a Japanese Foreign Ministry spokesman said.

Tokyo was responding to a ruling finalized April 3 by U.S. Attorney General William Barr, that the hated "Thornburgh Doctrine" will now be extended to trade and corporate law. Under the doctrine, which Barr wrote while assistant to former Attorney General Richard Thornburgh, the Bush administration has applied U.S. law extra-territorially—that is, completely illegally—to invade sovereign nations such as Panama. Thousands died in the U.S. "arrest" of Panamanian President Gen. Manuel Noriega.

"Applying U.S. antitrust laws to remove illegal barriers to U.S. export competition makes sense as a matter of law and policy," Barr told a press conference. Any company which maintains "practices harmful to American exports if such conduct would be illegal in the United States" is now in line to be sued by the Justice Department. Barr did not say whether he is planning to kidnap Japanese or other foreign corporate executives and jail them as well.

Barr's new announcement raises the specter (not entirely comic) of the Marines invading Japan to enforce purchases of Chryslers or Coca Cola.

One Japanese official suggested that Japan might retaliate by trying to sue U.S. states and other government bodies for "Buy American" laws. "No state government has ever bought a Japanese car," the spokesman pointed out.

Attack on national sovereignty

"The decision could jeopardize a nation's sovereignty," an official at Japan's Ministry of International Trade and Industry (MITI) said April 4. "It is very regrettable. "We hope the United States will carry out its new policy cautiously."

"This should not be allowed under international law," the Foreign Ministry said. "The government of Japan maintains the position that [the policy] is an extra-territorial application of U.S. law that violates international law."

The Japanese government will not bother to discuss with the Bush administration Barr's ruling. Rather, MITI and other Japanese agencies are seeking to haul the United States before the General Agreement on Tariffs and Trade (GATT) and other international forums, to force these bodies to declare Barr's action illegal under international law.

"Washington's action might possibly threaten the sovereignty of other countries," Yuji Tanahashi, vice minister of MITI, told the press April 6. Japan had voiced strong concern in trade working sessions in Washington during March, he noted, only to be hit with the unilateral Barr announcement.

Bush administration desperate

Attorney General Barr first went public with his idea on the nationwide TV show "One on One" Feb. 23. He told interviewer John McLaughlin that the Justice Department is "reinterpreting" anti-trust policy so that the U.S. government can sue Japanese *keiretsu*. (A *keiretsu* is a group of companies such as Mitsubishi Auto and Mitsubishi Steel which work together, producing goods for each other—one of Japan's most useful practices, which many economists believe the United States should emulate.)

The Bush administration can't stand any form of economic competence and wants to chop up the competition. Furthermore, Washington wants to create a new British Empire of colonies for the United States abroad. If the Japanese government were so foolish as to allow Barr to carry out his policy, which is unlikely, dozens of Japan's largest companies would be bankrupted and broken up, the way AT&T was broken up. Just as America's phone system no longer works, Japan's entire economy could not work under those circumstances.

"I think the anti-trust laws will be a useful tool against cartels which are excluding U.S. exports," Barr said. This will be done by reinterpreting American laws, designed to protect U.S. consumers, so they can be cited instead to protect U.S. exporters, like Chrysler or General Motors.

Previously, the Justice Department had applied anti-trust laws only to cases where foreign companies, selling in the United States, could be demonstrated to be using cartels to keep prices artificially high here. The new policy only requires the Justice Department to prove that U.S. exporters "have been harmed" by a foreign business's practices. Potentially any loss now by any U.S. company may now be blamed on any foreign competitor.

George Bush, facing an election year, has come under increasing pressure to take tougher action to cut the huge U.S. trade deficit with Japan, especially after his disastrous trip to Tokyo in January. Bush has now apparently dropped his former pretense of objection to the Barr plan, and is "sending strong signals that the United States was serious about eliminating unfair trade practices," a White House spokesman told the press April 3.

Nuclear program in Japan under attack

by EIR Staff

The international anti-nuclear lobby has launched a new drive against Japan's nuclear power program, timed to coincide with the April 8 commissioning of a Japanese coastguard cutter that will escort a freighter carrying plutonium from France to Japan.

A report was released on April 8 by the Maryland-based ECO Engineering, Inc. in Tokyo, New York, and Washington, which claims that the Japanese shipments of plutonium will be unsafe. The company consists of "former U.S. government sea transport experts, who specialize in risk analyses of hazardous cargoes," the news agency Reuters reported. The document was drawn up at the request of the eco-terrorist organization Greenpeace and the Washington-based Nuclear Control Institute (NCI).

Japan currently depends on conventional nuclear power for almost 30% of its energy, making it a leader in world nuclear power. The German government is currently seeking Japan's support for joint action to improve the safety of nuclear power plants in the former Soviet Union.

Japan is aiming for 40% of its electricity to be nuclear this decade, and is starting a huge breeder reactor program this year, for which it plans to begin shipping tons of plutonium from European processing plants this fall. The plan is to ship 30 tons of plutonium in the next three decades.

The plutonium, according to the ECO Engineering report, "poses a serious risk because the containers it will be in may not survive major accidents." The report claims that the containers were not guaranteed to withstand fire, collision, or deep-sea immersion in the worst possible cases. ECO Engineering says that shipboard fires could result in temperatures of more than 3,000°F and burn for days. Most of the voyage from Europe to Japan would be in waters where depths exceed 660 feet. Additional concerns were collision and the impact of possible missile attacks, the company says.

Three Mile Island 'mafia'

The Nuclear Control Institute's president, Paul Leventhal, went to Tokyo to mobilize against the shipments. Whereas the Japanese government says that its containers meet the safety standards set by the U.N.'s International Atomic Energy Agency, Leventhal told a Tokyo press conference on April 8 that the IAEA's standards were far from adequate when dealing with plutonium. "Those standards

were set for transporting spent nuclear fuels, not plutonium. There is no doubt that they should be upgraded," he said.

As *EIR* reported on March 6, Leventhal was the person who directed the U.S. Senate Nuclear Regulatory Committee's "investigation" that shut down Pennsylvania's Three Mile Island nuclear power plant, in a hoax which led to the destruction of the U.S. nuclear industry. "The single greatest danger to the Korean Peninsula is Japan, and the over 100 tons of weapons-capable plutonium it plans to acquire over the next 20 years," he raved to the Senate Foreign Relations Subcommittee on East Asian Affairs on Jan. 14.

"This plutonium is enough to make about 120 crude atomic bombs, and is being reprocessed from spent Japanese fuel in Britain and France. . . . If inhaled, one millionth of a gram of plutonium would cause lung cancer," Jinzaburo Takagi, head of Citizens Nuclear Information Center, Japan's Greenpeace, told the Tokyo press conference. "Let's suppose an accident occurred in Tokyo Bay involving the ship. Even if about 1% of the cargo was exposed to the air, the government would have to evacuate 10 million people," the former nuclear scientist said.

Classified information demanded

Japanese Greenpeace and its U.S. handlers at the NCI are demanding that the Japanese government reveal sensitive information regarding planned routes and vessel standards for the ship.

"While we understand Japan's security concerns of not disclosing voyage details, there is no reason why it could not reveal information on the safety standards," Leventhal said. Greenpeace and NCI have already threatened to take "direct action" to physically attack the Japanese ship convoy, if the United States does not intervene to stop the shipments.

An official of the Japanese government's Science and Technology Agency said that the government has in some cases tested the containers that will hold the plutonium beyond the IAEA standards. "But," he said, "we cannot reveal every detail about the plutonium containers because that would be a security risk." Japan plans to ship the fuel from France on a freighter, the 7,000-ton *Pacific Crane*, escorted by a lightly armed coastguard cutter, the 7,500-ton *Shikishima*.

The *Shikishima* was handed over to the Maritime Safety Agency, Japan's coast guard, in a tightly guarded ceremony in Tokyo Bay. The vessel's armament, a 35 mm cannon and two 20 mm machineguns, were covered. The coast guard has refused to reveal details about the voyage, but it is expected to take place in October or November.

ECO Engineering and Greenpeace, however, are already publicizing the three possible routes: through the Panama Canal or around Africa or the tip of South America. In any of the three, the ship would have to pass near dozens of countries and major sea lanes, they complain, where "accidents" are a danger.

Colombian industrial production to plummet under energy rationing

by Javier Almario

Draconian electricity rationing ongoing in Colombia is expected to cause a collapse in industrial production this year of at least 15%. Urban centers are currently subject to 15 hours a day of enforced blackouts, and industries are being asked to “voluntarily” cut back their energy consumption by at least 15%. In the majority of cases, this decline in consumption will directly translate into a comparable decline in production.

The rationing is the direct consequence of a suspension in infrastructural investment nearly one decade ago on orders of the World Bank and International Monetary Fund. Now, the impact of rationing is expected to be greatest upon those small and medium-sized industries which operate in “residential” areas. Unlike the large industrial plants, these small companies have only one work shift a day, and the extended hours of electricity rationing could wipe out their production capability in short order. The government has already demanded that these companies impose a “collective [unpaid] vacation” during Easter week.

The rationing plan was launched on March 15, when drought conditions threatened to exhaust the nation’s dwindling water reservoirs; the rationing may continue through mid-1993. At that time, the Guavio and Rio Grande hydroelectric works—expected to provide an additional 1,300 megawatts of installed capacity to the national energy grid—are supposed to come on line. But if drought conditions continue, the current electricity rationing could produce total paralysis in an economy already wracked by narco-guerrilla sabotage of the energy grid. Indeed, the government would appear to be in competition with the terrorist National Guerrilla Coordinator over which could wreak more economic havoc.

The Water and Sewage Company of Bogota has already suspended the water supply to the capital’s hydroelectric system, in an effort to prevent the aqueduct system from drying up. It is expected that sooner rather than later, water for human consumption will also suffer rationing, which could intensify the cholera epidemic afflicting the country, along with other public health problems.

Problem is being covered up

In the beginning, the César Gaviria government blamed the need for rationing on labor conflicts in the energy sector, caused by the government’s determination to keep wage in-

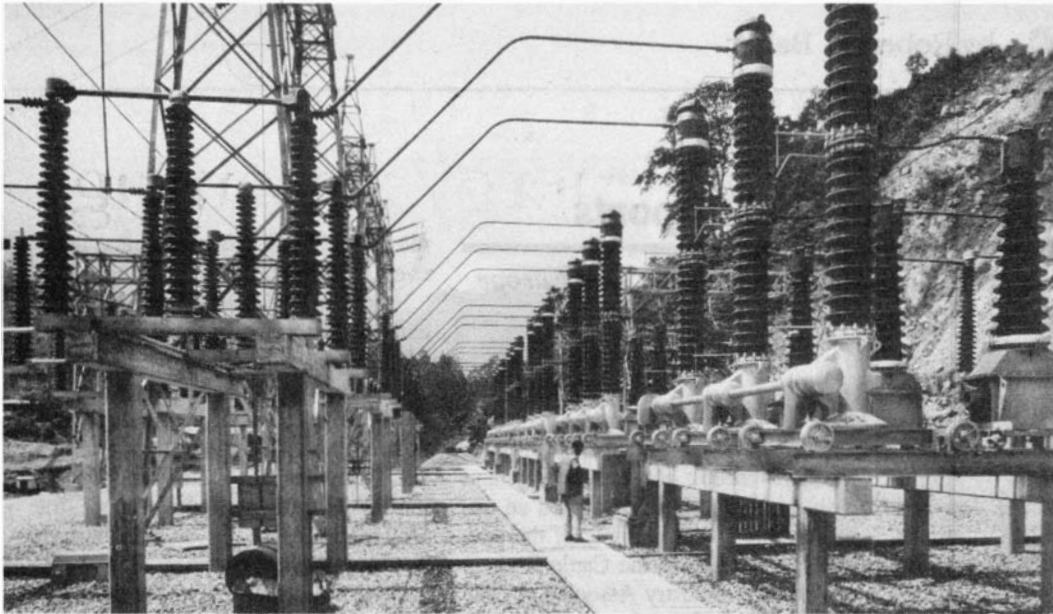
creases to 20%, despite the fact that the official inflation figure for 1991 was 27%. The start of the rationing was postponed until after the March 9 mid-term elections, but that didn’t keep the ruling party slates from taking a beating, nor prevent the lowest turnout at the polls in Colombian history.

The argument for the rationing then changed, from blaming strike threats in the electricity sector to blaming the phenomenon of the “Niño” ocean current, which recurs every eight years and has produced abnormal drought conditions in the country. It is true that the reservoir system that feeds the electrical grid is only storing 27% of its capacity, while the minimal acceptable level from a technical standpoint is 70%. However, the blame does not lie with “El Niño,” but with a deliberate suspension of infrastructure investment in the sector, on orders of the World Bank, a decade ago.

World Bank policy began to be enforced in the early 1980s, when credit for the electricity sector was suspended, and the Colombian government was obliged to create a company called the National Electrical Finance Company, to seek funds on the capital market to finance its projects. In 1986, the World Bank agreed to begin lending again, but under the now-familiar condition of submitting to an “Adjustment Plan,” which included: suspending investments in electricity generation; eliminating energy losses (caused by the common practice by poor people of tapping into existing cables without paying for the service); reducing personnel in the energy sector; and raising the cost of electricity.

To justify these measures, the Virgilio Barco government argued that the electric sector had been “over-built,” while Barco’s minister Guillermo Perry Rubio claimed an “over-investment” in energy generation beyond the country’s needs. The result of World Bank sabotage of Colombia’s energy needs—and of the Barco government’s complicity in that sabotage—is the brutal rationing to which the population is subjected today.

Investments in electrical energy were approximately \$650 million in 1980. They rose to nearly \$1.2 billion in 1984, and began to descend from there. Investment in 1988 was less than \$450 million. All new projects were canceled outright, and ongoing generating projects were postponed. The Guavio hydroelectric project was to have gone on line in 1989. Its completion was then postponed until late 1992.



Hydroelectric power facility in Colombia. The current rationing of electric power, forced by wrong-headed economic policies, could paralyze the economy; yet the government is trying to blame everyone except itself.

Now, because of financial and labor difficulties, it is hopefully scheduled to come on line in late 1993. The same is true of the Rio Grande project.

Construction on the Urrea I and Urrea II hydroelectric dam projects that were to have begun operating in 1993 has not even started. Urrea I, with a 340 megawatt capacity, is the only one of the two projects that has actually been approved, and is not expected to enter into production until 1999. Urrea II, which was to have added 1,000 megawatts to the national system, is viewed as lost.

The water reserve capacity of these two dams alone is 13.43 billion cubic meters, practically triple the combined storage of the eight most important reservoirs in the country. Further, these two dams hold enormous potential for developing agriculture and livestock in the Sinu river valley, and for preventing floods and droughts in a crucial sector of the Atlantic Coast.

Apart from the fact that between 1993 and 1999, when Urrea I will hopefully come on line, there will not be a single additional watt of energy added to Colombia's national energy grid, the very composition of the system itself defies all technical norms. With a 76% dependency on hydroelectricity and only 24% on thermal energy, Colombia is extremely vulnerable to climatic conditions.

According to experts, at least 50% of the country's energy capacity should be thermal, preferably nuclear. Not only would nuclear energy avoid the excessive pollution from coal, oil, and its derivatives, but it could be located much closer to areas of consumption, thereby significantly reducing fuel transportation costs. It would also help prepare Colombia's scientific and technical community for more advanced forms of energy generation.

The government's long-term "solution" to its energy

problem is privatization of the energy companies. However, this will not increase available wattage. What it will accomplish is the elimination of electricity as a public service, turning it into a private business that will triple the cost to families and businesses, and deprive the vast majority.

A programmatic solution

Instead of privatization, Colombia's energy sector requires immediate alleviation of its enormous and largely illegitimate debt. Colombia's electricity companies are burdened with a \$5 billion debt, unpayable even with the constant rate hikes. The annual deficit of these companies is now \$1 billion, but is expected to increase to \$2 billion this year due to suspended energy sales under the rationing program. The greatest portion of the debt is with the World Bank and Inter-American Development Bank, both entities which have always imposed as their neo-colonial condition for funding energy projects, that bids for civil engineering works and turbine production go to foreign firms.

Apart from solving the debt problem, Colombia's central bank needs to be restructured, to enable it to issue low-cost infrastructure credit without the mediation of foreign creditors. Among the projects that will require such financing are 1) construction of multiple-use dams (electricity generation and water control) to feed hydroelectric plants with a 6,000 megawatt capacity; 2) construction of four 600 megawatt nuclear plants, to be installed in Colombia's principal consumer centers of Bogota, Medellin, and Cali, relying on advice from Argentina and Brazil, along with coal-based thermoelectric plants capable of adding another 2,000 megawatts; and 3) infrastructural integration with the rest of Ibero-America, through a series of great port, canal, highway, railroad, and electrical projects.

Trade war over Japan beef imports

Free trade advocates herd Australia, United States, and Europe into competition for beef exports.

Australia, long held up by Anglo-American interests as the low-cost free trade model for world agriculture, with the most deregulated domestic price mechanisms, is now in the throes of a galloping farm crisis.

The nation's farmers are being devastated by the free trade practices pursued by the world food cartel giants—ConAgra, Cargill, Louis Dreyfus, and others—coming to dominate all farm commodities. Exporting food has become high priority for the international banking institutions, such as the International Monetary Fund (IMF) and World Bank, to continue to exact debt service on billions of dollars of unpayable debt.

In this context, one of the leading issues promoted by free trade advocates is beef trade war between the United States, Europe, and Australia over how to capture market share in Japan.

Bruce Stanton, an officer of the Australian Meat and Livestock Corp., told the U.S.-based *AgWeek* magazine on March 16, "Our ambition is to maintain . . . 55% . . . a majority" of beef export share to Japan. In March, meetings of the United Graziers Association in Queensland, a top farm state, focused on how to keep market share. Free-trade advocates whipped up fear that European Community beef would be dumped in Japan.

The export-or-die pressure on Australian graziers comes from the beef cartel companies handling the trade (linked to Cargill and ConAgra), and IMF banking policy.

Both Australian farm debt and the national debt is high, and Australian

ranchers' needs for debt repayment cash appears to have prompted an unusually high slaughter rate of the cow herds, according to the Cattle Council of Australia Industry Association. The group reports that the Queensland kill in February was 50% above 1991 levels, which itself was an historic high.

The sell-off to repay farm debt has drastically reduced interest in restocking beef/cow herds, and this is leading to smaller herd sizes.

The March 26 issue of the *Queensland Country Life* carried a plug for free trade under a banner headline "Trade War Looming," which called on Australian farmers to gear up for trade war. "Australia must match the United States in beef fight for Japan," it said.

According to the article, Australian beef producers are being told that "increased American competition will demand that Australia intensify its campaign to increase, or even just hold, its share of the expanding Japanese beef import market."

Farm producers all over the world buy into the "free trade" line that the lack of competitiveness is the reason why they can't raise food profitably. But this is just "cartel trade talk," a smoke-screen to cover up the destruction of the world beef herds by usurious looting.

The method of operation of international bankers, in cooperation with the giant food cartels, is to loot producers by importing lower-priced food products from one country and dumping them into another country, forcing down the prices the cartel pays in both countries. (Retail prices which

the cartel charges to consumers, however, remain high.)

Follow the method used by the cartels. The following statistics reveal the free trade looting game.

According to an August 1990 U.S. Department of Agricultural report entitled "The World Beef Market—Government Intervention and the Multilateral Policy Reform," the United States is the world's largest beef importer, accounting for approximately one-third of world beef imports since 1984. In other words, the United States doesn't produce enough beef to feed itself.

To make up the beef shortage in the United States, Australia and New Zealand supplied over 80% of U.S. beef imports.

Now that Japanese beef stocks have fallen, Carla Hills, the U.S. Trade Representative for the Bush administration, as well as U.S. beef producers, are bashing the Japanese for not importing more U.S. beef. On April 1, Japan's beef tariff was lowered to 60% from 70%. Now, the United States, a net importer of beef, is putting Japanese producers out of business with lower-priced U.S. beef.

The U.S. beef producer gets the same low-priced beef import treatment with Australian beef imports.

During 1987 to 1989, the United States imported more beef from Australia alone than it exported to the entire rest of the world. Total U.S. beef exports to the world during the three years averaged 787 million pounds per year, while total beef imports from Australia alone during the same time averaged 965 million pounds per year—122% higher.

Also during that same three-year period, U.S. beef exports to Japan averaged 400 million pounds per year, at the same time that the United States imported 240% more beef from Australia than it exported to Japan.

The S&L bailout goes bust

History repeats itself as Washington tries to sweep the banking crisis under the election-year rug.

The Resolution Trust Corp.'s operation to bail out bankrupt savings and loans ground to a halt April 1, when the agency's authority to spend appropriated funds expired.

In February, RTC chairman Albert Casey had demanded that Congress grant the agency an additional \$55 billion in direct appropriations, to avoid a "costly disruption" in RTC operations.

Late last month, the Senate approved a bill giving the RTC \$25 billion and lifting the April 1 spending deadline, allowing the agency to spend the \$17 billion remaining from the 1991 appropriations. The Senate bill also specified that up to \$1.85 billion of the new money be used for the controversial open-bank assistance program, wherein the government pumps money into insolvent thrifts without closing them.

The situation was different in the House, where Democrats were prepared to bring a similar bill to the floor for a vote—if the Republicans would agree in advance to support the measure. The Republicans refused, so the bill died.

House Banking Committee chairman Henry B. Gonzalez, D-Tex., and ranking banking committee Republican Chalmers Wylie of Ohio then forged a compromise bill which eliminated the April 1 spending deadline for already-approved funds, but provided no new funds. This bill was also defeated, leaving the RTC broke.

In response, the administration announced what RTC chairman Casey called "drastic action" to deal with the

crisis. Casey, who just two weeks before had declared victory in the S&L crisis, announced that the RTC would be forced to leave 50 insolvent thrifts open, and cut back on the sales and management of the agency's assets.

"Although commitments to sell several S&Ls over the next ten days will be honored, continued S&L marketing activities have been halted," Casey said.

At the same time, the White House, saying that "the nation can no longer afford to wait for Congress to act," announced a series of regulatory changes for banks and S&Ls, designed to sweep the problems further under the rug. That policy, as the S&L crisis proved, is a prescription for disaster.

The changes announced by the administration include: the elimination of restrictions on interstate branching by S&Ls; reducing the amount of capital banks and thrifts must set aside when making construction loans; and allowing banks and thrifts to count "purchased credit card relationships" and "purchased mortgage servicing rights" as part of their capital.

Simultaneously, the Federal Reserve announced a cut to 10% from 12%, the amount of reserves banks must set aside for checking and NOW accounts.

The lifting of restrictions on interstate branching will make it easier to sell insolvent thrifts—assuming buyers can be found—but it will do nothing to stem the flow of red ink. Nor will the other changes, which amount to nothing more than bookkeeping illusions.

Even as the administration was announcing its new plan, one of the nation's largest S&Ls, HomeFed Bank of San Diego, with \$13.9 billion in assets, was forced to publicly request government help.

HomeFed, which had fallen \$410 million short of regulatory requirements in tangible capital, \$615 million short in core capital, and \$1.2 billion short in risk-based capital as of Dec. 31, 1991, failed to meet a March 31 deadline to raise additional capital.

The thrift lost \$807 million in 1991, dropping its stockholders' equity to \$13.6 million, from \$799 million the previous year. Nonperforming assets more than doubled during 1991, rising to 14.8% from 6.4% at the end of 1990.

With numbers like that, even HomeFed's own auditors expressed doubts that the thrift would survive. It has been placed in the Office of Thrift Supervision's accelerated resolution program, which will allow it to remain open until the government comes up with enough money to close it.

Things are no better on the banking front, either.

The government has dramatically slowed the pace of bank closings this year. Of the \$33 billion which the administration predicted would need to be spent for bank closings this fiscal year, only \$4.2 billion had been spent through the end of March—the midpoint of the the fiscal year.

"Regulators will try to avoid closing banks in 1992 unless it's absolutely necessary," warned Congressional Budget Office director Robert Reischauer in testimony before the Senate Banking Committee April 1.

Reischauer compared the administration's forbearance for commercial banks to "the thrift forbearance of the 1980s, which turned out to be both misguided and an incredibly expensive mistake."

Business Briefs

Biological Holocaust

AIDS figures reveal big jump in Africa

Officially reported cases of AIDS from 164 countries across the globe were up by 37,467 to 484,148 by the end of the first quarter of 1992, the World Health Organization (WHO) reported. Far and away the biggest increase occurred in Africa.

Proportionally, the worst-hit country was Uganda in Central Africa, where the total of officially reported cases rose by almost one-third to 30,190 over the year-long period since it last submitted returns to the Geneva-based WHO. AIDS cases in Zimbabwe also rose approximately one-third, with the official total at 10,551 as of April 1.

The largely Muslim countries of North Africa and the Middle East remained relatively free of the disease with a total of 1,191 cases, according to official returns. Many countries, including some of the most affected in Africa as well as Haiti in the Caribbean, have not reported up-to-date figures for many months or over a year, and an untold number of victims die without the disease being identified.

Infrastructure

Electricity deregulation 'could prove fatal'

Deregulation of the electricity transmission system could "prove fatal to the standards of reliability," states the annual report of the North American Electric Reliability Council. The NERC is made up of electrical utility companies, and its purpose is to coordinate the largest "machine" in the world—the interconnected electrical generating and transmission systems in the United States and Canada.

In its 1991 annual report, the organization states that it "will strive to remain apolitical, but we must let policymakers and lawmakers know when mistakes are being made."

What most concerns NERC are the proposals to deregulate the transmission system, opening up access to anyone who generates any electricity—proposals now being passed into law. This could create instability in the

system, which, the report notes, is unique. Electricity does not flow like water, but is phased. "Reliable service must not be sacrificed on an altar of perceived competitive gains," the report states.

Legislators see little difference between deregulating the telephone and electricity systems, it says, and the staff of NERC spent "hundreds of hours" talking to staffers and members of Congress about the legislation, but found support for deregulation pervasive. The report instructs the NERC staff "not to panic," but is wary of the consequences of the new laws.

Physical Economy

Magazine calls for U.S. 'industrial policy'

International *Business Week* of April 6 devoted its cover story and editorial to "Industrial Policy," and "Forging a Growth Policy for America."

The editorial read, "America needs a new growth policy for the 1990s, an industrial policy that acknowledges that ideas drive growth. Government should provide a fertile environment for individuals, companies, and industries to pursue new ideas and new techniques, and it should be willing to spend money and even lose money today in order to ensure more vigorous growth tomorrow."

In its cover article, it wrote that a "new growth agenda" could cost billions, not easy to find. "But unlike other federal spending, over the long run, this industrial policy will boost productivity and living standards, generating plenty of tax revenues to more than pay for itself. It's the best investment America can make."

Business Week cited the "dismal productivity performance" of the last 20 years, especially as compared to other industrial nations. It claimed that the so-called "freed up resources" from defense cutbacks could offer an historic opportunity for fast growth, based on an "industrial policy." It called for government to be a "key player" in the "coming knowledge economy," and for investment tax credits.

"The government can enhance productivity by building up infrastructure," the magazine

wrote—meaning, however, "high-speed communication networks" rather than railroads or waterworks. The collapse of infrastructure accounts for up to 50% of the falloff of productivity growth, but while bridges and roads are mentioned, what is really needed is a "communications infrastructure that can support the information-intensive industries of the 1990s," the article claimed.

The article also called for "big science projects" like the \$40 billion space station. Citing previous such projects, it noted that "most of the spinoffs of this taxpayer-funded science were unforeseen."

Health

U.S. missed chance to wipe out TB

The United States missed its chance to wipe out tuberculosis, because the White House refused to spend the money when the chance was there, the Atlanta, Georgia Centers for Disease Control director William Roper told the House Human Resources subcommittee March 31. Now, hundreds of millions of dollars are needed to deal with the worsening problem.

Roper said CDC requested \$25 million in 1989, but the White House only approved \$7 million; in 1990, the request was \$29 million and \$7 million was approved; in 1991, \$35 million was requested and \$8 million approved; and this year, \$35 million was requested and \$12 million approved.

"The tragedy of this epidemic is that we had it under control," said subcommittee chairman Rep. Ted Weiss (D-N.Y.). "But then we dropped the ball. We let the programs that defeated TB run out."

Meanwhile, a New York study shows that 23% of state prison inmates have TB. The New York State Commissioner of Correctional Services released a survey which reports that 6% of prison employees also test positive for TB.

The survey is the most thorough ever undertaken, according to Commissioner Thomas A. Coughlin III, who ordered the study last November in response to reports that a guard and more than 20 inmates had died from a drug-resistant form of the disease. The CDC says that approximately 10% of those exposed

comedown with the disease under normal conditions.

Because no other state has done such a study, it is impossible to tell if these results are typical for prisons across the United States.

Asia

China and Vietnam open their border

The official opening of the China-Vietnam border took place April 1, with hundreds of porters carrying goods across muddy mountain border trails. Trucks were to start moving soon, and the first train since 1978 will cross in mid-April.

Frontier police officer Chu Minh Ngoc told Reuters that the trucks and trains will be state-operated and will not affect the booming private trade that feeds vast quantities of consumer goods and building materials into Vietnam's economy. "The porter trade will continue because it is much easier to avoid paying customs duty this way," he said.

Hundreds of Vietnamese porters carry huge loads suspended on poles over their shoulders the two miles to and from China. Some, of course, are also trading heroin to and from China. Police officer Ngoc said maintaining law and order in White Gate, home to thousands of itinerant workers, was extremely difficult. "There are many social abuses—casinos, opium smoking, fighting," he said.

Nutrition

FDA to lower recommended standards

Food label changes planned by the Food and Drug Administration, to take effect in November, will cut the standard recommendations for some nutrients as much as 80% from current U.S. Recommended Daily Allowances (RDA). Recommended Daily Allowances (RDA), reported the *New York Times* March 25.

The government's ostensible rationale for the changes is to lessen confusion about RDAs, which are generally interpreted as

minimum requirements, but, says the *Times*, are "usually higher than necessary for much of the population."

FDA also wants to bring U.S. nutritional labels more in line with those in Europe, where "dietary recommendations tend to be lower than in this country," and thus allegedly ease impediments to international food trade.

Space

Russians invite U.S. to join scramjet tests

The director of Russia's Central Institute of Aviation Motors (CIAM), Donat Ogorodnikov, was to give a briefing at NASA headquarters in early April on the results of a ramjet-scramjet engine test conducted by the Russians on Nov. 28, according to the March 30 *Aviation Week*. It was the first time supersonic combustion of the hydrogen fuel was achieved in a flight test.

According to the article, there has been fear on the part of the U.S. military that this new propulsion technology could be used to power a supersonic cruise missile. Ogorodnikov hopes that the disclosure of the details of the technology will allay those fears. This is of concern to the Russians, because they have run out of money for the test program, and want the United States to participate. The institute has not been able to pay its staff and has no budget yet for 1992.

Ogorodnikov told *Aviation Week* that the tests are part of a long-range program to develop a commercial transport to fly at 5-7 times the speed of sound, and a single-stage-to-orbit spaceplane. He envisions a flight test that would use some U.S. equipment, and Russian resources. They would like to conduct the next test before the end of this year.

It is also reported that a tissue-loss experiment, carrying 15 billion cells currently on board the Space Shuttle, where scientists hope to study the triggering mechanisms for changes in microgravity, may be flown by the Russians on their Mir space station, under the NASA/Russian space agreement which will likely be renewed before its expiration April 15.

● **IRAN, PAKISTAN**, and Turkey have agreed to set up a joint bank with a capital of \$320 million, to finance trade and invest in joint or separate projects. It is to be established within the framework of the Economic Cooperation Organization, a long-dormant three-member economic club which admitted five former Soviet Muslim republics at a Teheran summit in March.

● **PRICES** have skyrocketed in Nigeria, triggered by a 43% fall in the value of its currency, after currency reforms urged by the International Monetary Fund were instituted on March 5. Inflation is likely to double to 60%. An average wage earner in one day earns only enough to buy a loaf of bread.

● **RUSSIA** has offered to sell to the United States the N-1 rocket engines it developed to take cosmonauts to the Moon. After four unsuccessful tests of the rocket, the project was abandoned in the mid-1960s. More than 90 liquid-fueled N-1 engines are for sale. The engines were designed to be used 15 times.

● **ISRAEL** opened up direct-dial phone links with 11 Arab countries in early April, Reuters reported. Israel's largely state-owned Bezek telephone company initiated the phone links. Israel previously had direct phone links only with Egypt, which in 1979 signed the sole Arab-Israeli peace treaty. The new links include Jordan and Lebanon but not Syria.

● A **CHOLERA** epidemic is predicted for the U.S. southeast, the Argentine daily *La Prensa* has reported. The threat is "the result of horrendous sanitary conditions in which the vast bulk of the populations live on both sides of the border between Mexico and the state of Texas. Public Health director for El Paso, [Texas] Dr. Laurence Nickey suggested that Ciudad Juárez, Mexico could prove the entrance point for a possible epidemic," the paper said.

Christian economics battles the IMF in East Europe

by Our Special Correspondent

At a conference in Warsaw, Poland April 6-7, international political activists, parliamentarians, and economists met to discuss Lyndon LaRouche's proposed alternative to the murderous "shock therapy" program of the International Monetary Fund: the science of Christian economy. The meeting was organized by Polish Rural Solidarnosc, the Budapest-based Working Group for a New Europe, and the Schiller Institute. Participants came from Poland, Croatia, Romania, Russia, Slovakia, Ukraine, Hungary, Georgia, Germany, Indonesia, India, Italy, and the United States.

Opening the conference, the president of Rural Solidarnosc documented the collapse of Poland's economy under the IMF program. Surely, he said, there must be some other solution. Twenty-eight percent of Poland's work force is employed in agriculture, he said, and since the beginning of the 1980s, farmers' income has fallen dramatically. In this country, rich in agricultural potential, there is now an absurd situation in which food is being imported, and the internal market is thereby being further undermined.

Helga Zepp-LaRouche, the president of the Schiller Institute in Germany, emphasized in her keynote address that there is an irreconcilable conflict today between the international banking system and the rest of the planet. "It is the economy that must serve the interests of man," she said, "not the other way around. . . . As long as monetarist policies are followed, the global depression will continue to intensify. This threatens to plunge us, worldwide, into a catastrophe which can only be compared with the collapse of the fourteenth century." The only solution is "the concept of political stabilization through economic development," she said. "What we need, therefore, is first of all a political declaration by the governments of the sovereign nation states of Europe, that they intend to work out a common infrastructure program as the prerequisite for an economic recovery. . . . The impulse for an upswing can only come from a dirigistic intervention from governments, which, through a process of creation of productive credit outside the scope of current budgets, give credits for specific projects, to overcome unemployment and get production going."



Lyndon LaRouche's program for a Productive Triangle of European infrastructure development was presented in Budapest, Hungary, Feb. 2, 1991, by (left to right): Dr. Jonathan Tennenbaum, Helga Zepp-LaRouche, Dr. Tibor Kovats.

She described Poland's history as providing a conceptual model for what is needed. Poland's Constitution of 1791 was the first codified constitution in Europe in modern times, and was preceded only by the U.S. Constitution. It was based upon the concept of natural law, of "God's love."

Dr. Jonathan Tennenbaum of the Schiller Institute spoke on the methods of productive credit creation, according to the system of political economy associated with Alexander Hamilton, Friedrich List, Count Sergei Witte, and Lyndon LaRouche. State credit creation cannot function without great investments in infrastructure, he said. As for the concept of "state dirigism," which many eastern Europeans reject because of their experience in the communist period, Tennenbaum stressed that it is neither good nor bad in itself; it's a question of what the state's intervention is directed toward. In the hands of political leaders who are guided by a Christian image of man—to the effect that the goal of economic policy is to further the creativity of the individual man—"state dirigism" is quite a sensible instrument. "The dirigism of the corporatist system of labor-intensive slave labor—and the ideas of J.M. Keynes and Hjalmar Schacht—have nothing to do with what the Schiller Institute is proposing."

'The IMF doesn't give money; it steals it'

Dennis Small, the coordinator of the Schiller Institute's work in Ibero-America, gave a report on the effect of the IMF's austerity conditionalities in that part of the world, and described the revolution that is beginning to occur against this policy, in Venezuela, Brazil, and other countries. Small

shocked the audience by comparing the current situation in Peru to Auschwitz, as a direct result of the IMF policies. Some found this hard to accept: "We agree that the IMF is bad, but we have to get money from somewhere." Small challenged the eastern Europeans present: You are under an illusion if you think that the IMF *gives* money; the IMF only *steals* money. You had the courage to get off the sinking ship of communism, and now we are telling you that the "free market economy" is a sinking, ship too. You are going to have to do it again!

In the intense debate that ensued, Zepp-LaRouche pointed out that the key problem in Poland is that, according to a recent poll, 62% of the youth want to leave the country. A skilled engineer can make more money sweeping the streets in a western country, than he can in his profession back home. Poland needs a vision of scientific and technological progress for the future, an apparatus to foster it, like Japan's Ministry of International Trade and Industry (MITI). It should build a "science city."

She stressed that eastern Europe must link up with Ibero-America to "sink the ship" of the IMF. Don't wait for the West Europeans to give you aid, she said; they won't do it. *You* must be the ones to demand a replacement for the IMF, based on Lyndon LaRouche's Paris-Berlin-Vienna "Productive Triangle" concept of infrastructure development.

In the report that follows, we document the effect of the IMF's looting, and the spread of LaRouche's contrary economic program, in two countries: Poland and Lithuania.



Polish leader says Americans must win LaRouche's freedom

Mathis Bortner, a member of Poland's Solidarnosc and the leader of Solidarnosc in France's Côte d'Azur, visited the United States for three weeks in March, to add his voice to the international campaign demanding freedom for Lyndon LaRouche. EIR's Katherine Notley interviewed him on March 28.

EIR: Can you tell us a little about yourself? What brings you to the United States?

Bortner: I received an invitation from my friend Jacques Cheminade [president of the Schiller Institute in France]. I would have preferred not to go—I am really very busy, I have my family, I have to make a living. But I told him, “If you think it would be useful, I will do it,” because I cannot accept the fact that LaRouche is still in prison.

I believe in what he writes, that he is an honest man, and I think he is a victim of this system. In Poland, we had the same thing: All our heroes, all our economists, our professional cadres were sent to prison.

In 1979, I also had a run-in with the communists in a town in France, because I had a summer camp for children, and during the school year I was a vice principal. I had to go through a probationary period in order to get a license to operate the camp. The licensing board was run by the communists, and they wanted the camp curriculum to be Marxist indoctrination. . . . They held a tribunal. They called me in and said, “Mathis, tell us what your philosophy is.” I told them. They replied, “In our opinion, you are a representative of the bosses, and your motivation is to make money.” The report they sent about me to the departmental director was totally vague, all insinuations. The director, Gaston Perrier (he has Perrier water on the brain), refused to issue me a license. . . . But it was very serious, because I could not operate without this license, and I was about to lose my job, which I loved.

But this is a small thing, compared to what has happened to LaRouche, and I cannot tolerate that, because I've had the same thing, on a much smaller scale, happen to me. At every level, I met with obstacles. Finally, I told Mr. Perrier, “If I don't get my license, I will launch a campaign against you, and expose you as a propagandist for the Marxist system in France!” I received the license the next day.

If this had happened two years later, after the Socialists came to power, I would never have won. So you see, my case was very small, but it was a beginning of what can happen.

So, I realized that I had no choice but to come. I am not here for the pleasure of seeing America: I have too much to do. For me, it was a mission that I had to accomplish.

EIR: How did American voters respond to having a representative of Solidarnosc organizing to free LaRouche?

Bortner: Everywhere people received me very well. Some of them were disappointed when I told them that I am with LaRouche, and one of them said: “I came because of Walesa, not to hear about LaRouche.” This was a man who told us that he is a friend of [Harvard “shock therapy” economist] Jeffrey Sachs.

I met with more than 100-200 people, and many of them were in agreement with LaRouche and many knew quite a bit before I came. They knew what LaRouche's ideas are, and were in total agreement. And many of them, when the Schiller Institute would ask them, “How many pamphlets do you want?” would take 20, and even a few would take 100. But some of them would take only very few, saying, “I must give these out secretly.” These were the union representatives, and they are not free men. They are slaves! This was my biggest illusion about America: I thought that people [like this] were fighting for the ideas of LaRouche. It's their duty and they should do it. I talked with some Polish-American congressmen who told me: “I cannot do anything, because my boss said. . . .” The boss tells them! No! It's their base who should be telling them what to do, and not their boss. So it's the opposite of what I thought. I always thought of America as the pledge to the flag, swearing on the Bible, and so on . . . America in this tradition.

I told many people in response what Solzhenitsyn said, speaking about the Russian people, that we are *all* responsible, because we kept quiet about what was going on. I told people: When the KGB would make arrests, they would make a lot of noise in the streets, and then inside the apartment of the family being arrested. The people would call out to their neighbors, “Help, help, the KGB!” and nobody would help them. That is what is happening here, now. This

is the beginning. It was impossible for a man to say what he thinks [in the Soviet bloc], especially if he was in a leadership position. I explained to people that it is becoming the same here: In a few years, you will also be slaves to the system, if you don't do something now when you see people like LaRouche still in prison. It's your duty to act. "Yes, but I will lose my job," they said. It's not a job, but an elected position, and after someone has accomplished his mission, he should go back to his factory—that's my idea of an elected man. An elected man has some limits: He cannot engage in business arrangements, when he should be taking care of the interests of the people. That's his duty.

Some of them were very thoughtful after we talked, and didn't say much, because they know their faults quite well in this respect. Some would try to change things, but would run up against their bosses again, and stop. . . .

In France, almost 30% of the press is owned by one man, Robert Hersand, who owns *Le Figaro*, *Paris-Match* and some others. He bought most of the leading papers in Poland. A while back, someone let *Le Figaro* know that I was a friend of Walesa, and asked for an interview in France. I explained to the reporter my work with Walesa, what program I presented to him, and what I thought should be his position on the Polish economy, and this woman was very excited. Of course, I was obligated to tell her that the source for this economic perspective was the Schiller Institute in Paris. She thought these ideas were wonderful, and promised to put the interview on the front page of the national edition. The next day, we were to meet again, so I could give her some documents. We waited for one hour, two hours. Nothing. I called her at the office and she told me an outrageous thing: "You are an intelligent man, but you know, the KGB is behind LaRouche." This was in the early spring of 1990.

There were other incidents in Poland. In February 1990, I had an interview with the *Gazeta Gdanska*, the business paper in Gdansk, while I was there for the second Congress of Solidarnosc. I told them that if the International Monetary Fund policy continued in Poland, there would be millions of people without work—at least 3 million in a very short time, just a few years. I explained to them how production would be collapsed by these policies, because to me it was obvious, and you didn't have to be a graduate from the Sorbonne to figure this out. They laughed at me. I was angry, and I left them. . . .

Even in my town, Lodz, which is a major textile center, the local daily *Dziennik Lodzski* is foreign-owned. I met with the press officer for the mayor for a long time, and he took extensive notes on all aspects of LaRouche's Productive Triangle proposal and the fight with the IMF, how it is working to destroy Poland. He was extremely enthusiastic and told me he wanted to serialize a feature in the paper. I went back to France, quite happy with the situation. When I returned to Poland, I found out that nothing had appeared. I called him. He told me, "I'm

sorry, but my editor rejected the article." . . .

EIR: Did the Americans you spoke to understand what the IMF has done to Poland?

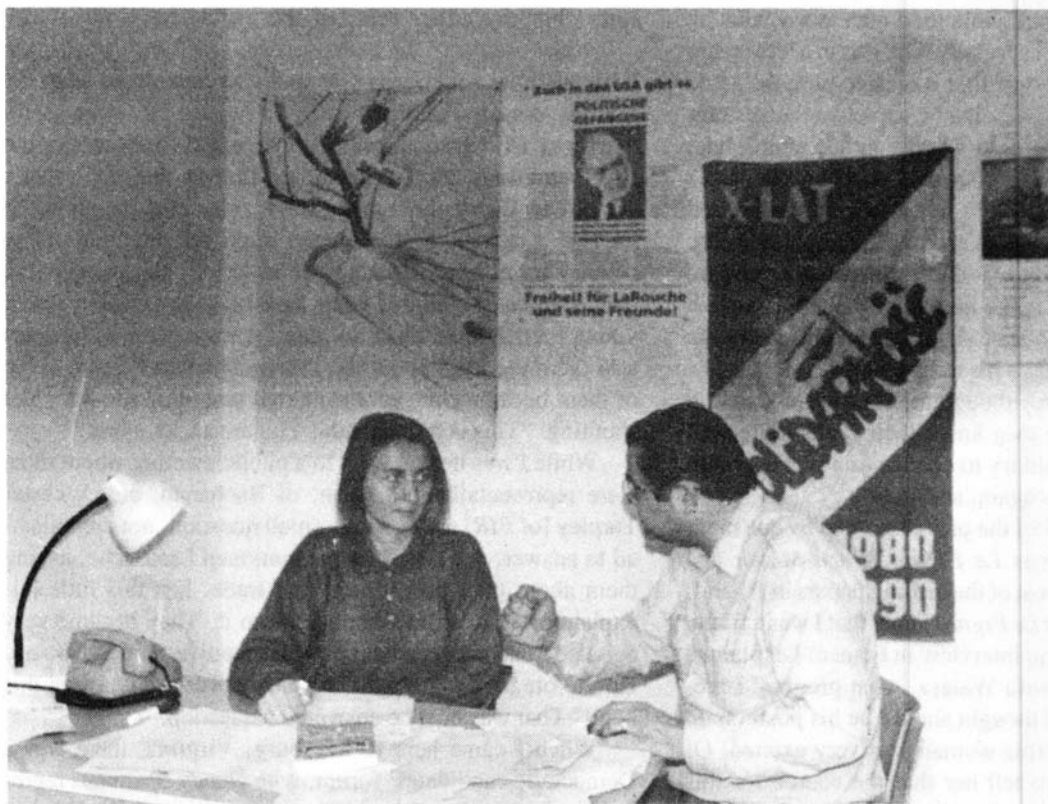
Bortner: My personal campaign here was to show how the IMF conditions are unacceptable. There's one thing that's very clear: Everywhere in the world, since the beginning of the IMF's existence, it has never improved anything in any country it has been in. It's unbelievable, but we can't find one example. About five years ago, I was at a conference of young French and Polish Solidarnosc members, and when I told them the truth about the IMF policies in Poland, some of them became enraged and started pounding the floor and shouting, "This is propaganda! You are a CIA agent!"

While I was here, I went to a public meeting where there were representatives of Bush, of Buchanan, etc. Webster Tarpley [of *EIR*] asked a very small question, not complicated to answer, and only barely mentioned LaRouche, asking them about their position on free trade, just this little bit, explaining LaRouche's opposition to it. They became very agitated, and the Buchanan representative said, "No, no. Don't vote for this man. Even vote for Bush, but not for this man!" That was how he answered a question.

When I came here to Leesburg, Virginia, there was a Democratic candidates' forum, with Nancy Spannaus representing LaRouche and with representatives of Clinton and Brown. I heard many, many stupid things from them, so I asked a question, which was exactly the opposite thrust of what they had been saying. I explained to them that I am from Solidarnosc, I am honored to be here, but I think that for America to accept free trade is a mistake, and I gave them some examples, very briefly, of what happened in Poland. I said, "This is the fault of the system you have here of free trade." And the Clinton and Brown people said, "Oh, yes, yes," and applauded what I said. This is a good example of the power of the media.

In May 1968, I was a student at the Sorbonne and I was "elected" as the secretary of the Revolutionary Committee. This was ironic, because I was for de Gaulle. I think he was a very great man. And this is what I think about LaRouche; I think LaRouche can be a second de Gaulle. They have the same outlook; they have the same enemies. De Gaulle never accepted the British mafia. He had respect for all nations and wanted to help every nation have its autonomy. He also had great plans for highways, and launched France's nuclear program. He had many of these kinds of great projects. . . . We have to return to this, and I think LaRouche is like a second de Gaulle. We need very urgently to have such a de Gaulle, because the world situation is growing worse.

In February, I was in Russia, and people there think we have a paradise in Poland, compared to Russia. We have a very harsh life, but not as harsh as they do. We have more and more places, right in the heart of Europe, with this situation. . . .



Mathis Bortner at work at a Solidarnosc office in Poland, 1990.

EIR: What were some of your impressions of America, and what will you tell the French and Polish people when you return?

Bortner: I found Americans to be very, very kindly. Of course, the people in the Schiller Institute are very traditional, they have classical culture, and so on. But even the others, in the restaurants, in the airports—they are very kind. We've lost this in France, almost entirely. But Americans have stopped thinking, and this is far more serious. They are not capable of ideas, and can't engage themselves in them. These people are no longer civilized; they are becoming like beasts, at the whim of their instincts and their immediate needs.

EIR: It's certainly ironic to find Project Democracy elements acting in Poland the way they did. After all, these are the same people who slander LaRouche as a thief, a tax swindler, and so on, and who worked to have him put in prison. They are the ones who are robbing whole nations!

Bortner: This is true. But, I must reassure people that LaRouche's analysis is not marginal in Poland. Many schools of thought have a similar analysis to LaRouche's, but the difference is that LaRouche uses his analysis to find a solution. And people should not be discouraged, because many people are beginning to converge on this idea, seeing the way this mafia, the free trade, and the cartels are functioning.

LaRouche is in prison not because he is the only one who sees this situation; the others are not dangerous, because

they don't have a solution. They will talk and talk about philosophy for their own intellectual pleasure, but without a conclusion. . . .

The Soviets took all Poland's cadres [much of the officer corps was drawn from Poland's elite layers during World War II—ed.] and killed them in Katyn. And we have to say that LaRouche's being in prison is the beginning of the American Katyn—it is an operation against people who think, who rock the boat. I don't want to use the word prophet to describe him, but he is right, and most of the people I meet know this.

In Michigan, I ran into [former Polish Finance Minister Leszek] Balcerowicz, and he was presented as the savior of Poland. But everybody knew that what I was saying about Poland was true. This must be our conclusion: What even the communists could not destroy in 44 years in Poland, the Jeffrey Sachs plan, Balcerowicz, and all those behind them, destroyed in two and a half years. That is the most important thing. I asked Balcerowicz, "How can you defend yourself against the accusation that you are responsible for the collapse of Poland?" He answered: "I don't agree with your statistics." But I was giving him statistics from the official press, from *Gazeta Wyborcza*. The people with him were presenting his successes, saying that in Poland there were no more lines at the stores, the shops were full. But, of course, only 8% of the people can afford to buy from the stores. Mostly, they line up outside and stare into the windows at the prices, and maybe buy one small thing.

How communists and IMF looted Poland

by Katherine R. Notley

Mathis Bortner of the Association Solidarnosc Côte d'Azur in France, during his recent U.S. visit, gave a report on March 26 to *EIR* and Schiller Institute staff on the situation in Poland.

Bortner documented the unrelenting looting of Poland, first by the communists under the communist regime; then by the communists under the coalition government; and today by the communists under the protection of the International Monetary Fund. The effort to drive Poland's economy past the point of no return bears an eerie resemblance to the capital flight operations that the World Bank and IMF have incited against various Ibero-American governments over the past decade and more. But there is a twist to the Poland story: The capital flight was effected by Soviet and Polish communists, under the protection of free market reforms imposed by Poland's creditors in the Club of Paris and the IMF.

Bortner summarized how Poland had rebuilt its economy within 18 years after World War II, and the currency, the zloty, was considered hard currency because it was gold-backed. Consider what Poland had lost: Six million Poles died in the war, 65% of productive capacity was destroyed. Although Poland was one of the Allies, it was betrayed by the Allied powers, and only France's Charles de Gaulle stood up against the Yalta accords that threw Poland "into the flames of communism," he said. Five hundred thousand Polish soldiers were killed, and 1.5 million disappeared. The Nazis were visible enemies, because they killed people outright; the Soviets came in under the guise of liberators against the Nazis, but they were no less deadly. In the Polish military, all the skilled labor, the engineers, professionals, etc. were given officers' commissions, and they were all murdered.

The beginnings of Solidarnosc

The Solidarnosc movement started in 1980, when the prices of consumer goods were set to double overnight. Lech Walesa took leadership of the movement, but within a year and a half all freedoms were wiped out by the coup d'état of Gen. Wojciech Jaruzelski, backed by Moscow.

In 1989 Walesa decided to change his strategy, and he told Bortner that the Polish resistance must find some means of bringing events to a head. He proposed to the communist government of Jaruzelski to hold elections, and, of course, the communists will always pretend to hold free elections, but they had something else in mind. So, Solidarnosc won 99.3% of the elections—there was only one man who won

who was not in Solidarnosc. There was complete national cohesion. All the press were saying, "Solidarnosc wins 100%!" But what they didn't say at the time was that Solidarnosc only got 30% of the seats in the Polish parliament (the deal with the communists was that only 30% of the seats would be contested). So this was the trap.

Bortner explained that Walesa decided he would go ahead with the plan, because at least Poland would get something the other East bloc states did not have. All over the East bloc, everyone would then ask for the same thing; it will be a revolution, said Walesa, and will help our movement to move ahead much more quickly. Bortner disagreed, because the system was immoral: "We cannot make a pact with the Devil." But six months later, he saw that this had precipitated events elsewhere in Europe, and accepted that what Walesa had done was good: "All the other countries—Germany, Czechoslovakia—asked for their freedom, and they obtained much more than we!"

Recently, a leading political analyst in Bortner's hometown of Lodz pointed out to him that, just before Jaruzelski seized power, there had been a large meeting of all the left forces—the communists, the left radicals, civil rights activists, and also leftist Catholics, all of whom had for many years supported the communist regime in Poland. In the coalition government of 1989, many of the same people received government positions under the Solidarnosc banner, including Prime Minister Tadeusz Mazowiecki, Labor Minister Kuron, heads of the radio, television, and newspaper offices, and the president of the Senate. They had never represented the efforts of Solidarnosc, but they had all participated in the fight with Solidarnosc. Under the guise of Solidarnosc, many had received funds from the AFL-CIO and stipends for their living expenses during the martial law period before the elections.

With the parliamentary compromise that had been made in Poland, which gave the communists 70% of the parliament, they were allowed to penetrate the economic life of the country. And so all the leftists were brought into the government and all the real opposition in Solidarnosc was thrown out, except for Walesa. He thought he could undermine the system from the inside, Bortner said.

Battle over economic policy

All this time, Bortner had been following the political movement of Lyndon LaRouche, which he had become familiar with through the Schiller Institute in France. He discussed LaRouche's ideas with Walesa, who asked him to brief his economic adviser. The adviser and others received him very enthusiastically and took the material, promising a response in the near future. Time passed and Bortner heard nothing. He simply assumed that they required time to absorb LaRouche's ideas.

When he returned to Poland to attend the Solidarnosc congress, only the second that had been held in 10 years, he

ran into the adviser again, and asked for his response to the LaRouche programs.

The situation was changed. The economic adviser was very cold, and said only three short sentences: "We are launching an investigation of *you*. We are a member of the AFL-CIO. We want no further cooperation with you."

After Walesa won the presidential elections in December 1990, Bortner continued to write documents for him attacking the International Monetary Fund, whose polemics were reflected in Walesa's public statements. Immediately the international press revived the slander campaign it had run against Walesa during the election, accusing him of being dictatorial, petty-minded, a populist—even anti-Semitic!

Living standards are slashed

The pressure was far too great, and Walesa, who had tried to stop the IMF, was unable to do so, especially because of the composition of the Mazowiecki government. Mazowiecki's government had come from Solidarnosc, but also from the previous communist government.

Now, after two and a half years, the living standard has dropped more than 50%. Life wasn't easy before, but now it is far worse. "Before I left for America, I was saying that production had dropped by a minimum of 51%, because I didn't want to exaggerate," Bortner said. "Now, Walesa himself said a few days ago, that it was 70%! It's unbelievable! Poland had had a program, and had production. The first plan . . . was based on economic development: high technology, a budget for machines, for tractors, for production. The plan was incomplete and very small, but it was a good start. Not like what we have now. Everything that has happened in Poland was predicted by us, and Walesa has the reports, so he can see for himself. . . ."

"The situation is deteriorating so fast, that I am not sure that Walesa can stop this, or that something will happen in Poland very soon. I am very much afraid. Of course, it's worse in the towns than in the countryside, but, for instance, in Lodz, we are expecting in the near term to see 50% unemployment. Now in Lodz we have a minimum 25% unemployment—one in four has lost his job." There has been a 50% rise in burglaries in Poland. Homeowners are buying guard dogs, because houses left unattended for more than a few days are invariably broken into. "There are no police, because there is no police budget. And this worries the Army, because there is no Army budget either."

A paradoxical situation existed, where 70% of the government was controlled by the communists, who were implementing the International Monetary Fund (IMF) free market reforms. In 1990, there was an agreement that the Soviets would have to pay for Polish goods in hard currency, which, of course, helped the Poles to pay their debts to the Club of Paris creditors. Meanwhile, the communist mafia in both Poland and the Soviet Union stole an estimated \$12-14 billion from Poland.

Lithuania could to free Europe of

by Hartmut Cramer and Ortrun Cramer

From the very outset, it had been clear to everyone in Lithuania that instituting democratic freedom and restructuring the country's economy would not be easy; but no one imagined that it would be *this* difficult. Especially now, it is dawning on many that the problem lies primarily in the "stabilization measures" which have been emphatically recommended (i.e., imposed) by western powers who are committed to the incompetent policies of the International Monetary Fund (IMF).

The situation of Lithuania's leaders was and is by no means enviable. They had to win individual freedom and national independence against both the embittered resistance of the communist bosses in Moscow, and the stated desires of western governments which dared not touch—much less slaughter—the sacred cows of Yalta and Versailles. But now still greater demands are being placed on the personal and intellectual mettle of these political leaders.

Up to August of last year, Lithuanians had the advantage that the "enemy image" was clear to all: No matter what finely crafted deceptions and disinformation the communists and their political errand-boys in the West ranged against them, decades of experience with the KGB's machinations had taught the Lithuanians how to manage. Thus they were able to defuse all the provocations and to avoid all the traps. The countless siren songs from East and West about "promising compromises" were equally fruitless: The stronger the pressure, the more solid was their united front.

From the frying pan into the fire

But the situation today is completely different. Awareness is gradually growing that not all that glitters in the West is made of gold; that behind the sparkling facade of democracy and freedom, corruption pulls strongly on the strings; and that free trade, market economy, and private property are being promulgated ruthlessly for their own sake. People are rubbing their eyes in amazement: Was our liberation from the yoke of communism simply a leap out of the frying pan into the fire?

From an economic standpoint, that is certainly the case. Admittedly, when it freed prices, Lithuania's government successfully avoided instituting the extreme "shock therapy reforms" that were introduced in Russia and in Poland; nevertheless, living standards, though they remain the high-

still lead the way

IMF usury

est of all the former Soviet republics, have dropped steadily over the past six months. ("Here, unlike in Russia, nobody has to go hungry," we were constantly reassured. "Ever since I recently returned from Mongolia, I don't have anything to complain about any more," reported one student, who was shocked at what he had seen in his travels.) Step by step, wages in Lithuania have been raised to tenfold their previous levels; but prices have been climbing even more steeply, so that people are able to buy less and less with their money.

Up until recently, inflation had been alien to the Lithuanian vocabulary, because prices had been frozen for 50 years. But now it has become a part of daily life. The bundles of ruble notes (the largest denominations were withdrawn from circulation by Gorbachov last spring) which are paid out on the first of each month, have been getting fatter and fatter, and are blowing the money markets sky-high. There is a great desire to introduce a national currency; but this would require a stabilization fund, and that is entirely dependent upon whether the International Monetary Fund makes good on its promise to provide credits. And the IMF will only grant those credits if they are tied to the fulfillment of certain "conditionalities." In the wake of the IMF's arrival, and the fantasy of an imaginary "American paradise"—which, in the imagination of many young Lithuanians, can only be reached through the stepping-stone of rich western Europe, especially Germany—many young people have been on a wild chase after the "fast deutschemark" or the U.S. dollar.

Many of the same students who only one year ago had risked life and limb in defense of the Parliament building and of Lithuania's freedom, are now cutting their studies short in order to practice "free market economics." They purchase relatively high-quality goods such as silk garments at below bargain prices in China, so that they can then sell them in Poland to western tourists for hard currencies, which they then use to buy other goods at an even higher profit margin. Then they squander the profits on the black market in Lithuania, Russia, Romania, or even in the Balkans or Turkey. It is not difficult to imagine how these young people soon lose all fear of dealing in drugs, arms, and so forth.

"I scarcely recognize the country," complained one Catholic Church representative concerning the degeneration he has seen over the past few months. "A year ago, people's

morality was excellent; there was a general mood of revolutionary change, and each was willing to give his all for the country's future. But now, almost everybody thinks only of himself, or at best of his family."

Lithuania's strength

But these all-too-evident problems aside, Lithuania's great strengths could also be clearly recognized. The population knows exactly whom they have to thank for their freedom. Nowhere was this more clear than at the ceremonies on March 11, the second anniversary of Lithuania's declaration of independence, and the first anniversary of its actual freedom. Tens of thousands stood in the plaza in front of the Parliament building in order to listen to the voice of President Vytautas Landsbergis piped through loudspeakers, describing the history of the past few years, once more mercilessly attacking Gorbachov, and pointing to the Lithuanian people's steadfastness, morality, and willingness to sacrifice as the chief factor responsible for their victory over communism.

The ensuing military parade, held outside the Parliament building, was reviewed by Landsbergis along with his young defense minister Butkevicius and the military chaplain of Vilnius, and was enthusiastically supported by all onlookers. Aside from a few side-arms, no weapons were to be seen, and yet the discipline of the marching troops was an impressive indication of their high degree of preparedness. (The sounds of the "Hohenfriedberger March," played at the beginning—probably the most famous of the numerous old Prussian marches—are certainly also heard in many places outside Lithuania, including in London and Washington.)

In conclusion, a large number of young and older men (and women), wearing civilian garb, were sworn into the Army, an institution which has become extraordinarily popular, especially the security troops who guard the Parliament and the President. One student, who signed up as a volunteer for five years of duty (as a member of the militia, he is required to be on active duty during most weekends), reported that in addition to himself, eight of the other 20 members of his class had taken this step "spontaneously and deliberately."

Throughout the entire day, and on into the night, the Opera House held concerts of classical music, including many works by Lithuanian composers—an impressive proof of this country's strong sense of cultural identity, and of the great role which music has played in its more recent history, especially in its struggle for independence. For this reason—and also because President Landsbergis is himself a musician—artists are very popular here. A recent poll conducted in the Baltic states, asking young mothers about what career they preferred their sons to take up, elicited "traditional" answers in Estonia and Latvia, such as engineer, doctor, scientist, etc.; but in Lithuania, "musician" stood at the top of the list.

Among the other items on the positive side of the balance



Presidents of the Baltic republics following a meeting in Washington with George Bush, September 1991. Left to right: Arnolt Ruutel, Estonia; Anatlijs Gorbunovs, Latvia; Vytautas Landsbergis, Lithuania. These republics have won their freedom from communism, but their leaders are now confronted with even greater demands for leadership.

sheet, is the continued strong sense of community with western Europe (the geographic center of Europe lies in the eastern part of Lithuania, about 15 miles north of Vilnius), a spirit which is expressed in the fact that the overwhelming majority of Lithuanians are Catholic, as well as in their "old-fashioned" belief in progress and economic growth. As early as 50 years ago, a Lithuanian economist calculated that the desirable population for his country should be about 15 million, even though in his day the population was only 3 million, and today it is about 3.7 million; his target figure is comparable to the population density of the Federal Republic of Germany just before reunification.

"We Lithuanians are old-fashioned: We still believe in the priority and in the future of railroads," was the way Lithuania's transportation minister, Jonas Birziskis, playfully put it in an interview. He said he wants Lithuania's railway system, which has remained basically unchanged since 1940, to be brought up to European standards as quickly as possible. And the following figures indicate what that means: Today Lithuania has a rail network consisting of 1,267 miles of track, 76 miles of which is electrified, and only 18.5 miles of which has the European gauge—the only stretch of railway in the entire former Soviet Union which meets the European standard!

IMF policy: dismantlement and sellout

If one is to believe the western economic experts and IMF representatives who are now streaming into Lithuania by the dozen, then Lithuania's entry into the IMF is synonymous

with its entry into Paradise: Lithuania will then belong to the exclusive club of rich nations; it will be able to obtain credits for its stabilization fund, along with access to big investment, and will generally only then be really accepted among the civilized nations of the world. But there's a price: immediate introduction of free market economics, along with rapid and thoroughgoing privatization.

Lithuanians have seen what that means in practice by looking over their backyard fence into Poland, which is undergoing a collapse in production and a sellout of its national wealth at the very lowest prices. Therefore, since the IMF has been unable to cover up the complete collapse of Poland's economy and the forced resignation of the Warsaw government, the IMF bankers have presented the Lithuanians with a convenient whipping-boy: the "lazy Polacks," who are solely responsible for what has happened to the Polish economy. Such is the IMF's entire sales pitch: Always claim that the "others"—whether they be the Poles, the Czechs, the Russians, the Ibero-Americans, the blacks, etc.—are too lazy, stupid, and corrupt; and so it's not the IMF's fault. But you (in this case, the Balts) are an industrious people, clever and decent, and therefore you'll make it—but only with the IMF's help.

What the IMF means by investment aid and privatization was revealed to the Lithuanians in a flash of lightning, when a rich oil sheikh from the Middle East wanted to buy up not only all the port facilities in Klaipeda, but the entire city itself, so that he could turn it into his own private grounds.

And representatives of German economic interests have been telling Lithuanian parliamentarians, without batting an eye, that Lithuania has the choice of either insisting on its sovereign rights as a nation, and thus remaining poor and isolated, or opening itself up to foreign investors, i.e., completely subjugating itself to their conditions.

There seems to be no other alternative to the IMF. But is that really so?

The solution

For pragmatists, there certainly is no other solution; but there is indeed one for realists. Landsbergis and his government must tackle this admittedly knotty problem with the same realistic attitude which he showed in fighting for national independence. They recognized the dangerous and subtle ways of the enemy, and built their strategy on the actual forces at their disposal, i.e., almost exclusively on the readiness of the citizenry itself, and of people in the other Soviet republics, to man barricades in defense of freedom and democracy. The readiness to die, if necessary, which the Lithuanians showed on "bloody Sunday," gave Russian patriots the courage and strength to mount successful resistance during the August coup attempt.

Lithuania alone, of course, cannot turn the world strategic situation around single-handedly; but it can, as it did last year, play a crucial catalytic role. Three things are necessary in this regard:

1. A clear "enemy image":

- a) Give up all illusions about the United States and the

Anglo-Americans, whose strategy is to use the "shock therapy" imposed with the help of the IMF, in order to actively sabotage the development of central and eastern Europe as well as the Community of Independent States.

- b) Spread the truth about the IMF: its economic policies, which have failed in every instance; its tactical intentions to prevent economic development; its long-term goals of limiting or eliminating national sovereignty; and its anti-human ideology of world population reduction.

2. Join a coalition for worldwide development:

- a) Play the continental European card, and especially the German card, in that the struggle has yet to begin for Europe to play a role in the world independent from the Anglo-Americans.

- b) Form an alliance with the nations in central and eastern Europe, and in the developing sector, especially in Ibero-America, who are revolting against the IMF's policies. Jointly exert pressure on western Europe to act in its own interests by breaking away from the bankrupt policies of the IMF.

3. Implement a competent economic program:

- a) Conduct the broadest possible discussion, and immediate implementation, of the Eurasian infrastructure program proposed by the U.S. economist Lyndon LaRouche.

That is a great challenge, of course; but it is the only realistic alternative. After 50 years of oppression, the people of the Baltics did not wage a heroic battle to burst the chains of communist dictatorship, only to suffocate to death in the IMF's stranglehold. Let us hope that the responsible officials will not have to learn this after it is already too late.

'Get LaRouche' task force exposed in Lithuania

Until her sudden disappearance six months ago, Rita Dapkus was chief of the Lithuanian Information Office of the Parliament in Vilnius, and according to her own report, had been in contact for years with both the Soviet KGB and the U.S. Federal Bureau of Investigation. According to a March 31 report in the Lithuanian newspaper *Lietuvos Ritas* (*Lithuanian Dawn*)—a former mouthpiece of the Soviet Komsomol youth organization—Dapkus openly admitted this in early March in an interview with a paper published in Klaipeda, the *Mazoji Lietuva* (*Little Lithuania*).

In this interview, entitled "Between Two Intelligence Services and Between Sajudis and the Parliament," Dapkus, a 30-year-old native of Chicago, reported that the KGB had expressed interest in her during a trip she took to Lithuania in 1986. After she returned to the United

States, she contacted the FBI via a friend, and it was agreed that she would take up the KGB's offer, while in reality working for the FBI. Over the following years, as a student in Vilnius, she regularly informed the KGB about her contacts in Lithuania's political and cultural circles. (Her contact man was the "overseer" of West German visitors to Lithuania.) After Lithuania declared its independence, she was employed as chief of the information office for all English-language news reports—until she suddenly disappeared six months ago.

The revelation of her contact with the FBI now finally provides a straightforward explanation for her slander-mongering attitude toward American economist Lyndon LaRouche, whose economic program is widely known. Dapkus reportedly made slanderous statements about LaRouche on many occasions to members of the Lithuanian parliament and representatives of the Sajudis party, had warned them not to have any contact with LaRouche's organization. But she had never complied with requests for proof or even reasoned arguments to back up her allegations.—*Harmut and Ortrun Cramer*



Small Lithuania has big plans for transport net

Jonas Birziskis, minister of transportation of a free and independent Lithuania, is "old-fashioned" enough that he still believes in the primary importance of building and upgrading the railway system as the backbone of a nation's infrastructure in order to solve today's transportation problems. During an interview in Vilnius, March 13, Birziskis discussed with EIR the main problems his country is facing in the field of transportation. The interview was conducted by Ortrun and Hartmut Cramer.

EIR: What are Lithuania's main problems concerning transportation?

Birziskis: The problems of our transportation sector are identical to those we have in Lithuania overall: It has only been six months since we became independent, and although much has been accomplished in this short period of time in building up functioning institutions of government, still, almost everything is lacking.

Generally in the transportation sector we have to undo the monopolistic system that we have had for the last 50 years and replace it by a democratic one, using the European system as the model.

The difficulty is that we are not prepared to deal with such a situation. For half a century we were not allowed to decide anything ourselves; now we have to decide everything ourselves. The biggest problem is a qualitative one: We have to get used to think differently. Instead of thinking, "I *must* do this," we have to think, "I *should* do this."

Now we are engaged in building up a market-oriented transportation industry, and, since we don't have any experience with that, we made a lot of mistakes initially—but of course we have made a lot of progress.

EIR: Can you highlight some of the most important initiatives?

Birziskis: Lithuania, which was isolated for the last 50 years, has now begun to open up itself to Europe, for example, through Lithuanian Airlines, the airline company which

we have built up and which is already operating. Apart from flying to 35 cities in the former Soviet Union, it connects our capital Vilnius with several big European cities, among them Copenhagen, Warsaw, Berlin and Frankfurt-am-Main.

Another example is the ferry from Klaipeda (Memel) to Mukran on the island of Ruegen. Several years ago, the leaders of the Red Army had installed this route so they could quickly transport Soviet troops to the West; we instead want to use the five high-speed ferries (three of them Lithuanian, two of them German) in order to quickly exchange goods with Europe. Our main problem in this respect is that— notwithstanding the fact that this ferry connection has to be used mainly for transporting Soviet troops back home for some time to come—the exchange of goods with Europe is still much too small. In addition, the traffic infrastructure on the island of Ruegen, and from there to Lübeck is not sufficient for the transportation of goods. Therefore, it would be very important for Lithuania to have a connection to the already-planned German-Polish coastal highway along the Baltic Sea, which will link Lübeck with Szczecin.

We are presently engaged in changing the existing structures such that, with the help of private companies and private capital, the transport of goods can be containerized which would make the traffic much more effective. Eventually the goods can be even brought to the door of the customer.

EIR: What about the conditions of the railways and roads in Lithuania?

Birziskis: In relationship to Europe, the situation of our railway sector is a catastrophe. In 1940 our railway system was quite modern, gauged according to European standards, but since that time, nothing has changed. Only 20 miles of our present railway network, which has a total of 1,267 miles, uses the European gauge, and this track of 20 miles in Lithuania, near the Polish border, is the *only track in the entire former Soviet Union* that was built according to European standards. That tells you everything.

Nevertheless, we believe that the railway has to have top

priority if we are to solve our problems with transportation. In this respect we are thinking very traditionally—"old-fashioned" if you wish. With respect to the railway sector we have big plans. Naturally we need help from Europe in order to realize it; alone we would never be able to do it. We want to connect the Baltic countries with Europe, as well as with the northern part of the former Soviet Union according to European standard. With Poland we have already signed a treaty that we will have a connection to the Gdansk-Szczecin-Hamburg line, in order to quickly connect to the whole of Europe. This line has to be extended to Kaunas and throughout Lithuania, and, of course, beyond that to Latvia and Estonia, up to Tallinn. There exists already a memorandum in this respect which is being gone over right now by all Baltic states. The aid should be organized in such a way, that those technical parts, for instance the locomotives, which we cannot build ourselves, we are getting from Europe, whereas we would build most of the rest, like the tracks, railcars, etc., ourselves, with the help of "joint ventures."

Here in Lithuania we want to make Kaunas, the traditional trade center of our country, into its transport center, since it lies in the middle of the country and is the point of intersection of the East-West axis (Vilnius-Klaipeda) and the North-South axis, which, from St. Petersburg, Tallinn, and Riga, connects our country via Warsaw with Germany and western Europe. These lines have to be brought over to the European standard as quickly as possible.

But, despite upgrading and completely constructing the new Klaipeda-Vilnius line according to the European standard, we nevertheless also have to modernize the old line with the Russian gauge in order to ensure the transport back home of the Soviet troops from eastern Germany and Poland, which go mainly through Kaliningrad and Klaipeda.

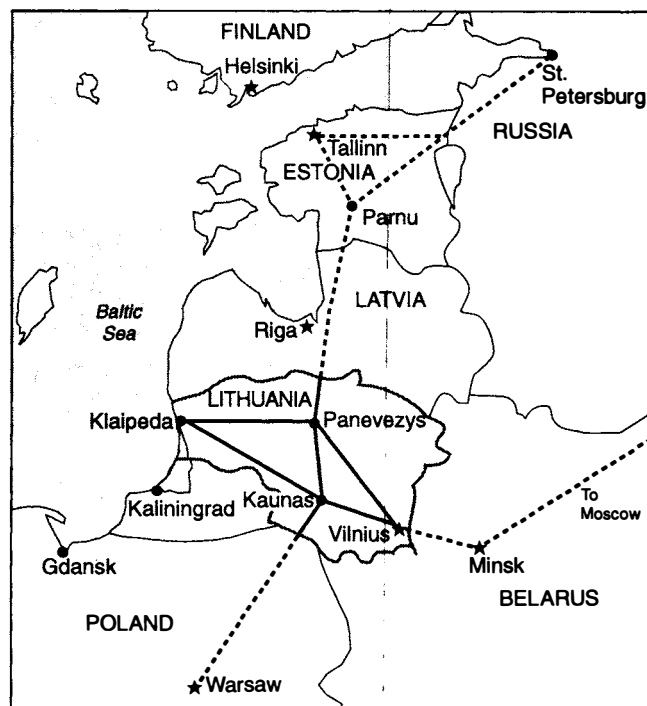
EIR: What about the situation of the roads and highways in Lithuania? What projects do you have there?

Birziskis: Like everywhere else in the former Soviet Union, in our country the roads are in very bad condition. Generally speaking, we have to improve all existing roads and build new ones. The most important great project in Lithuanian road-building is certainly our part in the Via Baltica, a highway running along the Baltic coastline which finally will connect Hamburg with Tallinn, St. Petersburg, and Helsinki (see map). With that we can also link Lithuania with Europe by highway.

Even if the completion of this highway still takes some time, we can nevertheless use the existing road now. A treaty envisaging the opening of the border crossing points for May 15, which we are presently negotiating with Poland, Latvia, Estonia, and Finland, is almost ready.

Another great project is the highway along the West-East axis, from Klaipeda via Kaunas to Vilnius and, naturally, further to Minsk, the capital of Belarus. Of course, we can realize these projects only with the help from abroad.

Lithuania's major roads and connections



EIR: Are there other plans, such as the construction or improvement of waterways?

Birziskis: Yes, but these are really dreams for the future. It would be very lovely to open up our capital Vilnius to the harbor of Klaipeda via the river Neris, i.e. also via waterway. But in order to do this, the Neris, which flows into the Nemunas River in Kaunas, has to be improved or supplied by a canal. Additionally via the Nemunas, our biggest river, we could, given certain improvements, gain access to the wide network of waterways in continental Europe. Naturally this would be a great advantage for our economy, but that is such a distant project, that we don't dare to think about it now.

Generally our task is to open our country to Europe, to upgrade the transportation system, especially the railways to the European standard as quickly as possible, and to achieve a rapid and efficient exchange of goods with neighboring countries. The coming years will be very difficult, but I believe that we can make it, especially if we adapt our thinking to the new opportunities.

Even with all the pressure on us to solve the most urgent problems, we simultaneously have to find the strength and courage to think far into the future, like you are doing with your [Productive Triangle] program. First of all, our problems are naturally political ones, and in order to solve them, we count especially on the help and solidarity of Europe, with which we are linked by a very old and good tradition.

Peru's Fujimori must break with IMF to save the nation

by Cynthia R. Rush

Peruvian President Alberto Fujimori shocked his countrymen and the world on the evening of April 5, when he announced that he was closing down his government's legislative and judicial branches and establishing a national emergency government backed by the Armed Forces. The reason, he explained, was the rampant corruption in the political parties, Congress, and the courts which were sabotaging the government's economic program, and hampering its ability to fight both the drug trade and subversion.

People are fed up with a justice system "won over by political sectarianism, with complicit venality and irresponsibility," he said. Justice in Peru "is like merchandise, bought and sold to the highest bidder." The government will no longer tolerate courts which routinely free drug traffickers and terrorists, Fujimori warned, or a Congress which sabotages the efforts of the Armed Forces to fight the murderous Shining Path narco-terrorists.

As Fujimori spoke, Army troops fanned out through the capital, shutting down media, and jailing leaders of Congress and known apologists for terrorism such as Shining Path "expert" Gustavo Gorriti. Troops failed to find former President and APRA party leader Alan García at his home, but arrested his former interior minister, Agustín Mantilla, whose home, like APRA headquarters, contained a good-sized weapons cache.

The population of Peru has overwhelmingly supported Fujimori's "self-coup," according to all accounts. Not so the Bush administration. The U.S. government immediately condemned Fujimori's actions, and Assistant Secretary of State for Inter-American Affairs Bernard Aronson, who flew into Lima late on April 5, turned around and left the next day in a display of disapproval. The United States has also suspended \$316 million in financial assistance to Peru, while the annual gathering of the Inter-American Development

Bank in Santo Domingo put off signing a \$222 million balance-of-payments loan to Peru.

Move could have been predicted

But Fujimori's action shouldn't have been a shock to anyone who understands the policy implications for Peru of Citibank president John Reed's statements to Brazil's *Veja* magazine in July 1990. Reed said then that Peru and Bolivia "will disappear" from the face of the map. This was not idle speculation. Anglo-American policy is to achieve precisely that goal, through two routes: application of the International Monetary Fund's (IMF) austerity policies, and a campaign to dismantle the institution of the Armed Forces, handing power over to Shining Path. The raging cholera epidemic and recent advances by Shining Path into urban areas are the concrete results of these policies.

EIR has warned that if the Anglo-Americans pursued their policy of dismantling sovereign nation states in the name of "democracy," at a certain point, the targeted populations and institutions would rebel. This is exactly what has happened in Peru. The Peruvian President has overturned the apple cart. He's not playing entirely by Washington's rules anymore, and in a situation where much of Ibero-America is up in arms against the nation-wrecking policies which have been imposed on the continent for the past 10 years, this has the advocates of the IMF's brand of democracy very panicked.

In the days following April 5, numerous spokesmen for the notorious Project Democracy apparatus, which has shaped U.S. policy toward Ibero-America for years, howled that developments in Peru were "ominous" and "could set a precedent for other countries." Most urged the United States to act immediately to mobilize the Organization of American States (OAS) into some kind of collective action, if not against Peru, then against Haiti, to "send a message." But

given the volatile environment on the continent, U.S. plans to set up an inter-American intervention force to “defend democracy” are now a dead letter. Even Argentina’s President Carlos Menem, one of the most vociferous backers of such a plan, showed restraint in discussing the options for responding to the Peruvian situation. The Group of Eight issued a tepid statement, and OAS foreign ministers will be meeting on April 13.

Crippled by economic policy

This doesn’t mean that Fujimori will be successful in his war against narco-terrorism, however. To succeed, he and his military allies have to understand two things that they are, as of now, unclear about.

One is that continued application of the IMF’s free market “shock” policy, which has been in place since August 1990, will quickly lose them the broad popular support they now enjoy.

There can be no “pacification” of Peru if the population is starving or dying of cholera. During his April 5 speech, Fujimori didn’t dwell on economics, but he did blame Congress for sabotaging his IMF-dictated economic program and stated that one of his goals was to create a “free market economy.” On April 6, he also confirmed all members of his cabinet, except one, thus leaving free market ideologue Carlos Bologna in place as finance minister. Thus far, there have been no indications of a major economic policy shift.

Secondly, Fujimori and the military leadership should have no illusions that if they continue with an IMF policy, the United States will back them up in their war against Shining Path, on the mistaken assumption that the United States opposes communist insurgencies. The United States wants a power-sharing deal with Shining Path, of the type it negotiated with El Salvador’s FMLN, and nothing else. If the Armed Forces back the IMF, they will be destroyed.

In a statement released April 6, U.S. Democratic presidential candidate Lyndon H. LaRouche warned “my friends in Peru, both on the military and the parliamentary side . . . that they should not believe any assurances from Washington currently, to the effect that Washington, in repayment for Peru’s submission to IMF conditionalities, will actually back Peru in its fight against domestic subversion, specifically Shining Path and similar elements.”

LaRouche emphasized that as long as Henry Kissinger and his protégé Luigi Einaudi, now U.S. ambassador to the OAS, are involved in shaping Washington’s policy, the only thing that nations like Peru can expect is “the liquidation of military and related institutions of the countries of Central and South America, by some trick or other of deception or brute force.”

The lamentations emanating from Washington and the major Anglo-American press since April 6 underscore LaRouche’s point. In an editorial, the April 8 *Washington Post* first lied that by taking such action, Fujimori was handing Shining Path—which it had the audacity to describe as a

“fringe assailant of the constitutional order”—the political advantage. It baldly asserted that a Shining Path takeover would be justified: “Before he [Fujimori] acted, it was a close question whether the Army’s utility in fighting terrorists and traffickers compensated for its lagging record in human rights and corruption. With the Army now on the illegal side, no justification remained for continuing American support.”

Defending narco-terrorists and the IMF

The Anglo-American establishment’s view is that if countries are to be democracies, they must embrace the IMF and respect the “rights” of terrorists and drug traffickers, even if these are bent on destroying the nation state. The Washington policymakers were pleased when the Peruvian Congress voted in early March to prevent the Armed Forces from entering university campuses, even though these are notorious hotbeds of Shining Path subversion and organizing.

An article in the March 30 edition of *Caretas* magazine documented that Shining Path had so successfully manipulated and terrorized the justice system that punishment and imprisonment of known terrorists and drug traffickers was a joke. It was all but given that Shining Path’s number-two leader, Osmán Morote Barrionuevo, and Sybila Arredondo de Arguedas, both on trial for terrorist activity, were virtually assured of being freed because of loopholes in the system.

One of Fujimori’s first acts following his speech was to authorize raids on prisons such as Lima’s Canto Grande, where Shining Path inmates have set up “liberated zones” in which they openly organize and proselytize without fear of disruption by authorities. Police also arrested known lawyers for Shining Path, many of whom coordinate with the group’s extensive international support apparatus.

Those inside Peru who are shrieking most loudly for a restoration of “democracy” include an odd assortment of British-style liberals like pornography writer Mario Vargas Llosa, a variety of leftists, and leaders of most political parties. Some, like APRA’s García, claim to oppose the IMF. His opposition, however, is the same kind embraced by Nicaragua’s Daniel Ortega, or Colombia’s communist FARC guerrillas—only for show. He proved that when, following the Feb. 4 attempt to overthrow the IMF-backed regime of Venezuelan President Carlos Andrés Pérez, he leaped to Pérez’s defense, and then held a meeting with U.S. ambassador to Peru Anthony Quainton.

On April 8, the APRA executive committee called on the population to make use of its “right to insurgency” guaranteed by Article 89 of the Constitution. The fact that a group around García was known to be negotiating alliances and cooperation with terrorists, especially with the Tupac Amaru Revolutionary Movement, which originally split off from APRA, has led some observers to suggest that APRA may be preparing to launch an armed insurgency against the government. This would place them not only in league with Shining Path, but also with George Bush.

U.S. government policy is to bring 'Shining Path' to power in Peru

I. Introduction

It is current U.S. government policy to bring the murderous "Shining Path" ("Sendero Luminoso") guerrilla movement into power in Peru. It is that policy commitment—not some supposed defense of the abstract principles of democracy—which is behind the Bush administration's attacks against the recent "self-coup" by the Fujimori government and the military in Peru, a coup whose avowed intention and immediate first actions have been to dismantle Shining Path and its support apparatus in Peru.

Key components of this Washington strategy include:

- a) efforts to discredit and dismantle the Peruvian Armed Forces;
- b) international "human rights" support of Shining Path and other narco-terrorist forces;
- c) promotion of El Salvador-style power-sharing negotiations with the terrorists; and
- d) ideological support and justification of Shining Path's genocidal warfare against western civilization.

Ruled out absolutely by Washington are the only two measures which, combined, can actually defeat the insurgency: a significant buildup of the *Peruvian* military, such that it has the means to crush Shining Path; and ending the looting under International Monetary Fund (IMF) policies which is destroying Peru's economy and driving a desperate population into the waiting arms of the terrorists.

II. Anglo-American establishment sets policy

What is the underlying objective of this de facto support for Shining Path, a group which U.S. officials admit intends to carry out a genocide policy matched only by the Nazis in Germany or the Khmer Rouge in Cambodia? The Anglo-American financial elite has declared, in so many words, that it intends to eliminate the nation of Peru from the world map.

Citibank chairman John Reed pronounced the bankers' death sentence on Peru as President Fujimori assumed office on July 28, 1990. "If you look at a map of the world economy, you'll see that there are countries that have disappeared. . . . Peru and Bolivia will disappear. The Soviet Union had better watch out, because it could disappear," Reed told *Veja* maga-

zine during a visit to Brazil. It has happened before in history, he noted. After World War II, the nation of Burma "disappeared. . . . It was a rich country, like Brazil."

This is no idle threat by one banker, but the operational strategy of the Anglo-American financial elite as a whole. This was reflected in a special section of the Summer 1990 edition of the *Wilson Quarterly*, published by the Woodrow Wilson Center, one of the bankers' top think-tanks for Ibero-American policy. Citibank's Reed sits on its board, along with Secretary of State James A. Baker III and Max M. Kampelman, honorary chairman of organized crime's lobby, the Anti-Defamation League. Dwayne O. Andreas, chairman of the grain cartel's Archer Daniels Midland company, is the vice chairman of its board of trustees. The Inter-American Dialogue, the establishment's informal leadership body for the Americas, was founded at the Woodrow Wilson Center; Sol Linowitz, co-chairman of the Dialogue since its founding, sits on the Center's "Wilson Council."

The issue was dedicated to "The Indian Question in Latin America," because, its editors explain, they consider racial conflict to have been the determining feature of Ibero-America's past history, and that the region can expect to be transformed into a battlefield between the races. "Indian studies" must now focus all "scholarly" work on Ibero-America that is being carried out in the U.S., the magazine argues. Any nation which defies this racist view "will ignore the Indian question only at their peril," the editorial threatens. The *Wilson Quarterly* specifies that the anniversary of Columbus's discovery of the New World be celebrated as "the 500th year of Indian resistance" against Spanish culture.

The lead article of the issue covers Peru. Author Peter Klaren, director of Latin America Studies at George Washington University in Washington, D.C., presents as his main thesis that the Spanish conquest was evil because it led to *changes* in the backward and imperial Incan culture, society, and economy. He protests as "brutal subjugation" of the Indians the fact that new food products, such as grains and meat, were introduced into the diet and agriculture of the region; that the Spanish introduced a monetary economy; that the Spanish allowed mixing of the races. "The conversion of

LaRouche: Don't believe Kissinger about Peru

Democratic presidential contender Lyndon LaRouche issued this statement on April 6, on the subject of the top-down coup d'état in Peru:

I particularly wish to warn my friends in Peru, both on the military and the parliamentary side, with whom I have enjoyed a close friendship since 1975, that they should not believe any assurances from Washington currently, to the effect that Washington, in repayment for Peru's submission to International Monetary Fund conditionalities, will actually back Peru in its fight against domestic subversion—specifically, the *Sendero Luminoso* [Shining Path] and similar elements.

In point of fact, it is my knowledge of the policy, that it is the intent of leading forces in the United States, particularly those associated with Henry A. Kissinger, such as Luigi Einaudi of the State Department, to encourage a general destruction of the Andean Spine countries along the lines which were previously associated with Che

Guevara and with, naturally, the sponsorship of Fidel Castro. The *América Latina* line [referring to the monthly publication of the Latin America Institute of the U.S.S.R. Academy of Sciences—ed.] has been taken over in a certain form by these elements in Washington and London.

What will be done is simply to use the military situation in Peru at present, to exploit the natural reaction against a military national emergency government to create the situation in which Sendero Luminoso and its allies in Colombia, Peru, Bolivia, and elsewhere, will be activated along the lines suggested by recent U.S. operations in Brazil concerning the Eco-92 summit.

I know there is a tendency in South America and Central America, as in eastern Europe, including the former Soviet Union, to believe that Washington is acting in good faith. I can assure you, that as long as Henry Kissinger and what he represents—including Luigi Einaudi—are represented in policy-shaping of Washington, the intent for the present governments and social forces, especially the military of Central and South America, is indicated somewhat by the situation in El Salvador, and by special reports of which Luigi Einaudi is the sponsor: the liquidation of the military and related institutions of the countries of Central and South America, by one trick of deception or brute force, or another.

Indian peasants into miners and city dwellers . . . combined with racial mixing, created an ever-growing *mestizo* problem," he moans.

Klaren carries this racist outlook forward to say that Shining Path's war against civilization is the continuation of "500 years of Indian resistance." He acknowledges that Shining Path—which he claims has 5,000-7,000 fighters and is "probably the wealthiest guerrilla movement in modern history," collecting "perhaps \$30 million" in war-taxes each year from the Colombian drug traffickers controlling Peru's coca growing—represents "murderous fanaticism," but justifies the rebellion as against the Conquest.

"Andean history is full of desperate Indian peasant uprisings," he writes. "Seeking support of the Indian masses, Shining Path leaders today are not so very different from those Creole rebels of the past. . . . They seek to harness the grievances of the Indian proletariat and dispossessed peasants to their own political agenda."

III. March 1992 congressional hearings echo the theme

The Subcommittee on Western Hemisphere Affairs of the House Committee on Foreign Affairs held hearings on "The Threat of the Shining Path to Democracy in Peru and U.S. policy," on March 11-12. According to the testimony of

U.S. Assistant Secretary of State for Inter-American Affairs Bernard Aronson before the committee, the hearings were called at the request of the State Department to generate a national and international debate over how to handle "this hemisphere's most brutal insurgency."

Aronson denounced Shining Path in his testimony, stating that "if Sendero were to take power, we would see this century's third genocide." He offered as solutions, however, continued U.S. support for President Fujimori's IMF program—he argued that this program had allowed Peru to resume debt payments—and proposed "U.S. involvement in a counterinsurgency program in Peru . . . only after careful consideration and debate."

The most significant aspect of Aronson's testimony, however, was that he singled out for praise the testimony of another participant in the hearings, David Scott Palmer. It was the only other testimony Aronson mentioned.

A former State Department official, who continues to advise the Bush administration on Peruvian affairs, Scott Palmer raised the possibility of negotiating a deal with Shining Path at the hearings. Posing whether "a strategy [could] be pursued designed to bring Shining Path to negotiations for a peaceful resolution of the conflict," Palmer answered: "To date, Shining Path has shown no interest whatsoever in engaging the government of Peru in any kind of dialogue. . . .

As long as [Abimael] Guzmán [Reynoso] leads Shining Path, the military option will prevail and no compromise is possible *even though there are some elements within the organization who would prefer a more moderate line*. This means that the government of Peru must respond with military force if it is to have any realistic expectation of ending the insurgent threat” (emphasis added).

Palmer argued that the United States should provide aid and training to Peru’s military, in order to “give the United States the opportunity to influence positively through training and conditionality more complete respect for human rights observance in military operations,” and join Peru’s Congress in opposing the declaration of emergency zones under military control in areas where Shining Path has launched major operations.

The next day, Aronson told the committee that “Scott Palmer, who testified yesterday, posed the problem well. He said revolutions don’t succeed, governments fail.” He left Palmer’s mooted of negotiations unchallenged.

Palmer is no minor commentator on Peruvian affairs. Currently heading the Latin American Studies Program at Boston University, throughout most of the 1980s Palmer served as associate dean of Latin American studies at the State Department’s Foreign Service Institute, and reportedly still advises the U.S. government on Peru.

A Shining Path “specialist,” Palmer’s knowledge of their leaders is first-hand, extending back to the period in the 1960s when he ran a Peace Corps program out of the University of Huamanga in Ayacucho, Peru, the university where Shining Path was founded, and its leadership recruited. From 1963 to 1978, various leaders of Shining Path held posts at the university, which was dominated by anthropologist Efraín Morote Best, who served as professor and rector during the 1960s and 1970s when Shining Path was being assembled. Morote Best is an outspoken defender of Shining Path into the 1980s, three of whose children joined Shining Path’s ranks, including Osmán Morote Barrionuevo, number two in the Shining Path command.

In April 1984, at a seminar at the U.S. National Defense University, Palmer went so far as to characterize Shining Path’s fighting in Ayacucho as similar in historic importance to Simón Bolívar’s final battle against the Spanish crown in 1824. It is “conceivable,” he stated, “that the Battle of Ayacucho in the 1980s may acquire the same significance for the ‘liberation’ of the marginalized of Latin America that the Battle of Ayacucho of 1824 did in the struggle for independence from Spain.”

IV. OAS Human Rights Commission dialogue with Shining Path

The activities of the Organization of American States Human Rights Commission (OAS HRC) delegation which visited Peru between Oct. 28 and Nov. 2, 1991, exemplify how U.S.-dominated agencies have already been deployed

on behalf of Shining Path’s war of genocide against Peru.

Commission president Patrick Robinson of Jamaica led the delegation, which included commission executive secretary Edith Márquez, and delegates from Venezuela (Marco Tulio Bruni Celli), Argentina (Oscar Luján), Brazil (Gilda Russomano), Honduras (Leo Valladares), and the United States (Michael Reisman).

Its official mandate was to review the human rights situation in Peru, and in particular, nine “disappearances” attributed to the military, which the Bush administration demanded be clarified as a condition for resumption of U.S. anti-drug assistance to Peru. The hemispheric clout which the commission wields was noted by Peru’s *Caretas* magazine, which pointed out in its Oct. 28 issue that previous OAS HRC visits “had made history in the continent. In 1978, the report drawn up by the HRC after its inspection in Nicaragua led the OAS to demand Somoza’s resignation. That same year, the HRC mediated between the Colombian government and the M-19 armed group. . . The 1979 visit of the HRC to [General] Videla’s Argentina marked the beginning of the end of the ‘disappearances.’ ”

The HRC visit to Peru proved equally ground-breaking. In addition to visiting two of Peru’s top drug-traffickers, Carlos Langberg Meléndez and Reynaldo Rodríguez López (alias “the Godfather”) in Lurigancho prison, the HRC held a dialogue with two other prisoners: the second in command of Shining Path, Osmán Morote Barrionuevo, and Alberto Gálvez Olaechea, the righthand man of Tupac Amaru Revolutionary Movement (MRTA) commander Víctor Polay Campos.

Peru’s *La República* newspaper noted the importance of the HRC’s “lengthy” exchange with Morote Barrionuevo. “There was an openness on the part of both parties,” *La República*’s sources reported, in part because the commission had previously sent in a representative to talk with Morote Barrionuevo. The Shining Path leader took the HRC visit as a sign that he could be out of jail long before his jail-term is over. According to *Sí* magazine, Morote told OAS lawyer Luis Jiménez, “I may come to visit you at the OAS soon.”

Indeed, the HRC issued no condemnation upon learning of the atrocities carried out daily by Shining Path and MRTA terrorists. Instead, the delegation announced that they were recommending that the OAS Inter-American Court of Justice try Army Gen. José Valdivia, commander of Peru’s Second Military Region, for an alleged massacre which occurred during the time he ran the Ayacucho Military-Political Command. Human rights cases against the military must no longer be tried by military courts, but handled by civilian courts, the OAS HRC recommended.

V. The ‘Bush manual’ versus the Ibero-American military

The principal target of this human rights campaign is the Peruvian military, who are hardly favorable to handing the country over to Shining Path without a fight. The campaign

against Peru's military is neither incidental nor short-term. The leading policy objective of the Bush administration towards all Central and South America, is to reduce or eliminate outright the institution of the military. The premises of the U.S. anti-military policy were outlined in the book, *The Military and Democracy, the Future of Civil-Military Relations in Latin America*, published by Lexington Books in 1990 (See *EIR*, Jan. 11, 1991). *Military and Democracy* details how the ongoing anti-military project on Ibero-America, run out of American University and the Uruguayan Peitho Institute since 1986, has been financed, advised, and had logistics provided for it by four U.S. government agencies: the Agency for International Development, the State Department's Office of Policy Planning and Coordination for the Bureau of Inter-American Affairs, the Office of Democratic Initiatives of the U.S. Information Agency, and the secretary of the U.S. Army.

A leading adviser to the project is Henry Kissinger protégé Luigi Einaudi, the official who headed the State Department Office of Policy Planning for Latin America for two decades before being named George Bush's ambassador to the OAS, where he currently serves.

VI. The El Salvador model

The policy applied by the United States towards El Salvador over the past decade provides a useful model for understanding today's policy vis-à-vis Peru.

The policy of both the Reagan and Bush administrations was premised on ensuring that neither the government nor the military of El Salvador adopted a *war-winning* strategy against the narco-terrorist insurgency. Yes, the United States provided significant military aid to El Salvador, but always with the string attached that military operations be deployed solely as they furthered diplomatic efforts toward negotiations. The culmination of the policy was the late 1991 United Nations accord which brought the Farabundo Martí National Liberation Front (FMLN) into the government of El Salvador, while drastically reducing the national army and placing its officer corps under multinational control.

Now the fraud is being repeated in Peru. The Bush administration publicly calls for a "military" response to Shining Path, but only considers options ranging from escalating covert U.S. operations in Peru, to large-scale invasion by a U.S. or multinational force—*foreign* intervention which will only escalate the crisis.

Then, while pressing for U.S. intervention, the Bush administration raises the prospect of negotiations with Shining Path, while all the time attacking Peru's military establishment, under the guise of concern over "human rights violations" and corruption.

This combination alone—public signaling of U.S. willingness to negotiate and the continuous assault on the military—has already given Shining Path incalculable advantage on the battlefield.

The 'Italian anomaly' may not suit Bush

by Claudio Celani

While on the surface the general elections that took place in Italy on April 5-6 may seem to have brought "ungovernability" in the country, they may paradoxically have the opposite result: a government supported by an unprecedented broad majority in the Parliament, having therefore the needed strength to carry out radical economic reforms. Such reforms, however, may not exactly be the ones advocated by the International Monetary Fund.

The threat of separatism

The main picture emerging from the election is the impressive (though expected) vote for the separatist North League, which got nationally 8.7% (more than 10% if the vote of allied formations is added) and the record loss of the Christian Democratic Party (DC). The DC lost 4.6% from the last political elections, going from 34.3% to 29.7%. Another big loser is the former Communist Party, which split into two formations: PDS (Party of the Democratic Left) and the Stalinist "Communist Refoundation." The PDS got 16.1% and Refoundation an incredible 5.6%; together, however, the two lost almost 5% of the votes that went to the old Communists (26.6%). Another loser is the Socialist Party (PSI) of Bettino Craxi, the main ally of the DC in most governments since the early 1960s. Craxi's PSI was badly beaten in its stronghold, Milan, and went nationally from 14.3% to 13.6%. The other two small parties that supported the Andreotti government, Social Democrats and Liberals, did not change substantially, the former going from 3% to 2.7% and the latter even increasing from 2.1 to 2.8%. The neo-fascist MSI contained its losses (down to 5.4% from 5.9%) and the technocratic Republican Party won a minimal 0.7% despite an aggressive opposition campaign by its leader Giorgio La Malfa, over recent months. Probably the electors did not forget that the Republicans had been in the government for 44 years. Such a political earthquake, which has reduced the majority margin of the four-party coalition supporting the Andreotti government (DC, Social Democrats, Republicans, and Liberals) to an academic dozen votes, was not unexpected.

Months before the vote, opinion polls had projected the rise of North League to about 8-10% of the vote nationally. Calling themselves federalists, but running with a separatist-racist profile ("Northern Italy to the northerners"), the League swept the vote in the northern regions, some places more (the Veneto region), elsewhere less than expected (e.g., the city

of Brescia), becoming the largest party in big cities as Milan, Como, and Varese and the second largest in the Lombardy region, the most populated and richest of Italy. The League can be characterized as a phenomenon of mass psychosis: It promises "efficiency" against the "corruption" of central power, but its voters do not know that if applied, the League's economic recipe would smash everything still left working of the Italian economy and state.

In an interview, top League ideologue Gianfranco Miglio explained that Italy needs "a modern form of economic liberalism," and proposes for the country "great austerity" and "the end of dirigism." Citing the London *Economist's* support on the eve of the elections, Miglio is particularly proud of the fact that "economic policy circles in Britain have understood that the Christian Democratic system of power in Italy is at an end." The League's program coincides exactly with the International Monetary Fund's demand from the Italian government for a total cut of \$30 billion from the public budget, a tax increase, and a reduction of real wages. All this, in a country where public services like the health system are insufficient, the average taxes per capita are the highest in Europe and the payscale far below Germany's. A party like the Christian Democracy will refuse to implement such a program because that would mean destroying its own constituency. When it comes to privatizing public companies, even a loyal American asset like Bettino Craxi becomes an obstacle, as the PSI has "occupied" a piece of the state which it is unwilling to give away. Therefore the Anglo-American centers of power that want to force IMF therapy on Italy needed a "change": away with the old establishment, ahead with a new one.

The 'sfascist' front

It would be simplistic to state that the IMF played all its cards on the League. If the League took power now, it would be swept away by the very effects of its austerity program. As Miglio says, "in two years we will take power." The attack on Italy's institutions is being advanced by a broad front, of which the League is only a part. In the creative debate of Italian politics, such a front has even got a name: it is called *sfascisti* (meaning "wreckers," but very close to *fascisti*, in an intentional pun). Here is the map of the "sfascist front":

- Lombard League (a.k.a. North League);
- La Malfa's Republican Party, identified with "masonic, anti-Catholic finance circles";
- President Francesco Cossiga, who fed the protest vote by hardly letting a day pass without a public attack on the institutions and his own party, the DC;
- Former Palermo Mayor Leoluca Orlando, who split from the DC and founded an "anti-mafia" party called The Network, which contributed to the DC loss in the south;
- DC parliamentarian Mario Segni, son of the late Italian President, who is leading a multi-partisan technocratic movement called "referendum front";

- And, naturally, the greens, the media, the neo-fascists, the neo-Stalinists, etc.

In the "sfascist" front, the difference between the League and Cossiga is that the former wants to split the state into three parts, while the latter would like an authoritarian regime; Orlando wants a Jacobin regime and La Malfa wants the end of the political parties. Everybody agrees on one thing: Italy must undergo free trade "shock therapy." It is not exaggerated to state that the "sfascists" play a sort of living theater fight with each other, within very strict parameters set from the outside.

In this context, the expected electoral earthquake achieved only part of what the "sfascists" wanted. The fact that La Malfa, who had profiled himself as the only alternative to the "inefficiency" of the DC-dominated government, and the best candidate to carry out the IMF program, has not triumphed, has meant for him a real defeat and a setback for the Anglo-American plans.

The 'governissimo'

The April 6 vote leaves the Christian Democracy still arbiter of the situation and gives the Andreotti faction free rein to go ahead with the only possible formula that could give Italy a stable government: an alliance with the PDS. Something that was a taboo until the fall of the Berlin Wall, should have today no reason to be feared. Such an option was already operative months before the election, and it was called *il governissimo*. While DC, PSI, and Social Democracy alone would have the numbers for a solid coalition (almost 60%), DC leaders are trying to pull in as many allies as they can from the old coalition. Of course, it is not numbers that create stability; Christian Democratic leaders are clear about the fact that unless there is a dramatic economic upturn, Bossi's prediction of the League in power within two years will become true.

Prominent Christian Democrats around Giulio Andreotti are aware that a real recovery will be possible only if Italy takes back its sovereignty from the old Yalta system of power, and implements an economic program based on national interests. They recognize that only by getting rid of the usurious debt burden, can Italy finance a growth policy. Vittorio Sbardella, Andreotti's lieutenant who was reelected with more than 100,000 votes in Rome, told *EIR*, "We must solve the problem of the public debt with all means, including the most drastic. We must go in the direction of a freeze, a debt moratorium, domestically and internationally." Italy pays every month as much interest as the total wage bill for public employees.

The Anglo-Americans cannot prevent a *governissimo*; therefore they will try to sabotage it from the inside. A candidate to do the job could be Giovanni Spadolini, La Malfa's rival in the Republican Party. The day after the vote, Cossiga flew to Washington to meet Bush and surprisingly declared that he is now in favor of the *governissima*. Cossiga sketched a profile for the next premier, that looks like the montage of Spadolini.

In wake of elections, Germany heads for a 'grand austerity coalition'

by Rainer Apel

Increasing public annoyance with the parties currently sitting in Germany's lower house of parliament, the Bundestag, came to the surface on April 5 with the election results in a number of German states. The fact that almost 30% of all registered voters in the states of Baden-Württemberg and in Schleswig-Holstein sat this election out, highlights the problem, as does the fact that the nationally ruling Christian Democratic Union (CDU) and the opposition Social Democratic Party (SPD) encountered voters' wrath in equal measure: The Baden-Württemberg CDU received a full 9.4% less than the 49% it won in the last election in 1988, while the Schleswig-Holstein SPD fell back about 8.6% from the 54.8% it had attained four years ago.

The high voter abstention rate, the huge electoral losses for the CDU and SPD, combined with the steep increase of votes for the parties on the right—the German People's Union (DVU) with 6.3% in Schleswig-Holstein, and the Republikaner (REP) with 10.9% in Baden-Württemberg—not only make the April 5 elections a protest election, but also usher in an era of increasing ungovernability. It is a trend which has also shown up in recent electoral developments in the other western European countries. Loss of confidence in the ruling parties is huge in all these countries, and the electoral gains made by the extreme and separatist parties is equally striking.

A government of 'blood, sweat, and tears'

The situation in Baden-Württemberg, where a parliamentary majority can now be achieved only through construction of a "grand coalition" between the CDU and SPD, is symptomatic of the common trend, which is no less discernible in Schleswig-Holstein, where the SPD, with its final vote total of 46.2%, can still put together a majority without the CDU. Not without reason did Bjorn Engholm, Schleswig-Holstein's governor, repeat his offer to the CDU and to Chancellor Kohl, to discuss the great problems of national policy together around a great roundtable. Engholm spoke of "blood, sweat, and tears."

Representatives of German industrial interests have likewise been advocating close CDU-SPD collaboration, or an outright grand coalition, at least in Baden-Württemberg.

Only two days after the election, at a session in Stuttgart of the Central Neckar Chamber of Industry and Commerce, the president of the German Conference of Industry and Trade (DIHT, the national umbrella organization of the chambers of commerce), Hans-Peter Stihl, made an appearance expressly for the purpose of speaking in favor of a grand coalition as the only viable way out. And shortly after the election results became known, both the Baden-Württemberg SPD's top candidate, Dieter Spoeri, and Erwin Teufel, the incumbent CDU governor of the state, hinted at the possibility of such a coalition.

Discussions about a coalition between the CDU and SPD, particularly given the current economic and financial crisis situation, brings up memories of the mood during the crisis-ridden summer of 1966, when in a very similar political climate a grand coalition was first put together in the state of North Rhine-Westphalia, and by the end of the year also in the capital Bonn. Have things gone so far today, that after the coming together of the two large parties in Stuttgart, a CDU-SPD coalition will also follow in Bonn in a few months? And the most important question on everyone's mind: What will the policy of this new government be?

Concerted action for austerity

Germany's citizens, its economy, and the nation in general would in fact benefit from a grand coalition—provided, that is, that such a coalition would decide to do what the Stuttgart branch of the International Chambers of Commerce (IHK) demanded in their April 7 call for such a coalition: The years of blocking of important infrastructural and industrial projects by ecologists and bureaucrats should be brought to an end, and the construction of roads, railways, and power stations should once again become the top priority.

But above all, such a coalition would have to do what neither the Stuttgart IHK nor DIHT president Stihl have demanded: establish a kind of development bank on the basis of federally guaranteed low-interest, productive credit. Public and industrial debts must be canceled, reduced, or at least frozen until they can be settled at a later time, so that public and private investors would not be burdened with high interest payments. And that is precisely what is lacking

in the countless calls heard nowadays for a "great roundtable" or a "grand coalition." This central aspect of a real economic and political change is being neglected, with the result that the only idea that occurs to the party politicians, is to set their course toward extraordinary austerity measures. And so we are seeing apparently total agreement among all the parties, that money earmarked for projects in eastern Germany be taken out of funds which had already been granted or planned for projects and public expenditures for social welfare, for defense, research, and subsidies in the western Germany.

Even before the April 5 elections, politicians of all parties had been committed to adopting an extraordinary "Law for the Security of the Federal Budget," which is to enable the government to make drastic cuts and to eliminate or postpone all sorts of financial obligations. Welcome again to the Stability Laws of the 1966 Grand Coalition, with their "skimming" clauses. It also does not bode well that Chancellor Kohl has just announced that after Easter he will convene a great roundtable discussion with the Social Democratic parliamentary whips and party chiefs, along with all state governors, in order to talk about certain changes in the law for which "a two-thirds majority would be necessary." With the weight of a two-thirds majority enjoyed by a combined CDU and SPD, German citizens' wallets are to be emptied—that's what it amounts to.

Debate on sanctuary is a side-show

A great party roundtable will also doubtless make some changes in Germany's laws on political asylum, simply because this is ostensibly a popular issue, and because the disappearance of voters on April 5 and the turn toward the right-wing parties are related to it. The continued economic collapse of the countries of eastern Europe and the Soviet Union, along with the civil war in the Balkans, has brought a flood of refugees into the country, providing fertile soil for all sorts of xenophobic demagoguery.

But meanwhile, behind the cloudy curtains of propaganda, changes in the law are to be decided upon, under the catchword "budget security," changes which are aimed at legally securing the federal grip on German citizens' income. The federal and state governments—and this is why Kohl wants to have the governors there after Easter—intend to divide up the booty proportionately. Thus, while everyone will be encouraged by the party politicians in Bonn to remain fixated on the rise of the right-wing REP and DVU parties, the SPD and CDU will be secretly putting everyone's wallets on a crash diet. Parallels to the 1966 "grand coalition" operation are also obvious here.

An especially important aspect of these considerations of party strategy in Bonn, is that no regular elections are scheduled for the next 20 months. Indeed, shortly after his return from the United States, Chancellor Kohl said that there will be no elections until the spring of 1994, and that on April

3 of that year people will be able to join him in celebrating the chancellor's 64th birthday with news about the visible economic upswing in eastern Germany. Kohl has the last word—but only so long as he remains chancellor.

Can Kohl hold onto his post?

In the meantime, and especially following the April 5 election debacle, questions about the chancellor's political future are being posed with increasing vigor within the CDU itself. It is very interesting to note how Kohl's critics and challengers from the period before 1989, all of whom had been presumably silenced for good, such as Lothar Späth and Kurt Biedenkopf, are once again stepping before the public with remarks on the "weakness of leadership" in Bonn and on the acute necessity of a "financial reckoning." Biedenkopf is even treated as a promising candidate for post of deputy CDU party chief. This would happen next autumn, in a planned reshuffling of the top party leadership, made necessary because of party General Secretary Volker Ruehe's move into the Defense Ministry following the resignation of Gerhard Stoltenberg, as well as because of the impending great reorganization of the government in Bonn.

All this, however, will not be enough to endanger Kohl's position within his party—unless there is an enormous increase in dissatisfaction with him and his political wheeling and dealing with the party base, especially in the eastern states. But the longer people have to keep waiting for the economic upswing which Kohl has once again promised, the more they will become fed up with him. Demands from the party base for a "new policy" will be linked ever more frequently to demands for "new faces." Johannes Nitsch, deputy chairman of the CDU faction in the Saxony state parliament, said on April 7 that this demand will include the chancellor, even though there is no substitute for Kohl at present.

Kohl himself would prefer to avoid a grand coalition, and is ready, if need be, to form a roundtable with the SPD opposition. Here, however, it can be foreseen that the Social Democratic leadership, which is troubled with growing dissatisfaction in its own party base, will not be satisfied with such a non-binding arrangement. A drastic worsening of the economic and financial situation in Germany, which will only be accelerated under the tighter austerity policy on the federal and state level, and which could hit by the end of this year or the beginning of the next, is very likely to raise the pressure for the formation of an outright coalition between the CDU and SPD. Should Kohl oppose this, he could fall, as his own party withdraws its fealty to him.

The first big alarm signal in this direction could be the increasing demand within the party for Kohl to give up the party chairmanship sometime during the coming weeks, and to concentrate on being chancellor. But it's a long time until April 3, 1994; a lot can happen between now and then in these uncommonly fast-moving times.

German Jewish magazine hits Demjanjuk frameup

by Mark Burdman

The German Jewish magazine *Semit* has published an extraordinary special issue, devoted to proving that John Demjanjuk is *not* the Treblinka concentration camp guard "Ivan the Terrible," and that he was framed up by the Soviet KGB, corrupt Israeli authorities, the U.S. Justice Department's Office of Special Investigations (OSI), and Jewish groups who seek to exploit the horrors of the Nazi Holocaust for their own cynical purposes. The story is entitled "Ivan the Terrible or John Demjanjuk: Judicial Insanity? Judicial Scandal!"

Demjanjuk was convicted by an Israeli court in what has been widely denounced as a show trial reminiscent of the Stalin era in the Soviet Union, and sentenced to death. The defense has recently presented new evidence to the Israeli Supreme Court, which has still not announced its ruling on his appeal.

The 32-page special *Semit* issue contains elaborate proof that the famous "identity card" allegedly placing Demjanjuk at the Treblinka concentration camp, and which became the central piece of prosecution evidence, was a crude and monstrous fraud. The magazine produces a photographic montage of the card, and enumerates the various frauds and forgeries committed. It accuses Israeli prosecutor general Michael Shaked of having knowingly accepted fraudulent evidence, and emphasizes that a special team of the German Bundeskriminalamt, which had been asked by Israel to check into the key evidence, judged that it was a poorly architected fraud.

One highlight of the package is an open letter to President George Bush by *Semit* publisher Abraham Melzer. Since such an intervention is so unusual, especially from a European Jewish figure, we publish a translation:

"As publisher of the largest independent Jewish magazine in Germany, *Semittimes*, I direct this appeal to you in the name of justice, fair play, and human rights.

"As you must certainly know, a former American citizen, John Demjanjuk, has been condemned to death by an Israeli court for crimes against humanity. The prosecution claims that he is the notorious 'Ivan the Terrible' who is responsible for the death of countless Jews in Treblinka and the suffering of many who survived the terrible ordeal of this infamous concentration camp.

"The chief evidence against John Demjanjuk, is an identity card purporting to identify him as a guard in Treblinka and a member of the dreaded SS 'Death's Head' units. Not only has Mr. Demjanjuk continually denied ever having been in

or near Treblinka, but this identity card has been proven to be a KGB forgery by a number of independent experts, including the chief forensic expert of the German federal police (Bundeskriminalamt), Dr. A. Werner, who examined it at the request of the Israeli judicial system and termed it 'a plump forgery of poor quality.'

"This perversion of the evidence has led to a flawed verdict and thus to a perversion of Israeli justice, and threatens the fabric of democratic institutions in Israel.

"As a Jew and a voice of independent Jewry in Germany, I urge you to intervene in this case. As the President of the United States, you not only possess the moral authority to demand fairness for John Demjanjuk, but you also have the right to protect citizens of your country who become objects of a gross miscarriage of justice!

"*Semittimes* is eager to see every real murderer of Jews, every real torturer of Jewish women and children brought to justice, tried, and condemned. But we are not willing to accept a politically inspired farce in place of a real trial or a perhaps very minor actor in place of a real war criminal.

"The Eichmann trial gave Jews a measure of revenge and retribution. Eichmann was a man whose actions were provable beyond any doubt and deserving death!

"Demjanjuk is no Eichmann. He is not even a proven war criminal and this trial and its verdict do nothing but bring discredit on Israeli justice, and dishonor to the memory of the victims of the Holocaust.

"Mr. President, in the name of the blindfolded goddess [of Justice], stop this farce before it succeeds in doing irreparable damage to the image of Israel and Judaism in the world."

Exploiting the Holocaust

Semit attacks the "Holocaust Big Business" mob and the U.S. Justice Department's OSI for their role in having set up Demjanjuk. Under the headline "Big Business?" the editorial quotes from a May 30, 1986 letter from then-OSI chief Allan Ryan, Jr. to the attorney general of the U.S.S.R., Aleksander Rekunov, exulting that the "Demjanjuk identity card" given over from the archives of the U.S.S.R. would be "the most important document against Demjanjuk," and would guarantee that Demjanjuk would be deported and convicted. Ryan warned that an acquittal of Demjanjuk in Israel would mobilize public opinion against "Nazi hunter" activities and "Nazi war crimes trials."

Semit cited a 1987 warning from the former Chief Rabbi of Great Britain, Lord Jacobowitz, against the potential exploitation and marketing of the Holocaust as a "Big Business," in which "architects, museum planners, even religious leaders would make a profit out of it."

The magazine warned that "other Jewish groups . . . seek to use the Holocaust as a political-ideological instrument. Those who call this instrumentalization into question are incriminated as anti-Semites."

Iraq: a glimpse of a people under siege

Muriel Mirak-Weissbach of the Committee to Save the Children in Iraq reports on her recent visit to Baghdad.

Baghdad, one year after the "end" of the Gulf war, stands defiant. Not only are buildings that had been reduced to steel skeletons by the bombing raids, reappearing full-bodied and whole, but construction has begun on brand-new sites. From the upper floors of the Rasheed Hotel, one sees a monumental marble white edifice, which is nearing completion; smaller buildings are everywhere in various stages of construction: stores, houses, schools, and the like. A myriad of cranes are silhouetted against the sky, as work to rebuild goes on even in the dead hours of the night. The huge congress center, an enormous building across from the Rasheed, completed just prior to the war, is also the subject of intensive repair work, to replace the roof which a bomb had blown off.

The effort, which has mobilized significant numbers of otherwise idled labor, has been undertaken by the Iraqi government in full awareness of the psychological effect it has in remoralizing a population subjected to hardships long after the bombs stopped falling. And it has worked; people, though not hiding the strains of the continuing blockade, will point proudly to such construction sites to demonstrate that the nation has not been defeated.

Indeed, if the official war ended a year ago, the war of nerves continues, gaining in intensity. The country and its people are being subjected still to a barrage of attacks, though not mounted from buzzing aircraft. First and most obvious is the continuing blockade, which has held the country incommunicado from the rest of the world for over 19 months. This means all normal trade has been cut off, and, despite protestations to the contrary, even medical and food supplies cannot get through. The reason, simply stated, is that since no oil can be sold, no oil revenues come in, with which to finance food and medical purchases. The result is visible in rising infant mortality rates and decreasing living standards. Food items are crossed off menus, and what is available on the open market is priced out of reach of all but the very wealthy. To further exacerbate runaway inflation, Iraq's enemies have intensified currency warfare, by introducing counterfeit bills into the country, reportedly from Israel.

Government initiatives

In response, the government has undertaken several initiatives. People who receive forged currency and take it to

a bank, are reimbursed with genuine bills. This has the effect of taking the phony money out of circulation and preventing panic among a population struggling to scrape together funds to survive. To put a halt to inflation, the government intervened in late March, calling on vendors to publish their inventories. This had the desired effect of ending speculation regarding supply, and therefore, bringing prices on the free market down very dramatically. In some cases, prices for basic food items dropped by 50% or more within days.

At the same time, a stock market was opened in Baghdad, with the aim of attracting domestic capital into investments in native industry. These measures, coupled with the announcement that negotiations with the United Nations over oil sales would resume, brought a ray of optimism into an otherwise somber atmosphere. One reflection of the improved mood was to be seen in lessened speculative pressure on the Iraqi dinar on the black market. Whereas a dollar had brought as much as 12 dinars previously, after these measures were introduced, the U.S. currency would trade at 8.5 dinars.

One particularly vicious aspect of the embargo has been its effect on the country's airline, which has been grounded since the war broke out in January 1991. As Iraqi Airways Director General Saffi pointed out in an interview, airplanes are like living organisms, in that they require activity in order to survive. Sitting idled in locations outside of Iraq, like Amman, Jordan, these aircraft are subject to deterioration. For a plane to be usable, each of its hundreds of thousands of parts must be dismantled, examined, tested, and replaced. Otherwise, it is a matter of time before all the aircraft will be useless. Meanwhile, since air travel has been banned, except for limited flights between Baghdad and Basra, the sole route in and out of the country, the Baghdad-Amman highway, has become a death trap, with rising rates of automobile accidents.

Financial warfare has failed

If financial warfare and the blockade on trade have aimed at killing the country's economy, they have so far failed. Ironically, a country which had been dependent for 70% of its food on imports, is now discovering the ability to vastly expand domestic agricultural production, albeit with limits



Iraqi children are welcomed at Dulles hospital on their way to the Children's Hospital of Richmond, Virginia, where they were brought on April 2 for treatment, by the Committee to Save the Children in Iraq. The children are suffering from wounds incurred during the Gulf war.

Michael Weissbach and Muriel Mirak-Weissbach, representing the Committee to Save the Children in Iraq, prior to a trip to Baghdad in 1991.

imposed by the embargo on such items as fertilizer and insecticides. More fundamentally, if the goal of the embargo has been to force the population to its knees, this has failed utterly. Anyone who doubted the Iraqis' ability to survive has been proven wrong in the interim. As one high-ranking politician put it, "Capitulate? That doesn't even enter into the realm of possibilities. If need be, we'll go back to living in the desert. We won't give up."

The war of nerves is being conducted on a political and military plane, as well as economically. Reports appear daily in the media of threats of renewed use of military force, issued from London or Washington, if Iraq does not comply with whatever demands the U.N. is making that day. The fact that Libya has been added to the list of targets of the new world order has only confirmed suspicions that military action against the Arab world may indeed be revived. And, forces associated with the wartime anti-Iraq coalition are continuously engaged in seeking to foment subversive actions, whether from "opposition" groups among the Kurds, or from abroad. The most blatant indications of foreign attempts on Iraq's integrity came in the form of bona fide military incursions: Turkey has been regularly conducting aerial attacks against alleged PKK (Kurdish People's Party) terrorist positions well inside Iraqi territory, while Iran entered Iraqi airspace to bomb what it said were Mujaheddin camps in the south.

With such events daily fare, it is no wonder that the Iraqis consider anything possible. They are prepared for virtually



anything: invasions, aerial bombings, coup attempts, or whatever else might enter the scenario-spinners' heads in London or Washington think tanks. The only alternative that does not enter into the repertoire of possible developments is capitulation.

'We lack the medicine and supplies to take care of our population'

This statement by Iraqi Deputy Health Minister Dr. Tuma was given to Muriel Mirak-Weissbach and Michael Weissbach of the Committee to Save the Children in Iraq on March 25 in Baghdad.

The health system is the most severely hit by the sanctions. In the last few weeks alone, they [the U.N.] insisted on more restrictions on Iraq. As time goes on, what we have in our stores is at its minimum or, concerning some items, is headed toward zero. So, the situation of the health sector in Iraq is not good, really and honestly, I should say. And we get [reports] here and there that the mortality rate is increasing because of the undernourishment among children. Their health status is affected, and children are now liable to diseases. And we are in need of drugs. That's why the picture is not happy for our medical doctors and colleagues. I assure you that the problem of the health sector in Iraq is not a lack of specialists. The problem is lack of medical appliances and medical supplies and drugs, first of all.

Spare parts needed

Second of our priorities is spare parts for machines. We are in need of anesthesia equipment, and there are no spare parts for the cd-scans. If you don't have the spare parts, the CT scans cannot work. And nobody in the medical profession can do anything for the patients without the aid of proper diagnosis. In the whole country, out of six CT scans, only one is working, and many other machines are out of service because of lack of spare parts. Shall I ask the patient or child from Basrah or Mosul to be transported to Baghdad for just a CT scan? It is painful.

This is just one example. If you get a chance to go to a hospital, you will find many more, even the cooling systems in the hospitals. In the summertime also in this medical city here [the health ministry and clinics attached to it], there will be no air-conditioning because the pipe system in the machines, a certain pipe, is not available any more here in Iraq. It must be imported. And 10 times we got an agreement from the sanctions committee, that the pipes will be given first rate [authorization for import]; and then they will accuse us that such a pipe will be used for other purposes, and

eventually the pipe will not be available. And the problem of the money for the imports I will put aside. Even if we have money for the purchases of equipment, they will not agree to send pipes. So what shall I say for the 3,000 patients in this medical center when the summer temperature will average 50° Celsius (122° F)?

Why is the health sector targeted?

We, from our side, appreciate that the health sector is the health sector. Health is health. Spare parts for the health infrastructure should be provided. We have nothing to do with the military or military production. We have to take care of the health of our population. So, it is not clear to us why these things are done to the health sector. The attitude of the other side should be changed. Drugs should be allowed to be imported. The British government announced even before December that a sum of money was to be cleared. But, up to now, we have not received one box of medicine, even after the release of the British citizen. I assure you, up to this day, we have not received one box of medicine, through commerce and normal trade, since Aug. 2, 1990.

What we have received, we have received from aid and relief organizations, NGOs [non-governmental organizations], and so forth, or from Unicef and the Red Crescent. That's all. This means, from Aug. 2, 1990 to March 1992, we are approaching two years of embargo. How can you cope and assist in providing health care for 18 million Iraqis under such conditions? Anybody who can manage a situation like this, please step forward—20 months of sanctions for a population of 18 million in need of medicine, medical supplies, or even spare parts. I won't speak of the spare parts for the ambulances, or for vehicles for field work like vaccination teams or public health teams, although this is also very important, because if a disease breaks out in a certain area, a lot of people will be affected. How can I send out teams region by region if the vehicles don't work?

Comprehensive teams

What we ask from your side, if the committee cannot take patients outside of the country, if you send drugs and medical supplies and teams, the teams should be comprehen-

sive: I mean physicians, assistants, nurses, and, if they want, we have a lot of practitioners here in the hospitals. From an economic point of view it is wiser to treat people here than to send them abroad. To take five or 10 children out means a lot [of expense] for transportation. And it means a lot in terms of socio-economic problems for their family, parents, etc. Providing care for patients here is better for sure.

We cooperate with both options: taking children abroad for treatment or treating them here with well-equipped teams, although, again, we prefer the second option. But with the second alternative, you should think about the logistics of that. Otherwise, you cannot provide medical care for sophisticated cases because you suddenly are in need of one item, or a drug that is not available. For the last half-year, the flow of medical supplies has been decreasing from the NGOs. The time of the days after the ceasefire, when many organizations and NGOs came and offered help, is over. At the present time, comprehensive teams, as I define them, do not operate in Iraq. There are doctors and friends working here and there, but this is not done in a systematic and comprehensive way.

We receive a lot of letters from the Red Cross and even from some NGOs, there are people here and there who want to work in Iraq. But the problem is the logistics. From syringes to anesthesia, things are not available. So why are they coming? This is the problem. Our people are well-trained and educated, some of them in the United States and Great Britain. We also have highly qualified Persian doctors here. Therefore, I stress the logistics in a comprehensive team.

Take the example of a surgeon. If I am a surgeon and want to operate on a case, I should only operate when I know that there is a store [of supplies] beside me with all the things I might need for this operation. The question is, how can you arrange the entire logistics for that. It is very difficult. Sometimes you are in need of special material. That's why our colleagues in cardiac surgery are not working. Do you know why? If you operate on the heart of a child and you need a certain valve—there are different sizes for these valves—if he only has five out of 10 possible sizes, he cannot operate, because he can only determine the right size when he opens the heart. It would be a crime if he opened the heart and then found out that the right size was not there.

Sometimes we would order a set of valves for heart operations, and we would get five out of 10 samples. This does not work. It is useless. Or, take the example of cancer drugs. Sometimes we ask for cancer drugs and they are sent to us. But this does not mean one type of drug. For a cancer treatment you need a whole regime of 3-5 different types. If they send only one type, it is useless. If we don't get the full regime, we can't do anything. We cannot cheat the patient. And if you get the drugs, you need the diagnosis, the laboratories for follow-up treatment and investigation. If one agent is not available, how can I proceed with the treatment?

So, I think you understand the problematic situation we are in.

France's Mitterrand is desperate to survive

With the latest reshuffle of the French government, including the ouster of Premier Edith Cresson, the regime of Socialist President François Mitterrand has entered into a "survivalist" mode, in which the only concern of the French President and his team is to survive for one more year, *EIR's* bureau in Paris reports.

The new prime minister, Pierre Bérégovoy, presented his program and cabinet on April 7. Bérégovoy came over from the Finance Ministry and is an avowed supporter of "free market privatization" measures but with a certain "socialistic" flavor (what the daily *Libération* has labeled "social monetarism"), will occupy himself with selling off crucial state assets to foreign financial interests, including the state insurance companies and parts of the state oil apparatus. This is intended to provide enough funds for Mitterrand to "buy off" the social ferment among the youth, workers, and others.

This strategy explains why Jack Lang has been upgraded from his former post of culture minister to a new post of "super" deputy premier, with responsibility for education and culture. His overseeing of education is expected to mean channeling money to schools and universities which have seen extensive student unrest in the past couple of years.

The Mitterrand group's intention is, once they have milked the "French cow" for short-term buyoff purposes, to arrange, after the 1993 legislative elections, for the opposition RPR party to come in and run the government, in a new kind of "cohabitation" agreement. Then, they calculate, the Gaullist RPR will have to be the ones to impose unpopular austerity, and take the heat for it. The mood in the French electorate is so volatile at this point, however, and so hostile to the establishment's antics, that Mitterrand's scenario may be blown apart by mass social ferment in the coming weeks or months.

Former Defense Minister Jean-Pierre Chevènement rallied more than 800 people in Paris to denounce the two main turns taken by Mitterrand: the adoption of a free trade economic policy in 1983, and the decision to align with U.S. foreign policy since the Gulf war. Chevènement blamed the huge defeat of the Socialists in the recent cantonal elections on the "social liberalism" of the party which scared away its natural base of workers and middle class. He called on France to adopt a generous policy toward the new nations of eastern Europe and the developing sector as its foreign policy.

Turkey threatens to use water as weapon

by Joseph Brewda

Turkish Interior Minister Ismet Sezgin will be traveling to Damascus, Syria in April to deliver an ultimatum: Unless Syria agrees to end its alleged support of the Kurdish Workers Party (PKK), which Turkey claims is fostering rebellion in Turkey, Turkey will cut off the flow of the Euphrates River, which supplies Syria with almost all of its water. Turkey claims that the rivers which rise in its territory are as much its property as the oil that is found under Arab lands. In 1987, Turkey and Syria signed an agreement in which Turkey pledged not to restrict the flow of the Euphrates into Syria, and Syria pledged not to support the PKK. Now, Sezgin is threatening to invoke that agreement, with the Turkish press exclaiming that "now is the time to finish Syria off."

In Israel, meanwhile, politicians of every stripe are claiming that the "Teheran-Damascus axis" is behind the March bombing of the Israeli embassy in Argentina, a claim that prompted the Syrian-run Lebanese military to go on combat alert later that month. Turkey has increasingly allied itself with Israel since 1983, when Turgut Özal, now the President of Turkey, became its prime minister. A coordinated Turkish-Israeli war on Syria this year, under the pretext of a war against terrorism, is increasingly possible.

Whether or not this war occurs, the threat to use water as a geopolitical weapon is making its dramatic debut. Who is behind this? According to Arab and Turkish sources, it is Joyce Starr, who advises Özal on water issues. The Mideast expert at the Washington-based Center for Strategic and International Studies (CSIS), Starr runs the Global Water and Technology Summits, which is composed of former CIA and Pentagon officers with longstanding ties to both Turkey and Israel.

Stealing water from Arab mouths

The basis for the use of water as a weapon is that the Arab countries currently only have 44% of the water they need, according to the estimates of an Egyptian parliamentary study, and 85% of this water flows from eight non-Arab states. Both the Euphrates and Tigris rivers rise in Turkey. Syria is dependent on the Euphrates. Iraq is dependent on the Euphrates, which reaches it via Syria, and on the Tigris, which flows directly into Iraq from Turkey. As for the Nile,

upon which Egypt and Sudan are dependent, it arises in Ethiopia and Uganda—both non-Arab, non-Islamic states that have long been targets of Israeli infiltration. The Nile and Tigris-Euphrates river basins have always been key to the region.

Who controls this water controls the region, it is thought, including by Israeli strategic planners. Israel, which is desperately short of water itself, is conspiring with Turkey to control the region—and get access for itself to the waters now flowing to the Arabs. "If the shortage of water in Israel becomes stronger and we can't solve it by peaceful means, then it will have to be solved by war," Israel water authority official Zvi Ortenberg recently said.

One way that Turkey and Israel are putting the region's war under their central control is by means of the Southeast Anatolia development project, GAP, which Özal initiated in 1983. GAP is a series of 13 sub-projects comprising irrigation and hydroelectric dams, of which the most important is the Ataturk Dam, which was completed in 1989. The project, which will increase Turkish agricultural production by some 300%, is exactly what the region would need for its development—if it were not now being perverted to geopolitical use. The Ataturk Dam can hold back 50 billion cubic meters of water taken from the Euphrates, enough to make Syria die of thirst.

Starr's water wars

Since at least 1986, Joyce Starr has spent her time arguing that the main threat to the Mideast is competition over dwindling supplies of water. Her Global Water and Technology Summits (GWTS), which is funded by British Zionist financier Edmond de Rothschild and Canadian Zionist financier Charles Bronfman, are devoted to this theme.

Starr is the longtime head of the CSIS Mideast division. The founder of the CSIS research department, Ray Cline, also chairs the Global Strategy Council, the parent organization of Starr's water group. Cline is the former director of State Department intelligence and of the intelligence division of the CIA. Joining Cline and Starr on their ten-man Global Strategy Council is Gen. Richard Stilwell, the former head of Pentagon intelligence in the Reagan-Bush administrations; former U.N. ambassador and Zionist mouthpiece Jeane Kirkpatrick; and Morris Leibman, a top Chicago-based figure in the Anti-Defamation League of B'nai B'rith. Research for the group is led by James Scaminaci, the former CIA station chief for Japan, and Yonah Alexander, an Israeli anti-terror expert on loan to CSIS, where he directs the research department which Cline had formed and led for 25 years.

Starr's GWTS sub-division advisers include Egypt's Boutros Boutros Ghali, the former official who negotiated the Egyptian-Israeli Camp David peace treaty and who is now U.N. secretary general; and Joseph Sisco, the former Kissinger hand who was deeply involved in the Lebanese civil war.

Argentine nationalists remember Malvinas War, despite Menem

by Cynthia R. Rush

The two Presidents who have ruled Argentina since 1983, Carlos Menem and Raúl Alfonsín, have done everything possible to stamp out the meaning of Argentina's retaking of the Malvinas Islands from Great Britain on April 2, 1982. As the country has increasingly submitted to foreign usury over the past ten years, especially since Menem took office in 1989, many patriots saw this process as the attempt to *desmalvinizar* the nation—wipe out the memory of its nationalism, of the times in its history it has stood up to foreign imperialism and defended national sovereignty—as if these were some kind of a crime.

This year, in his remarks on the April 2 anniversary, Menem stated explicitly that in retaking the Malvinas in 1982, the Armed Forces *had* committed a crime, for which they had been duly punished, including with jail sentences. The Argentine President reportedly made a deal with Great Britain that there would be no ceremonies of any significance on April 2, and even decreed that from now on, that date would be known as the sufficiently neutral "Day of the War Veteran."

But there is nothing neutral about what is occurring throughout Ibero-America right now, as political forces in every country have decided that they have had enough of the International Monetary Fund's austerity policies and the fake democracy that goes along with them. Argentina has not yet been hit with the pots and pans demonstrations (*cacerolazos*) seen in Caracas, Venezuela, and other major cities. But military and civilian patriots who mobilized to make April 2 what it *should be*—a recommitment to the defense of national sovereignty—so unnerved the Argentine President that he didn't dare attend a scheduled ceremony in the southern city of Rio Gallegos, for fear of being publicly humiliated.

The Malvinas 'cry of independence'

Carlos Menem's worst nightmare is that the nationalist military known as "painted faces"—*carapintadas* for the camouflage paint used in battle—whose leader is Malvinas War hero Col. Mohamed Alí Seineldín, will become the rallying point for the same type of civil-military anti-IMF mobilization now emerging in other parts of the continent. The potential for that to happen is real.

Seineldín and other nationalist officers are in jail as a result of the events of Dec. 3, 1990, when they rebelled

against the high command's acquiescence to the U.S.-dictated policy of destroying the institution of the Armed Forces. But, in the days leading up to April 2, patriots in at least ten provinces mobilized to paint walls and put up posters of the colonel, which read "Seineldín is present." This flurry of activity became the basis for rumors reaching the presidential palace, the Pink House that some kind of military rebellion might take place on April 2, and drove Menem into ever more frenzied public attacks on the *carapintadas*. He explained that he didn't want to go to Rio Gallegos, because he wasn't willing to tolerate any "form of public protest."

The cause of the Argentine President's hysteria is that Colonel Seineldín reminds his countrymen of those things which Menem, in his obscene embrace of George Bush's new world order, would rather they forget. In a moving April 2 statement recalling the 1982 retaking of the Malvinas, Seineldín noted that "we can never forget the joy and enthusiasm we felt in that patriotic endeavor. It was the most important dawn of our contemporary history. Our hearts were filled with emotion . . . anxious to land, to give the cry of independence from Anglo-Saxon imperialism which for almost two centuries has had a nefarious influence on the culture, politics, and economy of the Argentine nation." The colonel recalled that the 1982 conflict had united "all those Latin American citizens, anxious to build, once and for all, the United States of South America . . . and in this way, definitively solve the immense problems which afflict us."

It was the thought of such a project coming into being which most terrified the Anglo-American establishment in 1982, and still does today; and caused them to employ every means at their disposal to make sure it didn't occur. As Seineldín noted in his statement, "treason showed itself once more in the history of our Nation. Small men, both military and civilians, who sold their souls to foreigners . . . frustrated our sacred objective." And Carlos Menem, he added, has done nothing but "continue this high treason . . . crawling before Anglo-Saxon imperialism and handing over our cultural, political, economic and military patrimony . . . reducing the marvelous Argentine people to injustice, corruption, loss of territory, depopulation, and whatever genocide which favors foreign interests, thus spitting on those sacred dead who rest in the Malvinas seas."

'We shall always resist'

Seineldín ended his April 2 statement with this: "As long as there is one Argentine of good will, wherever he may be found, we shall participate and resist, so as to never forget the cry of independence of April 2, 1982, and not allowing cheap politics, hypocrisy, or forgetfulness to frustrate us."

This battle cry has struck terror in Carlos Menem's heart. In an interview with the daily *La Nación* published April 4, Menem went out of his way to explain why the events which rocked Venezuela in early February couldn't possibly happen in Argentina. "In Venezuela, adjustment policies in the form of shock [therapy] have been implemented which, among other things, caused the *Caracazo*"—the riots of February 1989 against President Carlos Andrés Pérez's economic policies. Moreover, Menem claimed, "it was a policy put into effect without growth, whereas in Argentina, we have had adjustment policies with growth and recovery." He went on to say that unemployment is down, which means that social explosions are unlikely. In a late-March interview, Menem predicted that within a few years, poverty will be virtually eliminated in Argentina.

Yet when Pope John Paul II suggested during a mid-March ceremony to receive Argentina's new ambassador to the Vatican that the government's free market program was hurting the country's poor, and urged that the burden of the adjustment program be shared equally, Menem hit the ceiling. Both he and his closest advisers insisted that the pope was wrong, that the pontiff was working with the "wrong statistics" and didn't really understand Argentina's reality.

In insulting fashion, Menem railed that the pope "always says this about Third World countries." A few days later, the Finance Ministry, run by the Harvard-trained Domingo Cavallo, issued a hardly believable statement explaining that the \$3 billion deal just signed with the IMF—which entails harsh austerity—will "protect low income groups" and improve social services by eliminating waste and duplication.

With the same hysterical tone, the Argentine President has also stepped up the campaign to portray Seineldín and his allies as terrorists and coup-mongers. The press has given extensive coverage to the arrest of an "ex" *carapintada* in association with the March 17 bombing of the Israeli embassy in Buenos Aires, and Menem adviser Bernardo Neustadt used his popular nightly television program to report on alleged links between the embassy bombing and individuals close to Seineldín.

In statements published in the March 30 *Página 12*, Menem charged that there was no essential difference between the Cuban-linked terrorists who attacked the La Tablada army base in January 1989, and the *carapintadas* who rebelled against the Army high command in December 1990. "I believe that the Dec. 30 uprising, for example, was a clear act of terrorism . . . the *carapintadas* are terrorists and should be in jail." Coinciding with these statements, the media publicized the fact that enforcement of regulations was



Col. Mohamed Ali Seineldín, the hero of Argentina's Malvinas war against Great Britain, during his 1991 frameup trial on charges of "rebellion."

lax at the Magdalena military prison where Seineldín and other officers are jailed, describing their imprisonment as more like a "country club" environment. Immediately, the federal courts canceled all visits to the prison, removed and punished the prison director, and threatened to transfer some of the officers to other locations.

None of these measures will change the reality that, like other Ibero-American heads of state who have subjected their citizens to the IMF's draconian austerity policies, Menem is not loved. During the April 2 rally of 5,000 patriots at the Plaza de los Dos Congresos in Buenos Aires, the President's name was greeted with hisses, boos and epithets, while in Río Gallegos, his stand-in, Defense Minister Antonio Erman González, didn't fare much better. Posters and banners held by demonstrators denounced the government's policy of handing over state-sector companies, especially those involved in natural resource exploitation, and charged the government with treason.

The pope's remarks about Menem's economic policy has also unleashed a debate within the Catholic Church which has further highlighted the pontiff's criticisms. While Cardinal Antonio Quarracino has gone out of his way to play down the Pope's statements, and defend Menem, Bishop Jorge Casaretto wrote in a pastoral letter published April 3 that a large part of Argentina's poverty is caused by "unjust economic systems, the 'structures of sin' as the Pope calls them." Liberalism, he said, "can fall [into the category] of what the Pope defines as 'savage capitalism.' "

Another 'democracy' in decline

Capitulating to terrorism and drugs, Colombia's President may not be able to show his face in public much longer.

Colombian President César Gaviria has recently been forced to cancel all public press conferences, a consequence of the growing hostility to his administration among every layer of the population. On April 2, while attending a bicentennial commemoration in Cucuta province of Francisco de Paula Santander, father of the Colombian Republic, Gaviria was hissed and booed by students bearing posters attacking the President's free market policies. Gaviria met the same response while attending a bullfight in Bogotá. According to a recent government poll, Gaviria's popularity has plummeted from 85% in early 1991 to less than 26% today.

Gaviria lost his mandate to rule shortly after taking power, when he betrayed his campaign pledge of a "total war on drugs" by striking a rotten bargain with the Medellín cocaine cartel under the pretext of "seeking peace." With cartel chieftain Pablo Escobar contentedly running his multibillion-dollar drug-trafficking business from his government-protected bunker, peace of a sort briefly reigned. Under the rubric of free market economics, the Gaviria government has devoted itself to restructuring Colombia's already-corrupted monetary system, to facilitate absorption of the subsequent flood of narcodollars back into the country. The drug trade has been effectively legalized.

Gaviria then offered the olive branch to the narco-guerrillas of the FARC and ELN, launching "peace negotiations" designed to establish a

power-sharing arrangement with narco-terrorists who have been ravaging the country for decades. But the FARC and ELN, now united under the Simón Bolívar National Guerrilla Coordinator (CNGSB), have learned from Escobar's example. When the Medellín Cartel wanted to accelerate its negotiations with the government, it bombed an airliner or shopping center, assassinated a candidate, or massacred a village. The CNGSB is following suit.

After the Gaviria government was forced to suspend negotiations with the CNGSB in late March, when the country learned of the death of one of its hostages, a 78-year-old former cabinet minister, FARC negotiator Alfonso Cano threatened "total war" unless the government returned to the negotiating table. Cano also insisted that the CNGSB would accept no changes in the negotiating agenda, a response to Gaviria's plea that the terrorists release their kidnap victims and consider a cease-fire.

While Gaviria contemplates how to get his peace talks back on track without losing what little popularity he has left, the CNGSB has gone on a bloody rampage. Although U.S. banks and companies have been the chief targets, the domestic "bourgeoisie" is also in their sights. A gas station in the city of Cali was dynamited, killing three and seriously wounding more than a score of people. Government offices, telecommunications towers, and military convoys have also been hit.

This time around, the blame is be-

ing placed squarely where it belongs—on Gaviria's shoulders. Former Justice Minister Enrique Parejo González charged that the government had effectively turned itself "into an accomplice of these terrorists," and journalist Enrique Ramírez Yañez protested that the government, in its "disdain" for history, has facilitated the terrorists' drive for power through dialogue "which has only served to bloody the Colombian countryside."

The Catholic Church and the military have begun to publicly intervene as well. Bishop of Pereira Darío Castrillón Hoyos charged that the CNGSB leaders had "gone mad," and insisted that "there is no way to persist in dialogue when one of the sides has lost all reason." Armed Forces commander Gen. Luis Roca Maichel issued an open letter to the attorney general's office charging a government coverup of the crimes of the terrorists.

Yet, the authorities continue to defend their "peace" strategy. Chief government negotiator Horacio Serpa Uribe complained to the press in late March that the country was being misled into thinking that seeking peace was being "soft," and that "the worthy and proud are those who demand war." He persisted that "what requires courage, what is truly difficult, is to be tolerant without being permissive."

Taking that "tolerance" to its logical conclusion is former President Misael Pastrana, who declared April 2 that the path to peace was to hand over 14 senatorial seats to the CNGSB, thereby bypassing the cycle of negotiations and violence. Apparently impressed by Pastrana's proposal, former congressman and self-styled spokesman for the narco-guerrillas Alvaro Leyva Durán proposed that Pastrana and former President Alfonso López Michelsen (known as "The Godfather" for his links to the drug mob) personally intervene to revive the negotiations with the CNGSB.

International Intelligence

Brazilian military group scores nation's elites

The Brazilian newspaper *Tribuna da Imprensa* on April 1 published a manifesto entitled "The Revolution of the Elites," members of the so-called Guararapes Group of military officers. "The Guararapes Group contains within it the cry of indignation of the humiliated citizen," it says. "Made up, for now, of men who value and will value the uniform they wear, it will shortly have its civilian brothers by its side."

The statement is signed by four Army generals, an Air Force brigadier, one Navy captain, and 21 colonels from the Army and Air Force. The name Guararapes refers to the battle which signaled the defeat of the Dutch East Indies Company in Brazil, in 1649. It is considered to be a key event in molding the Brazilian nation, as it forged an alliance among Portuguese, Brazilians of European descent, blacks, and Indians against foreign usurers.

The manifesto continues: "Great revolutions always had political, economic, social and military causes. For us . . . among all these, the breakdown in the elite's social morality is striking." The statement goes on to note that while the armed forces has its defects, it is the one institution remaining in the country "still maintaining social morality" and capable of "avoiding chaos."

Political battle in Beijing heats up

The Chinese National People's Congress (NPC) ended its session on April 4, after voting to amend Prime Minister Li Peng's "Work Report" some 150 times, as rumors spread through the Chinese capital of Li's impending downfall. The Congress's additions included a demand to "combat leftist deviationism," Deng Xiaoping's slogan in his factional battle to consolidate control of China and its Communist Party. Li had left the phrase out of his version of the Work Report.

At stake is the political battle over how to control China. In October 1988, when inflation and the "heated economy" were creating mass social unrest, Li Peng had introduced a stringent austerity program to impose "stability." At that time, Li was fully backed by President Yang Shangkun and Deng. In his Work Report this year, Li attempted to keep some control over inflationary growth in China, and set a target of 6%, lower than even the 7% of last year. While the NPC's final version of the Work Report did keep the figure of 6%, it was amended to say that faster development was desirable.

The NPC also added Deng's call for "100 years of economic development" to the report. Deng's call for the more "developed" regions of China—the coastal Free Economic Zones—to reach the level of Singapore and Hong Kong in the next 20 years, has now been published in Beijing.

Rome is a center for monarchist restoration

The city of Rome has become an important center of organizing for restoring monarchies in various countries around the world, reports the Germany daily *Rheinische Post* April 4.

Aside from intrigues of Zahir Shah, Afghanistan's deposed king, Rome is also the point of intensive activity concerning a possible restoration of the Bagratian royal house in Georgia. While the Bagratian claimant, Jorge, lives in Marbella, Spain, his "real family," especially on his mother's side, lives in Rome. His father, King Irakly, married Countess Maria Antonietta Pasquini, who died when Jorge was extremely young. For decades, Jorge's interests have been watched after by his mother's brother, Count Oscar Pasquini, who recently met a Georgian parliamentary delegation visiting Rome to discuss the possibilities of a monarchial restoration.

Jorge's younger sister Kethevan Bagratian is married to Prince Raimondo Umberto Orsini, who traces his ancestry to the Roman

nobility, and who is today, says *Rheinische Post*, a key figure in the "black aristocracy" in Rome. The paper says that Kethevan could never become a queen in Georgia, but her influence "would perhaps be helpful for the still-troubled and heavily armed Georgia."

The paper notes that efforts are also under way to revive the monarchies in Romania and Yugoslavia. In Russia, the city of St. Petersburg is preparing an "enthusiastic reception" for Grand Duke Vladimir Kirillovich Romanov, the last heir of Czar Nicholas II, who was murdered by the Bolsheviks. Vladimir is married to yet another Bagratian, Leonilda, who is the aunt of Jorge Bagratian.

The *Rheinische Post* concludes: " 'Monarchists of all lands unite,' could be the motto with which they would want to come back into the political rubblefield of the East."

Chinese freedom fighters ask for worldwide support

Leaders of the Chinese Democracy Movement have called for a worldwide mobilization to protect the life of a freedom fighter arrested March 30 in Beijing. While the name of the individual is not known at this time, the French newspaper *Le Monde* and the Russian press have reported on the courageous efforts of members of the Liberty Democratic Party, an overseas organization with an underground membership inside China.

The party printed and distributed a leaflet in Beijing which revived the message made famous by Wei Jingsheng, the imprisoned leader of the Beijing Spring Democracy Wall movement in 1979: Any effort to reform and modernize the economy is doomed to failure if the population continues to be repressed by a reign of terror.

The communiqué said: "People cannot support reforms if they are threatened with the menace of persecution. . . . The necessary condition for reforms is not the maintenance of a despotic 'social stability,' but the

Briefly

creation of a democratic environment.”

The statement was “discreetly circulated,” in the words of *Le Monde*, among students, workers, and certain officials.

However, according to reports from the Russian press, one member of the Liberty Democratic Party distributed it directly outside the building where the National People’s Congress was meeting. He was seized by the police, and his fate is not known. It is feared that, unless an international mobilization focuses attention on his plight, the man could be tortured or killed in custody.

Iran-Contra-tied Barschel case reopened in Germany

Germany’s *Stern* magazine mooted that Uwe Barschel did not commit suicide in 1987 but was indeed assassinated, in a recent article that represents an about-face from the same magazine’s coverage of the affair over the past four years. Among the leads documented by *Stern* is the fact that during the same Oct. 10-11, 1987 weekend that Uwe Barschel died at the Beau Rivage hotel in Geneva, numerous high-powered arms dealers were in town, at different hotels.

Barschel had resigned as governor of the German state of Schleswig-Holstein under a cloud of scandal just before he died. *EIR* reported at the time that his death, officially pronounced a suicide, fit into a pattern of unsolved murders of individuals tied to the Iran-Contra arms-for-hostages deals being conducted through secret U.S. government channels. Belatedly, the German magazine is admitting that *EIR* was correct.

According to a testimony by Charles Tauss, security chief of the Noga Hilton in Geneva, a “highly political and highly explosive” meeting took place between the South Africans, Israelis, Iranians, and Americans at that hotel, on Oct. 10-11, 1987. Among those in Geneva at the time, according to *Stern*, were Adnan Khashoggi, Alex Illich (U.S.), Mansur Bilbassy (Jordan), Ahmad Khomeini (Iran, son of Khomeini), Rafiq Dust (Iran). *Stern* also listed other CIA and German intelligence-linked

persons in Geneva that weekend.

Forensic investigations of Barschel’s body contradict the thesis of “suicide,” *Stern* wrote, adding that high-level signals recommending a coverup of the Barschel affair were coming from West Germany.

A senior source in Germany told *EIR* that the recent resignation of German Defense Minister Gerhard Stoltenberg is related to the reopening of the Barschel case. Stoltenberg was governor of Schleswig-Holstein before he became defense minister in Bonn. It was during his term as governor that many of the secret arms deals involving that state’s shipyards were arranged, which were carried through into the term of his successor Uwe Barschel.

Brazilian press on U.S. plans to invade oil fields

The newspaper *Jornal de Brasilia* on April 5 published an article by Rubem Azevedo Lima on the 1975 U.S. plans to invade Venezuela, Nigeria, and other countries to take over their oil fields. The story, based on a U.S. government document, was featured in *EIR*’s issue of April 3, 1992, and is circulating widely in Ibero-America.

Azevedo, whose interview with Lyndon LaRouche is being serialized by the weekly *Jornal Congresso Nacional*, reports that the 1975 plans are still live. “Part of the strategy described by the document was laid out in 1983, when, during a meeting of the Council of the Americas in Vail, California [sic—should be Colorado—ed.], plans were made public to exchange debt for the equity of the most important state enterprises on the continent, particularly Pemex of Mexico, Petroleos Venezolanos, and Petrobras of Brazil.”

The article says the information on the 1975 U.S. congressional study by the Development Coordination Committee, where the invasion plans were presented, was obtained from the Information Project for Africa/Glasnost Subscription Information Service, and that *EIR* was publishing a detailed report on the subject.

● **CHANCELLOR KOHL’S** 62nd birthday party in Bonn, organized by the Bertelsmann Media Group, was attended by Henry Kissinger, former Polish Prime Minister Jan Bielecki, Ukrainian President Leonid Kravchuk, Spanish Prime Minister Felipe González, and Dutch Prime Minister Ruud Lubbers, among others.

● **THE CHINESE** Academy of Sciences has put up \$500,000 to lure students back to China. The students are being promised that they will be allowed to go abroad again, the official *China Daily* reported. Official statistics show that only 40,000 out of 87,000 Chinese students around the world have chosen to return.

● **A TRIANGLE** of cooperation among Paris, Bonn, and Warsaw should be developed, covering economic, political, military, and cultural aspects, declared German President Richard von Weizsäcker at a reception for Polish President Lech Walesa in Bonn on March 30. Without elaborating, Weizsäcker said that history has proven that cooperation among these three nations was crucial for the well-being of Europe.

● **THE EGYPTIAN** government daily *al-Ahram* on April 4 attacked U.S. policy in the Middle East. Writing about the U.N. Security Council’s vote of sanctions against Libya, the paper said: “Arabs are slowly discovering that victory in the Gulf war was by no means an Arab victory. . . . America is playing policeman, gang leader, judge, and prison warden, all at once.” Egypt was a member of the anti-Iraq war “coalition.”

● **AN ASSASSINATION** attempt against Japanese Prime Minister Kiichi Miyazawa was foiled by police on April 6. A man armed with a knife stormed into Miyazawa’s residence just before the prime minister was scheduled to receive Chinese Communist Party head Jiang Zemin. He was overpowered by police.

British involvement in JFK assassination covered up

by Jeffrey Steinberg

Plausible Denial: Was the CIA Involved in the Assassination of JFK?

by Mark Lane

Thunder's Mouth Press, New York, 1991

384 pages, hardbound, \$22.95

There are several things that must be said right off the bat about attorney Mark Lane's new book, which has graced the *New York Times* bestseller list during the past month due to a groundswell of renewed interest in the 1963 assassination of President John F. Kennedy. First, despite the provocative title, it has virtually nothing to do with Kennedy's assassination. It is an interesting and at times informative book—about a 1985 libel suit brought by former CIA official E. Howard Hunt against Liberty Lobby, the publishers of the national weekly newspaper *Spotlight*, and another ex-CIA official, Victor Marchetti.

Anyone reading the book with the expectation of learning something about the conspiracy to assassinate President Kennedy would do better to read former New Orleans District Attorney Jim Garrison's 1988 book, *On the Trail of the Assassins*, or go see Oliver Stone's movie "JFK."

Second, the book is an ego massage for Mark Lane. This reviewer has had the opportunity to speak with a number of people who were directly involved in the events described in the book, including in the libel suit brought by E. Howard

Hunt against *Spotlight*. To read *Plausible Denial*, one would think that Mark Lane is the only person on the face of the Earth who was definitely not involved in the plot to kill President Kennedy. One would also come away with the impression that Lane single-handedly punctured the CIA's veil of secrecy and won the only standing federal court verdict that says John Kennedy was assassinated as the result of a conspiracy.

In point of fact, Lane received a great deal of help in defending Liberty Lobby against Hunt's multimillion-dollar libel suit. Victor Marchetti, for one, who was the author of the article upon which the libel suit was based, and was an experienced intelligence officer who ostensibly broke from the CIA and wrote one of the earliest of the exposés of the agency's misdeeds (*The CIA and the Cult of Intelligence*), was instrumental in the development of the defense strategy (which was, to his credit, brilliantly executed by attorney Lane). From reading the Lane book, one gets the impression that Marchetti was at best a bit player in the case and at worst a hindrance.

Initially, Marchetti was slated to co-author the book with Lane. Reportedly, Marchetti walked away from the project when Lane's views about the case and the JFK affair became clear.

The 'Hunt v. Liberty Lobby' case

On Aug. 14, 1978, *Spotlight* published an article by Marchetti, titled "CIA to Admit Hunt Involvement in Kennedy Slaying." The article alleged that former CIA covert operative and Watergate burglar E. Howard Hunt would be ex-

posed in the upcoming House Select Committee on Assassinations probe as a participant in the Kennedy assassination. Marchetti reported that in March 1978, senior CIA officials had met at Langley and decided that they would “hang out” Hunt, in order to defend the agency against further implication in the JFK murder, and that evidence would surface proving that Hunt had been in Dallas, Texas on Nov. 22, 1963, the day Kennedy was shot. The article also predicted that the House probe would find that there were more than three shots fired, making it impossible for Lee Harvey Oswald to have been the lone assassin (that forecast proved to be accurate). The March CIA meeting was memorialized in an agency internal memo that both Marchetti and another journalist, Joe Trento, described in autumn 1978 articles.

Hunt sued *Spotlight* and initially won a \$650,000 judgment. But an Appellate Court ruled that the presiding judge at the trial in U.S. Federal District Court in Miami had made a serious error in his instructions to the jury, and ordered a retrial. That trial took place beginning in January 1985, with Mark Lane representing the defendant, Liberty Lobby. On Feb. 6, after less than two hours of deliberation, the jury overturned the earlier verdict and found in favor of the newspaper. Leslie Armstrong, the jury foreman, told reporters at the close of the trial that the jury had not merely concluded that the *Spotlight* story by Marchetti was not willfully malicious—the minimal grounds for dismissing a libel action. The jury was also convinced that President Kennedy had been killed as the result of a conspiracy, and that E. Howard Hunt and the CIA had been involved.

Indeed, the evidence presented at trial by Hunt’s attorneys went over like a lead balloon with the jury. Hunt claimed that he had been closeted at his home with his wife and four children from the early afternoon of Nov. 22, 1963 until Nov. 26. Hunt’s wife was dead, and none of his children would appear in court to testify on his behalf. (In fact, Hunt refused to call his children as witnesses.) The Chinese grocery store in downtown Washington that Hunt claimed he had visited with his wife just before coming home, did not open until three years after the JFK assassination. And none of his fellow employees at the CIA who testified at the trial could convincingly corroborate his alibi.

One former CIA operative who gave a deposition for the defense claimed that she had driven to Dallas, Texas with Hunt and three other CIA operatives, including another Watergate burglar and Bay of Pigs veteran, Frank Sturgis, just days before the Kennedy murder. Marita Lorenz, the daughter of a German luxury ship captain who had been stranded in Havana when Castro seized power and became the Cuban dictator’s mistress (until she escaped with the aid of the CIA), provided the shocking testimony placing Hunt in Dallas 24 hours before the President’s assassination. In her deposition, she claimed that she, Hunt, Sturgis, and the others had met at Jack Ruby’s Carousel Club on Nov. 21 with Ruby and Lee Harvey Oswald. Hunt’s lawyers failed to either break

Lorenz’s story or produce any rebuttal witnesses to successfully discredit her. Hunt’s efforts to establish his alibi had focused exclusively on establishing his whereabouts on Nov. 22. No CIA witnesses or records could place Hunt in Washington, D.C. on Nov. 21.

Hunt’s case was not helped either by the deposition of former CIA director Richard Helms. In 1967, at the time of the Garrison prosecution of New Orleans businessman Clay Shaw, Victor Marchetti had been the executive assistant to the deputy director of the CIA, Adm. Rufus Taylor. In that capacity, Marchetti attended the daily executive meetings in Helms’s office, often taking notes. In a 1975 article published by *True* magazine, Marchetti had reported that Helms had asked about the Shaw trial at one of these meetings, wanting to know whether the agency was giving Shaw “all the help” he needed. By the time the final phase of the *Hunt v. Liberty Lobby* case began, the CIA had acknowledged that Shaw had worked for the agency.

What about the British?

The Lane account of the *Hunt v. Liberty Lobby* case does make for fascinating reading, despite the author’s flights of egomania. As a skilled trial lawyer, Lane provides the patient reader with a useful and at times moving insight into the judicial process.

But it was whenever Lane delved into the substantive issues of the Kennedy assassination that this reviewer’s hairs stood on end. At the very beginning of the book, on a page titled, “In Gratitude,” among the people whom Lane cites as “treasured friends” and “old allies” in the struggle to unearth the truth about the JFK assassination are Bertrand Russell, Arnold Toynbee, and Hugh Trevor-Roper—all senior figures in the British intelligence establishment. Although Lane neglected to mention it once in his 384-page exposition on the Hunt trial, when he first surfaced as an investigator of the Kennedy assassination plot, he was sponsored by an outfit with the unlikely name: the British Who Killed Kennedy Committee. Bertrand Russell and Hugh Trevor-Roper were two of the group’s sponsors. As Lane does report in *Plausible Denial*, Trevor-Roper wrote the introduction to the British edition of his 1965 book, *Rush to Judgment*, one of the earliest swipes at the Warren Commission coverup.

Bertrand Russell, perhaps more than anyone else, personified the Anglo-American grouping that hated JFK and benefited the most from his assassination.

From the close of World War II, Russell advocated a world socialist order based on radical malthusian population reduction programs, especially targeted against the Third World. Although in 1946, in a famous article published in the *Bulletin of the Atomic Scientists*, Russell advocated a preemptive nuclear strike against Russia, once Moscow obtained the hydrogen bomb, he pushed for a Moscow-London-Washington “world federalist” axis to referee all global conflicts. Russell stood for the end of national sovereignty and

the nation state.

Through the Pugwash Conferences, where he was a leading participant (along with Henry Kissinger), Russell peddled the doctrine of Mutually Assured Destruction (MAD), and advocated limited wars and multinational cartel control over raw materials, as instruments for exercising these global controls. At the 1958 Pugwash meeting, attended by both Russell and Kissinger, Dr. Leo Szilard spelled out the MAD strategy. A group of leading Soviet officials attended that meeting and signaled that Soviet Communist Party chief Nikita Khrushchov was willing to accept those rules of global engagement.

Russell abhorred scientific and technological progress, fearing that it would lead to the emergence of the nations of the South as equal partners to the white nations of the North in world affairs.

It was this doctrine and this outlook that JFK threatened to overturn.

- In a spring 1963 speech at American University, Kennedy announced his intention to pursue a new cooperative relationship with the Soviet Union. Based on America's proven military supremacy following the Cuban missile crisis, Kennedy proposed to help the U.S.S.R. overcome its economic backwardness, and proposed that the two great nuclear powers agree to abandon the Russellite MAD doctrine and develop a ballistic missile defense regime. Close aides to Kennedy called the speech a turning point in his presidency.

- Also in the spring of 1963, Kennedy signed an Executive Order authorizing the U.S. Treasury to begin printing billions of dollars in Treasury notes as part of a plan to crack down on the Federal Reserve System and the runaway power of the private international banks. Attorney General Robert Kennedy told close aides that following his brother's expected reelection in 1964, the administration would move to shut down all the offshore banking havens and force the big banks to comply with American law.

- Shortly before his assassination, Kennedy had signed an Executive Order bringing the first 1,000 American troops home from Vietnam before Christmas 1963. In that order, which is on file at the National Archive, Kennedy declared that all U.S. forces would be withdrawn permanently from Vietnam by the end of 1965. Kennedy had been swayed by the views of Gen. Douglas MacArthur (ret.), among others, against any protracted land war in Southeast Asia.

These and other measures either initiated or planned by Kennedy threatened to overturn the entire Versailles System that had governed world affairs since the close of World War I under British, and later Anglo-American, rules of engagement.

It was because of Kennedy's threat to break from these Versailles arrangements that he was killed. While Kennedy's decision to terminate American involvement in the Vietnamese conflict was unquestionably an important factor in the



President John F. Kennedy in his historic speech to a joint session of Congress, where he launched the Apollo space mission. JFK threatened to overturn the British oligarchy's policy of preventing technological and scientific optimism.

decision to kill him, it was Vietnam as a crucial cog in the Pugwash arrangements that made Kennedy's planned disengagement so important—not the issue of the war in itself.

Whether Lane is wittingly an agent of the Russellites who conspired to kill JFK or not, the influence of those British patrons led him to place undue emphasis on the so-called U.S. military-industrial complex and the CIA in his treatment of the Kennedy assassination tragedy (one close colleague of the lawyer suggested that perhaps Lane's own 1940s socialist background rendered him vulnerable to this Russellite "spin").

Critical evidence which was readily available to careful followers of the Warren Commission investigation and the more important Garrison investigation pointed toward an important British involvement in the JFK hit. (The Garrison investigation itself became infected with this narrow view that a "right-wing CIA" cabal killed President Kennedy, in part through inputs from Lane and Ralph Schoenmann, a longtime aide to Russell.)

There is no doubt that the CIA played an important role in the Kennedy assassination and coverup. There is also no doubt that former CIA director Allan Dulles, a member of the Warren Commission, was one of the major figures in the

coverup, as well as in the assassination plot itself. There is also, however, no doubt that precisely the British intelligence circles associated with Russell, Trevor-Roper, and Toynbee, the grand master of 20th-century British geopolitics, were also decision makers in the JFK execution.

The Permindex angle

The most direct piece of “police blotter” evidence of the active British hand in the JFK assassination comes from the Garrison probe, in the prosecution of Clay Shaw. Shaw, the only man ever criminally prosecuted for the conspiracy to murder John Kennedy, was a board member of the Montreal-based international trading company Permindex (PERmanent INDUSTRIAL EXpositions). Shaw was an Office of Special Services (OSS) operative during World War II, who served in London and developed deep ties to all things British. His chairman at Permindex was Maj. Louis Mortimer Bloomfield, a former member of British Special Operations Executive (SOE), who served as its liaison to J. Edgar Hoover’s FBI. Bloomfield was a recruiting officer for the Bureau’s Division Five, the foreign counterespionage unit. Division Five was the FBI’s interface to British MI-5 intelligence. Guy Bannister, who avoided indictment by Garrison’s grand jury only because he died shortly before the indictments were handed down, had been the Division Five chief in Chicago, before moving to New Orleans in the 1950s and infiltrating the local police department. Bannister was a close associate of Shaw, Lee Harvey Oswald, and other primary players in the killing of Kennedy.

Bloomfield, Shaw’s boss at Permindex, was a member of Montreal’s most prestigious Anglo-Zionist law firm, a firm that counted the Bronfman family of Seagrams among its clients. The Bronfman family had earned its initial fortune during the period of Prohibition by running illegal whiskey across the border into the United States. The Bronfmans were sponsored in Canada by the Hudson’s Bay Company.

Later in his career, Bloomfield emerged as a leading figure in the International Law Association (ILA), an agency associated with Bertrand Russell’s beloved United Nations Organization. Through his U.N. activity, Bloomfield’s career increasingly converged on that of Henry Kissinger.

Curiously, Bloomfield’s nephew and successor, Harry Bloomfield, showed up in 1982 as a participant in a secret gathering at the Negev Desert ranch of Israel’s Ariel Sharon, which planned an elaborate scheme to steal Palestinian land in Jerusalem and in the Israeli Occupied Territories, as part of what is today known as the Temple Mount project. Among the other guests at the event were: Lord Harlech (David Ormsby-Gore), who was British ambassador to Washington during the Kennedy presidency; Henry A. Kissinger; and Peter Lord Carrington.

The Negev event occurred shortly after Kissinger delivered a speech at London’s Royal Institute of International Affairs on May 10, 1982, in which he declared his longstand-

ing loyalty to the British Crown and boasted that he had often consulted first with the British Foreign Office on crucial policy matters while he was U.S. secretary of state.

The joint assassination bureau

The convergence of Kissinger and the crowd earlier associated with Permindex brings up another essential aspect of the Kennedy assassination that is missing from both of author Lane’s two published accounts of the JFK murder: the involvement of the Permindex apparatus in the 1962 assassination of Italian national oil company chairman Enrico Mattei, and in the numerous unsuccessful attempts to assassinate French President Charles de Gaulle.

The Garrison probe turned up hard evidence linking Permindex and its Italian affiliate Centro Mondiale Commerciale (CMC) to the financing of the Secret Army Organization (OAS) assassination attempts against de Gaulle. De Gaulle expelled Permindex from France as the result of French police tracking of those leads.

The involvement of the same circles in the European actions should have dispelled any efforts to pin the JFK murder solely on disgruntled Cubans or Pentagon brass furious at the prospect of an early end to the Vietnam War. De Gaulle, Kennedy, and Mattei were engaged in either cooperative or parallel policy initiatives that threatened the Versailles-Pugwash arrangements. Another policy ally in the anti-Versailles combination, West German Chancellor Konrad Adenauer, was driven from office during the same period.

Later, in 1978, when former Italian Premier Aldo Moro threatened to disrupt the Versailles policy arrangements, he, too, was murdered. Subsequent Italian investigations turned up strong circumstantial evidence linking Kissinger to the Moro kidnaping and assassination.

Knowledgeable investigators of the Kennedy assassination and other political murders of the 20th century have come to the conclusion that a joint assassination bureau exists to carry out the executions deemed necessary by the predominantly Anglo-American apparatus that stands to lose the most by the disruption of the Versailles system. Col. Fletcher Prouty referred to this as a “Murder, Inc. operating in perpetuity,” in a recent interview with *EIR* (Feb. 7, 1992).

Indeed, as Helga Zepp-LaRouche discussed in *EIR*’s issue of April 3, 1992 (“New Evidence Emerges in the Herrhausen Assassination Case”), recent history is replete with cases of others who have fallen victim to this apparatus.

Lyndon LaRouche has underlined that it is impossible to understand the political struggle that has unfolded since the JFK assassination without understanding the disintegration of the Versailles System. Mark Lane has no fundamental grasp of this pivotal concept, and, as a result, he is at best a victim of the successful coverup of the Kennedy assassination. At worst, he is one of the more insidious perpetrators of the myths that have served to protect the joint assassination bureau.

The promise and tragedy of Spain's great art museum

by Nora Hamerman

The Prado

by Santiago Alcolea Blanch
Harry N. Abrams, New York, 1991
474 pages, hardbound, \$95

During 1990, when the Titian retrospective exhibition was hanging in Washington, three famous pictures by the Venetian Renaissance artist, his *Danaë* of 1553, the *Entombment of Christ* of 1559, and the *Self-Portrait* of Titian's very last years, presented a disconcerting appearance. While most of the other pictures in the show, (except those borrowed from some eastern European collections) displayed rich, glowing colors and vibrant brushwork, these three masterpieces were heavily discolored with yellow varnish. The paintings belong to one of the world's greatest picture galleries, that of the Prado in Madrid. Two of them were painted by Titian on commission from the King of Spain.

Similar cases appear throughout this splendid new picture book on the Prado museum. Deep horizontal cracks are visible in the photographs on both panels by the eccentric Flemish painter Reymerswaele.

There are notable exceptions. *The Maids of Honor* by Velázquez, which has few competitors for the rank of the greatest surviving painting of all time, had been lovingly cleaned and conserved by John Brealey, the Metropolitan Museum of Art's senior painting conservator. In gratitude for this donated labor in late 1989, the Prado arranged a unique loan exhibit of that Spanish artist's works at the New York institution. This was part of a serious effort under Prado director Alfonso Pérez Sánchez to bring the Prado into the 20th century and to give it the laboratories and professional staff appropriate for an institution of such stature.

The Prado is a special place. It has a density of great works by certain masters, especially those two incomparable Spanish painters, Velázquez of the 17th century, and Goya, whose career spanned the late 18th century and well into the third decade of the 19th. Lyndon LaRouche, who visited the Prado a decade ago, reminded me recently of the impact of the Prado's paintings when he observed that the sheer density of works by these Spanish masters has a unique, nonlinear effect, unlike what can be produced by one or merely a few.

This density evokes a concept of the creative mind at its highest potency, similar to hearing a sequence of the mature works of a composer such as Beethoven.

Professor Alcolea Blanch's book attests to the strengths of the Prado collection, which includes, besides, obviously, the Spanish School, in-depth representation of the Flemish and Italian Renaissance. As is well known, the Prado holds several of the greatest works of Rogier van der Weyden and by far the largest number anywhere of Hieronymus Bosch's altarpieces, which were sought after by King Philip II for the



Raphael's *Holy Family of the Lamb*. The Prado's collection of this Renaissance master is the largest outside Italy, a product of Spanish-Italian ties from the 15th and 16th centuries.

Flemish school.

As for Italy, besides the abundance of Titians, the Prado owns more great pictures by Raphael than any other museum outside of Florence. These holdings attest to historical ties which go back to the 15th and 16th centuries. Flanders had economic ties to Spain related to the wool trade (Spain produced the wool, ruining its countryside permanently under the Mesta system, which was finished into luxurious textiles in Flemish cities) and these turned into political ties as the Spanish ruling dynasty, the Trastámara, intermarried with the descendants of the Duke of Burgundy who ruled Flanders.

Spain also emerged by the second quarter of the 16th century as the dominant foreign power in the Italian peninsula, directly ruling or strongly influencing the governments of most of the peninsula. It was in this period and the ensuing "Golden Age" lasting into the 17th century, that the bulk of what is now the Prado collection was formed. Only the Uffizi Gallery in Florence, which began out of the Medici family art collection, can compare to this.

A checkered history

This book, written by a Spanish art historian, differs from most "coffee-table" art books in having a very long text which describes the history of the collection and the founding of the museum itself (by an otherwise undistinguished monarch, Fernando VII, in the early 1800s) as well as the vicissitudes of the museum during the last two centuries. The story includes details of the harrowing escapades of the Civil War of 1936-39, when the Anarchist-dominated republican government ordered the emergency evacuation of many of the art works to sites outside Madrid and even to League of Nations custody in Geneva! It was left to the nationalists under Franco to retrieve these treasures and bring them back to Spain literally weeks before World War II broke out, at which time it would have been too late.

Particular attention is paid to Dr. Pérez Sánchez's effort, since becoming director in 1983, to equip the museum with the necessary personnel and economic infrastructure as well as juridical autonomy. Among his prime goals were an expansion in exhibition space, because of all its rich collections, only a small percentage can be seen by the public; facilities to turn the Prado into "a center of rigorous research"; and a dedicated, scientifically qualified preservation staff. A nearby palace, Villahermosa, was designated for the expanded exhibition space.

Then, in a sudden and unexplained decision of the Felipe González government of Spain in 1988, this palace was turned over to exhibit the Baron Hans-Heinrich von Thyssen-Bornemisza's family art collection, of some 700 pieces, for a period of ten years. Pérez Sánchez bitterly lamented the loss to the Prado, and pointed out, in a published comment, that since exhibition space had already been converted in the main building for offices and laboratories in anticipation of the use of Palace of Villahermosa, for the next ten years now,



Goya's The Milkmaid of Bordeaux, a work painted when the artist was in his 80s, one of the dense collection of paintings by him in the Prado.

not more, but fewer of the Prado's great pictures will be on public view!

Fired for opposing Gulf war

On March 11, 1991, the conflict took a dramatic turn. The director suddenly resigned from his post—forced out after he had joined 17 other prominent figures a month earlier in signing a manifesto in protest against Spain's enthusiastic participation in George Bush's war on Iraq.

Sources familiar with the museum world say that the sudden ouster of Pérez Sánchez fits into a broad and disturbing pattern of the dismissal of museum directors who have a commitment to the curatorial and technical staff and collections under their care, and their replacement by political appointees, which began with actions taken by Margaret Thatcher a decade ago in London. This is not to say that the world of museum directorates of the postwar era represents the pinnacle of cultural leadership, but merely to point out that we seem to be headed toward something worse rather than something better.

There is a tendency, already well advanced in Italy and now making inroads in Spain, to stress that because great art treasures are part of the universal heritage of mankind, they must therefore be entrusted to a supranational institution for their care. Countries which have abundant cultural riches but few financial resources, present many such problems of

conservation of their art works.

The usual procedure these days, and the one which had been followed by Dr. Pérez Sánchez, is to raise donations from foreign donors and multinational corporations to finance the conservation work. Unesco, the U.N. cultural agency to which author Alcolea Blanch is affiliated, also undertakes to sponsor restorations of art deemed to be part of the world's vital cultural patrimony.

It would be difficult to oppose such interventions under present circumstances. But one cannot help but feel queasy in the face of the "internationalizing" of national artistic treasures under the aegis of what is a British-run "free trade" clique of banking and trading cartels. It is wrong to present this as the only choice.

In the long run, if the post-industrial idiocy of the past quarter-century's monetarist banking policies is reversed, the resulting industrial and demographic boom will generate more than enough money to pay for the preservation of the art. It will also necessitate the building of new cities and create the climate for production of a new Renaissance, in which works like those in the Prado museum will be a rich resource of inspiration rather than the relics of a dead, nostalgically remembered and irretrievable bygone era. This is why everyone who really cares about great art, should work to ensure that Lyndon LaRouche's plan is implemented, for making Europe the powerhouse of a worldwide economic recovery, spinning out from the "Productive Triangle" in the industrial heartland between Berlin, Paris, and Vienna. Encompassed by one of the "spiral arms" of that development plan, Spain will become a wealthy industrial power, capable of sustaining its artistic treasures by itself.

Careless editing

Editorially speaking the book suffers from a neglect which is surprising in a such an experienced publisher of art books as Abrams. Perhaps all the care was lavished on the color separations for printing the plates, carried out in Barcelona. The translation is poor, sometimes merely stiff, but sometimes literal to the point of being ridiculous. At least twice a picture of the well-known Old Testament story of Moses is labeled, strangely, "The Metal Snake," instead of "The Brazen Serpent." Names of artists and sitters are frequently not translated out of their Spanish spelling, into either the Italian original or an English equivalent. Instead of the normal designation "oil on panel," the funny term "oil on board," or even "paint on board" occurs throughout. The Infant St. John the Baptist, called "San Juanito" in Spanish, appears at least once in the text as "St. Johnette," a novel usage that could exist in English, but doesn't. The most ludicrous stab at a literal translation from Spanish occurs in the case of a gorgeous painting by Tintoretto of a woman baring her breast, which is solemnly captioned, "The Woman Who Discovers The Bosom." And quite a discovery it must have been, indeed.

Sovietologist still in love with Gorby

by Denise Henderson

What Went Wrong With Perestroika

by Marshall I. Goldman

W.W. Norton & Company, New York, 1991

258 pages, hardbound, \$19.95

What Went Wrong With Perestroika is Harvard University professor and "adviser to the Soviets" Marshall Goldman's latest work of mythology about the Soviet Union. This unabashed, if not obscene, "romance of Gorbachov" purports to be a summary account of the history of the Soviet Union from 1985 to 1990, with a prologue and epilogue that refer to the Aug. 19, 1991 attempted coup.

Although there are many standpoints from which *What Went Wrong With Perestroika* can be shown to be either factually wrong or a misinterpretation of the facts, the most important aspect of the book is its blunt message that it is the intent of Anglo-American policymakers to deindustrialize the former Soviet Union back to the Stone Age. Any self-respecting Russian—or, for that matter, any U.S. industrial engineer from the 1950s—reading Goldman's diatribe against the Soviet machine-tool industry in particular, would have to wonder from what insane asylum this man has escaped.

A useful corrective to Goldman's mythologizing is *EIR's* 1985 Special Report, *Global Showdown: The Russian Imperial War Plan for 1988*, which forecast 1) that Gorbachov's perestroika was actually part of the Ogarkov Plan, a strategic plan to create a Soviet war-winning capability; and 2) that the attempt to implement this plan, would fail, further weakening an already unviable Soviet imperial economy based on looting of raw materials from its eastern European satellite countries.

"Plan B," wrote the report's authors, "is based significantly on Moscow's exhaustive study and monitoring of the writings of U.S. economist Lyndon H. LaRouche, Jr. As far as we are able to determine thus far, this monitoring of LaRouche is centered within the Soviet Academy of Sciences. The Soviets fear that the Reagan administration might adopt the reforms in economic policy proposed by LaRouche. . . . Soviet planners associated with Marshal Nikolai Ogarkov and General Secretary Gorbachov, are purging the Soviet apparatus of the so-called 'Brezhnev Mafia,'

at an accelerating rate, in the effort to bring a Soviet imitation of LaRouche's 'crash program' doctrine into effect."

This central fact is carefully papered over by Goldman, who not only does not mention LaRouche, but attempts to preserve and extend the myth of Gorbachov the reformer, by avoiding any mention of the potential military implications of Gorbachov's perestroika.

Thus Goldman ignores the Ogarkov Plan, the existence of which has been confirmed since the Berlin Wall has come down.

Goldman exhibits an obsessive hatred of the machine-tool industry ("[Soviet] industry was still periodically overdosing on machine tools") which seems not to be based on any concern for its military uses, but rather on his own incompetent understanding of economics as "market forces" rather than productive forces.

But the Goldman viewpoint, typical of Milton Friedman's Chicago School, should present an even deeper concern to those *genuinely* interested in enabling the members of the Community of Independent States to build for themselves a viable economic future. Particularly wretched is his argument that the ultimate failure of perestroika, lies in the fact that Gorbachov did not imitate China's free trade zone model, which Goldman claims has created a spiraling growth rate within China, "thanks to Deng Xiaoping."

"By 1989," writes Goldman, "large numbers of pilgrims from the Soviet Union had made their way to China to see what they could learn from the Chinese economic reforms. . . . Proposals were made to copy many of the Chinese economic reforms. And some, such as joint ventures and special economic zones, were actually adopted. However, none of them seem to have had the impact they did in China. In part that was because the bureaucracy was even more entrenched and resistant in the Soviet Union than in China, but in part the Chinese also seem more diligent."

As *EIR* has also identified, the "success" of the Chinese free trade zones depended entirely upon turning Chinese labor into slave labor. Despite that, the so-called Chinese economic miracle has turned out to be a hoax.

Goldman goes so far as to compare Gorbachov to Deng Xiaoping. Unable to explain the anomalies of Tiananmen Square and the bloody massacre at the Vilnius television tower in January 1991, sanctioned by Deng and Gorby, respectively, Goldman breezily notes that "History will treat Deng very differently from the way it would have done if he had only retired before he sent troops into Tiananmen Square. Instead, Gorbachov fell into the same trap in January 1991 when he ordered paratroops into Lithuania. . . ."

Goldman attempts to shift the focus away from these bloody actions of his two heroes, claiming everything else they did was beneficial. Isn't it a pity that these singular events have stained their reputations!

Finally, although Goldman has claimed in public to have his disagreements with Jeffrey Sachs' "shock therapy" poli-

cies, he claims in *What Went Wrong* that he was the first to propose "shock therapy" to the Soviets in June 1989, and that "a few months later, on January 1, 1990, many elements of this plan would be incorporated into what in Poland came to be known as the shock-therapy strategy." And later he notes that "economists such as Jeffrey Sachs in Poland, and the example of Poland's reforms" may provide "future reformers [with] a series of road maps and 'how-to' manuals to refer to."

This book should be read by Russians, Ukrainians, Belarussians, Poles, and other eastern Europeans who still harbor any illusions about the "good will" which the West has towards them. Once they realize that their nations are slated to be "Sachsed back to the Stone Age," perhaps they will be more inclined to throw the London-Harvard-Chicago School crowd out of their countries, and to implement instead the LaRouche Productive Triangle. The sight alone of magnetically levitated trains—built with the aid of machine tools—might be enough to give Goldman a fatal fit of apoplexy.

Books Received

The Gaia Atlas of Green Economics, by Paul Elkins, Mayer Hillman, and Robert Hutchinson, Doubleday/Anchor, New York, 1992, 191 pages, paperbound, \$16.

Showa, The Japan of Hirohito, ed. by Carol Gluck and Stephen R. Graubard, W. W. Norton, New York, 1992, 315 pages, hardbound, \$29.95.

Different Drummers, Jazz in the Culture of Nazi Germany, by Michael H. Kater, Oxford University Press, New York, 1992, 304 pages, hardbound, \$24.95.

The Advocates of Peace in Antebellum America, by Valerie H. Ziegler, Indiana University Press, Bloomington, Ind., 1992, 256 pages, hardbound, \$35.

Sherman: Merchant of Terror, Advocate of Peace, by Charles Edmund Vetter, Pelican Publishing, Gretna, La., 1992, 347 pages, hardbound, \$25.

Sheathing the Sword: The U.N. Secretary General and the Prevention of International Conflict, by Thomas E. Boudreau, Greenwood Press, Westport, Conn., 1991, 208 pages, hardbound, \$17.95.

Triumph without Victory: The Unreported History of the Persian Gulf War, by U.S. News & World Report, Random House, New York, 1992, 477 pages, hardbound, \$25.

Ghost of Hjalmar Schacht stalks Washington, D.C.

by Kathleen Klenetsky

If Americans do not force a fundamental shift in the economic policies of this country in the near future, you can soon say goodbye to Social Security, Medicare, Medicaid, and the rest of the so-called entitlement programs that have provided a measure of security for the country's elderly. And their demise will be only the first step in an inexorable process of driving down the living standards of the vast majority of the population to Third World levels.

There has been frequent discussion over the past decade of the alleged need to cut back on entitlement programs to restore the country's fiscal health. Indeed, President Bush's proposed 1993 budget, issued in January, called for reducing spending on entitlement programs by putting a ceiling on the amount of growth that would be allowed. But the last few weeks has seen the emergence of a carefully orchestrated campaign to lay the basis for ramming through a thorough "restructuring" of the entitlements system, even if it requires imposing a one-party dictatorship and literally killing off many elderly to do so.

There is a model for this kind of policy, and it can be found in the early years of the Nazi era, when Hitler's economics minister, Hjalmar Schacht, promoted a version of "industrial policy" that admittedly built some roads (and armaments), but through a policy of looting the living standards of large sections of the population, that led inevitably to the slave labor of the concentration camps.

One party dictatorship?

Sen. Warren Rudman (R-N.H.) got the ball rolling March 24 when he announced that he would not seek reelection

because of the "paralysis" that has gripped the federal government. Rudman, author of the Gramm-Rudman-Hollings balanced-budget atrocity, charged that special interests—especially those groups representing senior citizens—were making it politically impossible to impose the hard economic choices that the country must make.

The New Hampshire Republican railed especially against entitlement programs, which he blamed for the explosion in the federal deficit. Americans have to be told "there is no such thing as a free lunch," he said. "We either take steps to cut the growth in these programs, raise the taxes to pay for them, or do a combination of the two."

Trumpeted all over the news media, Rudman's statements were used to kick off a controlled national debate on the subject. Within days of his announcement, Sen. John Danforth, a wealthy Republican from Missouri, made a speech on the floor of the Senate praising Rudman's bluntness, and echoing his demands that entitlements be reduced.

"Entitlement programs are the lion's share of the federal budget," said Danforth. "They are truly out of control, and we have no mechanism for dealing" with them. "This is the first generation in the history of this country that has wanted to take more out of it than it is given."

The March 29 *Washington Post* published excerpts of Danforth's speech, along with an editorial praising Rudman and Danforth for speaking "unpleasant but necessary truths."

The two senators continued their diatribe in a joint appearance on John McLaughlin's "One on One" televised interview show April 5. Cutting back on entitlements "has to be the foremost issue in the presidential and congressional

campaigns that we are now in," said Danforth. "The big issue is the entitlement questions. Entitlements are totally out of control. Those are the questions that we should focus on," and not the "little scandals" in Washington.

In an interview published in the April 6 issue of *Time*, Rudman suggested that the entitlements crisis is so grave, it could justify a one-party government! "Listen, we know what to do," Rudman told the magazine. "We could pass a bill tomorrow to fix our fiscal problems. What's wrong is that if the Republicans take the lead, the Democrats will absolutely crucify us for it, and vice versa. So basically what has to happen is we've got to draw together in some way, or have one-party control of the country for a few years, and do what has to be done." Rudman added that the country would be "better served if the American people stopped splitting the ticket and elected President Bush and a Republican House and Senate, and let us all do as a party what we want to do. . . . Or if they want to elect a Democratic President and a Democratic Congress, fine, do that. But let's have some accountability."

Get those greedy elderly!

The Danforth-Rudman assault did not occur in a vacuum, but was timed to have maximum impact on the 1993 budget negotiations taking place in Congress. Sen. Pete Domenici (R-N.M.), the ranking Republican on the Senate Budget Committee, has picked up the Rudman-Danforth line, and has indicated that he may introduce legislation which would, for the first time, put a mandatory ceiling on entitlement growth. In Senate speeches, Domenici used the same formulations as Danforth and Rudman, asserting hysterically that spending on Social Security, Medicare, and Medicaid has gone haywire, and must be reined in.

As *EIR* went to press, the full Senate was scheduled to debate the 1993 budget resolution. According to a congressional source, Domenici was considering proposing an amendment to the budget resolution to cap entitlements. The source, a staffer on one of the committees central to the budget process, said that the current furor over entitlements could be used to force "a major restructuring of the health care system, since the consensus is that health care costs, especially Medicare and Medicaid, are driving the deficit increases." The health-care programs are an easier political target than Social Security per se, the staffer indicated, so Congress might choose to cap these programs, which would set a precedent for a later assault on Social Security itself.

The media has jumped into the fray, with a barrage of television and press features claiming that entitlements are gobbling up scarce resources. For example, the April issue of *The Atlantic* magazine features a major article on "The Next New Deal," which calls for "a comprehensive reform of our trillion-dollar system of federal entitlements, which favors the rich over the poor, the old over the young, and consumption over savings." Author Neil Howe recently collaborated with

New York Council on Foreign Relations Chairman Peter Peterson on a book with the same general theme.

Use 'industrial policy' as excuse for austerity

Contrary to the blatant propaganda campaign to convey the impression that most of the nation's elderly live high on the hog, the truth is that *the majority of America's retirees totally depend on Social Security for their livelihood*. In many cases, they have only Medicare and Medicaid—which has already been drastically cut—to rely on for access to medical treatment. Without it, they die.

It is certainly true that entitlement spending has been consuming an increasing portion of the federal budget, and that as the elderly population of the country mushrooms over the next two decades, these programs will have to expand proportionately. The rational way to solve this problem would be to throw out the usurious, speculative economic policies that have been in place since John F. Kennedy's assassination, and go back to old-style "American System" policies that encourage the development of the physical economy. This would produce more than enough growth to keep Social Security and Medicare intact, and to provide an improved standard of living for all categories of the population.

But the debate is being shaped in an entirely different direction: The core theme of the anti-entitlements campaign is the bald-faced lie that "greedy senior citizens" are gobbling up scarce resources that could otherwise be invested in long-term economic growth and infrastructure, or in programs for needy children and other "more deserving" social services. The message is that unless you're ready to send grandma down the river on an ice floe, there won't be enough money available to build new bridges, roads and factories, or to educate your children.

It is highly indicative that some of the leading proponents of an "industrial policy" argue strenuously and lyingly that the U.S. can't be economically competitive until it slashes its spending on Social Security, Medicare and related programs.

Clyde Prestowitz, the Washington-based trade strategist, falls into this category, as does Felix Rohatyn, the New York investment banker who couples his proposal for a large-scale infrastructure program with an insistence that entitlement programs be scaled back to free up capital. Prestowitz's Economic Strategy Institute sponsored a conference on competitiveness in March which was addressed by Rohatyn—and also by Richard Lamm, the former Colorado governor who achieved notoriety in 1984 when he insisted that the elderly "die and get out of the way" for the younger generations.

Significantly, billionaire businessman H. Ross Perot has also made entitlements a key target of his impending presidential campaign. In a televised interview March 26, Perot said he agreed with Senator Rudman on the need to bring down entitlement spending. In a Lamm-like statement, Perot urged the 18-to-40 generation to sit their parents down, and tell them to stop consuming so many resources.

State budget cuts hit poor hardest

by H. Graham Lowry

This year's season of budget-cutting for the coming fiscal year has begun like the last one, with the brunt of state cutbacks to be borne by the poor, the sick, and the elderly. The difference, however, is that the ranks of the impoverished have been swelled by the massive increase in unemployment, due to the deepening economic depression. More people in need are receiving less in assistance, and their plight will only worsen under the budgets being prepared now.

New York State entered its new fiscal year April 1 with a budget which cuts welfare and Medicaid spending by \$1.1 billion, keeping projected total costs for the programs at \$400 million above last year's. During 1991, the state's monthly caseloads for each program rose by an average of 200,000, and have continued to rise. Energy assistance grants to the poor were cut by \$50 million, leaving local governments to pick up the difference through budget cuts of their own. Medicaid patients will pay a charge each time they receive service, to the tune of an estimated \$20 million they do not have. And taxes on hospitals and nursing homes, many of them already on the verge of bankruptcy, were increased by \$229 million.

New York City alone lost nearly 200,000 jobs last year, and there is no turnaround in sight. The metropolitan area has lost 495,000 jobs in the last two years, and the Port Authority of New York and New Jersey projects the region will lose another 200,000 during 1992. Without an economic recovery, New York City faces additional mass layoffs of municipal workers, which would drive still more to the unemployment and then the welfare lines.

California's flight from reality

After wringing out a record of nearly \$15 billion in spending cuts and tax increases last July, California is now projecting a deficit of up to \$6 billion for the fiscal year which ends June 30. Republican Gov. Pete Wilson and the Democratic-controlled legislature have begun budget maneuvers for next year which assume disastrous austerity, even with rapid *growth* in revenues.

Charging that Wilson was trying to force a deadlock on the new budget until after the November elections, the California Assembly's Democratic majority passed a series of measures on April 6 and 7 setting a spending limit of \$60.4 billion. Without making specific appropriations, the legisla-

tion includes a "trigger mechanism" to automatically cut spending by 6%, then 12%, and finally by 18%, if Wilson's new prediction of a recovery proves as worthless as his last one. He projected in January that revenues for the current year would grow by 13.5%; but with just three months to go, tax collections are up only 2.2%, despite the massive hikes imposed last year.

Wilson's own budget proposals would slash welfare benefits by an incredible 25%, with an immediate cut of 10%, and six months later by another 15% if the recipient has still not found a job. The Assembly measure would limit cuts in welfare and Medi-Cal spending to 4.5%, exempt from the automatic "trigger." But its 18% reduction for all other state functions and services except public schools, in the event there is no recovery, is the equivalent of shutting down the entire California government for more than two months! Either of these devastating "solutions" would only worsen the depression that both the governor and legislature refuse to address.

A national catastrophe

According to a recent study, Aid to Families with Dependent Children (AFDC) was cut in 40 states during 1991. The Washington-based Center on Budget and Policy Priorities and the Center for the Study of the States in Albany, N. Y., report that last year's overall cuts in aid to the poor were the deepest in ten years. More than 500,000 general relief recipients had their aid either cut substantially or eliminated entirely.

Figures compiled by the U.S. House Ways and Means Committee show that, despite state tax increases totaling \$13 billion during 1989 and 1990, the median monthly AFDC benefit for a family of four dropped from \$475 to \$432. The states increased taxes again in 1991 by \$16.2 billion, yet benefit levels are still dropping, even though many states drastically restricted eligibility to throw more people off the rolls. Massachusetts, for example, cut 13,000 people from its rolls in 1991.

The U.S. Department of Agriculture reports that one American in ten—more than 22.5 million people—is now on food stamps. In Michigan, where nearly 90,000 people were cut off from general assistance, many of the poor have been forced to use food stamps to pay for rent. Landlords who take them often allow only 50-75¢ on the dollar.

Health care costs for the poor in the form of Medicaid are projected to exceed \$100 billion in 1992, in spite of state cutbacks. That is an increase of more than \$9 billion over 1991—largely due to the growing numbers of laid-off workers who have exhausted their unemployment benefits, according to the American Public Welfare Association.

President Bush, who claims to be in perfect health, still retains a large team of "spin doctors" offering the diagnosis that the economy is in "recovery." Even the state budget-makers operating on that premise, however, are coming up with numbers which will cut off millions more Americans from any care at all.

Only national recovery program could win Caterpillar strike

by Susan Johnson

The ultimatum given by Caterpillar to 12,800 striking United Auto Workers (UAW) unionists to return to work by 7:30 a.m. April 6 or be replaced with strikebreakers, signifies a national policy of crushing the UAW. With the Teamsters under strict government "receivership," the UAW is the only remaining major decent-wage union, and therefore an obvious target as the Eastern Establishment mounts an across-the-board attack on wages and entitlements.

That this open union-busting was decided at the highest levels is indicated both by the attempted use of strikebreakers and the extensive media coverage, including the visits to the strikers by presidential candidates Bill Clinton and Jerry Brown. This is the first time since World War II that a major company has thrown strikebreakers at the auto workers.

The company, which is in the midst of a big reorganization due to poor sales last year, has sufficient outsourcing and foreign manufacturing to meet product demand for months to come.

Most bargaining points between the UAW and Caterpillar are relatively minor, such as small pension and health care cuts. The chief issues have been Caterpillar's demands for a non-industrywide contract and for a reduction in the pay of new hires to \$7 an hour, less than half the present entry wage. This last demand in particular would simply dissolve the payscale.

The 16,000 Caterpillar strikers face three formidable problems. Unemployed skilled and semi-skilled workers abound, most with little compunction about being scabs. Another is what role the UAW and AFL-CIO hierarchy will play. And last is the strikers' own lack of vision with respect to restoring the productive economy, without which they are unlikely to win the strike.

The Anglo-American financial elite, typified by the Council on Foreign Relations (CFR) and Paul Volcker's Trilateral Commission, are now making sharp public demands for bitter austerity against wages, entitlements, and services. The theme of the establishment's press and media is suddenly, "Tax consumption to pay for investment." "Investment" is a code word for service on the \$25 trillion public and private debt. The *New York Times*, the semi-official organ of the CFR/Trilateral Commission crowd, put the mat-

ter succinctly in an April 1 editorial: "Unlike bank bailouts and interest payments on the national debt, money spent on health care will represent a real drain on the economy."

This is the logic of fascism—top-down controls on the economy to transfer payments from middle-class income and industrial outlays to interest and bailouts. Obviously, institutions such as labor unions which might resist such policies become a target for destruction.

Outsourcing and 'financial products'

Caterpillar is an appropriate vehicle for these purposes. The company is far along the road to becoming a marketing and finance company, rather than a producing company which cares about properly maintaining its labor force. It was the first large U.S. corporation to create a joint venture in Japan—with Mitsubishi in 1963—in order to "outsource" parts manufacture, as the auto companies did a decade later.

By 1989, Caterpillar owned manufacturing facilities in 15 locations in 11 foreign countries, representing 28% of the company's work force, not counting dealerships. At the same time, Caterpillar machinery was produced outside the company by contract manufacturers in the U.S., Finland, Norway, South Korea, England, and Germany, while Caterpillar products were manufactured outside the company by licensees in Argentina, India, Malaysia, New Zealand, Communist China, South Africa, South Korea, and Turkey.

Meanwhile in the last decade, the company concentrated on "financial products," an oxymoronic term meaning leasing and other financial paper. The company's total assets in 1981 consisted of \$7.2 billion of machinery and engines (facilities and inventory) and \$.05 billion in "financial products." By 1991, \$9.3 billion was in machinery and engines, and \$2.7 in "financial products." As the company outsourced and created "financial products," its employment fell from 83,455 in 1981 to 55,950 in 1991. Worse, its capital expenditures on new facilities and equipment fell from \$836 million on \$9.2 billion in sales in 1981 to \$653 million on \$10.2 billion sales in 1991.

Converting Caterpillar from a manufacturing company into a marketing company has been carried out by a board of directors which includes three members of the "post-industri-

al" CFR: Robert Gilmore, former president and CEO of Caterpillar; Rawleigh Warner, Jr., former Mobil Oil chief; and Louis Gerstner, Jr., former president of American Express and now chairman and CEO of RJR-Nabisco Holdings Corp., an empire of \$25 billion indebtedness, who is also a director of AT&T and the New York Times Co.

The push for NAFTA

Caterpillar is a front-rank advocate of the North American Free Trade Agreement (NAFTA), which the Commerce Department estimates would send 1 million U.S. manufacturing jobs to Mexico. Caterpillar's 1991 annual report states: "We also support completion of the General Agreement on Tariffs and Trade and expansion of [NAFTA] to include Mexico. Both GATT and NAFTA will benefit the global trading system."

In June 1991, the godfather of NAFTA, Clayton Yeutter, was appointed to the Caterpillar board. As U.S. Trade Representative, he was the architect of the U.S.-Canada Free Trade Agreement. Yeutter is also a member of the CFR, and is Domestic Policy Director for the White House.

The media within hundreds of miles of Peoria, Illinois have gleefully broadcast the 30,000 job application requests from would-be strikebreakers. At last report, about 100 union members have crossed the picket lines, as the company prepares for hiring and training. Local talk-show callers attack the strikers for jeopardizing their own well-paid jobs, and say they would take those jobs for \$5 an hour less. The average machinist's wage in this part of the country is \$8 an hour; ads in the local press offer as little as \$5.50 an hour for eight years' machinist experience.

The lack of social solidarity, or social morality, among Americans makes it easy to hire permanent scabs, as the strikers realize. In general, no strike in a depression can win unless it is supported by the non-striking population, and then only if that population and the strikers have some common ground for a higher purpose, such as a program for rebuilding the nation's industry, would such social solidarity be cemented.

The strikers must also worry about the motives of the UAW's Solidarity House headquarters and of the top levels of the AFL-CIO. A year ago, the UAW top brass quashed powerful rank-and-file agitation against NAFTA. First, the orders came from Solidarity House and the AFL-CIO to stop the protests, then before Labor Day the UAW leadership abruptly mounted a health-care fight to pull the activists away from NAFTA.

In January, after announcing that it will close 26 factories, General Motors began a vicious bargaining with local UAW leaders, offering them a reprieve if they gave up their national contract. GM cracked the Arlington, Texas UAW, while Solidarity House gave tacit approval. Even more disorienting is the UAW policy in the Caterpillar strike, which began Nov. 7 with a selective strike at two plants. When

Caterpillar responded with a lockout, the UAW failed to pull all Caterpillar workers out—and still hasn't.

In March, before the Caterpillar ultimatum, picketers in Peoria complained to this reporter that the UAW leadership "won't tell us what's going on." Why is the leadership conducting this strike as a simple trade-union action, which can only end in defeat? Will even a mobilization of the AFL-CIO to support the strike merely focus union militants on Caterpillar and blind them to the "cold shock" slashing of living standards gearing up in Washington, D.C.?

Note that senior labor leaders themselves belong to the CFR, the Trilateral Commission, and the fanatically pro-austerity Brookings Institution, including AFL-CIO president Lane Kirkland and AFL-CIO vice president Sol Chaikin of the Ladies Garment Workers.

When Bill Clinton met the Caterpillar strikers on April 8, he did not promise to support them—not surprising in view of his anti-labor record. He did endorse mediation; the company wants federal government mediation, while UAW chief Owen Bieber wants "private mediation." Under depression conditions, mediation means a step toward scrapping collective bargaining, in favor of corporatist controls.

Some strikers greeted Clinton with enthusiasm, as they did Mr. Corporatism, Jerry Brown, later in the week. Worn down by five months of \$100-per-week strike pay, and surrounded by tens of thousands of eager scabs, they cheered when Clinton endorsed a congressional bill to prohibit a company from hiring permanent strikebreakers. Under present circumstances, such a bill, if it ever passed, would be used to hasten the corporate stampede south of the border.

Job creation

The fundamental problem the strikers must address is the creation of agro-industrial jobs—not just to reduce the numbers of potential scabs, but for the nation and world. In the immediate case of Caterpillar, the company's boast that 59% of its sales were made outside the United States chiefly reflects the decade-long downturn in domestic sales, which turned much worse in the depression dip beginning 1991.

Local UAW officials are worried about the company's large-scale reorganization into eight "profit centers," designed to reduce production because of the depression, and also about the prospects of jobs being sent to Mexico and other Ibero-American countries even if NAFTA is defeated. Caterpillar's low levels of capital investment and the marketing of "financial products" is further proof that management intends a sharp reduction in output, especially in the United States.

How many Caterpillar strikers voted for Democratic presidential candidate Lyndon LaRouche in the March 17 Illinois primary? What industry but earth-moving equipment could benefit more from the LaRouche program to issue \$600 billion in federal credit for infrastructure, and LaRouche's Productive Triangle Plan for rebuilding eastern Europe?

A turning point for death penalty in U.S.

by Anita Gallagher

While South Africa suspended its use of the death penalty early this year, the United States instead will dramatically step up executions as dozens of the 2,500 inmates on death row exhaust their appeals during 1992. Most shocking, a number of those facing imminent execution across the United States have produced evidence showing that they are very probably innocent—evidence which U.S. state and federal courts are refusing to hear.

On Feb. 9, the U.S. Supreme Court accepted the case of *Herrera v. Texas*, which poses the fundamental natural law issue of whether the innocence of the defendant ought to bar execution if the conviction followed existing case law. With the dissent of Justices John Paul Stevens and Harry Blackmun, the Court simultaneously refused to stay Leonel T. Herrera's execution, now scheduled for April 15, until the case is argued—October at the earliest. It is widely feared that the Court's refusal to stay Herrera's execution is a portent of how the majority of the Rehnquist Court intends to rule.

With federal courts increasingly hostile to review rulings of state courts, death row defendants in the United States are increasingly forced to resort to appeals for clemency from state governors, waged through the corrupt U.S. media. Though this alternative represents an abrogation by the courts of their duty to uphold natural law, and a virtual assembly line to the death house, the publicity surrounding the attempts by these defendants to win executive clemency has proved a powerful polemic against the death penalty. While U.S. federal and state judges may believe that the possibly innocent should be sacrificed to judicial economy or legal precedents, it is becoming clear that the majority of Americans do not.

No more election stunts

The most prominent case in the U.S. media at this moment is the conviction of Barry Lee Fairchild, secured by the administration of Gov. Bill Clinton in Arkansas. Democratic presidential candidate Lyndon LaRouche has called on Clinton "to show clemency in the case." Said LaRouche, "There's no doubt that the guilt of Barry Lee Fairchild, a poor, retarded black man, is very much in doubt. . . . I think that at this time we want no more of public executions as election stunts in the course of this presidential campaign."

Fairchild has charged that he was convicted because a Clinton-appointed sheriff, Tommy Robinson, tortured him into confessing to the murder of a white nurse in 1982. The

videotaped confession is the only evidence in the case, and 13 other suspects, as well as sheriff's deputies, have corroborated Fairchild's claim that the confession was coerced by torture, on the ABC News program "20/20" shown in 1991, among other instances.

Robinson, who was jailed for contempt for refusing to follow a black judge's order to improve conditions in his jail in the early 1980s, was later elected to Congress. Robinson has now emerged as the congressman with the greatest number of bounced checks in the House bank scandal.

In Illinois, Assistant State Attorney General Mary Brigid Kenney resigned as a state prosecutor in March, in protest of her assignment to oppose the appeals of convicted murderer Rolando Cruz, who has been sentenced to death. "After a careful examination of the record . . . I realized that I was being asked to help execute an innocent man," Kenney wrote in her letter of resignation. Kenney said that her belief that Brian Dugan, who subsequently confessed to the crime, is the real murderer, is shared by current and former members of the state police, the DuPage County sheriff's office, local police, and the Kane County, Illinois prosecutor's office.

The case of Rolando Cruz, who has been twice convicted for the sex slaying of 10-year-old Jeanine Nicarico of Naperville, Illinois, is now before the Illinois Supreme Court for the third time. Illinois Attorney General Roland Burris, a Bush Democrat who stated in March that "LaRouche is in jail where he belongs," announced that despite the recommendation of the prosecutor he assigned to the case, he would continue to seek the execution of Cruz.

Virginia Attorney General Mary Sue Terry, the woman whom LaRouche has called "the Ilse Koch of the United States," smarting from Gov. Doug Wilder's commutation of the death sentence of Herbert Bassette on Jan. 23, is now seeking the May 20 execution of 32-year-old Roger Coleman, whose claims of innocence are even more powerful than Bassette's.

Coleman was convicted by a biased jury, because on evidence of his innocence was withheld by the police. Attorneys for Coleman, and investigators for Centurion Ministries, have produced a witness-corroborated account of his whereabouts for every moment of the time frame in which the victim was murdered. Investigators from Centurion Ministries were responsible for the March release of two men wrongfully imprisoned on murder charges for 17 years in California.

In Coleman's case, Virginia Attorney General Terry stood on the argument that the actual innocence of the defendant is not a ground on which an execution can be lifted. The U.S. Supreme Court, with Stevens and Blackmun dissenting, also used Coleman's case to enunciate the barbaric doctrine that a procedural default at the state level (in Coleman's case, his attorneys filed papers one day late) meant that the merits of his case could not be considered, even though he would be executed.

'An innocent man on death row'

Kathleen A. Behan, Esq., of the Arnold & Porter law firm of Washington, D.C., represents Roger Coleman, who has been sentenced in Virginia to electrocution on May 20, 1992 for the murder of Wanda Faye McCoy in Grundy, Virginia in 1981. Coleman has steadfastly maintained his innocence. Anita Gallagher interviewed Behan on April 7.

EIR: In your brief, "Roger Keith Coleman: An Innocent Man on Death Row?" you wrote that the day after Wanda McCoy's murder, Roger Coleman was put on a railroad bound for the electric chair. Where do things stand now?

Behan: We're still in the middle of court proceedings. We are hoping to get some relief from the Virginia Supreme Court. What we really want is a hearing, so that we can try to prove his innocence. If we do not succeed in the Virginia Supreme Court, then we'll be going into federal court in very short order.

EIR: Can you summarize the evidence that proves that Roger Coleman is innocent?

Behan: There is a significant body of newly discovered evidence that points to his innocence. That includes admissions by a third party that he committed the murder for which Roger is about to be executed, and the fact that this third party has attacked other women in the intervening years. It also includes bloody sheets, two Van Heusen cowboy shirts, and a variety of other pieces of evidence which were found in a truck very close to the scene of the crime the day after the murder, which belonged to one of the friends of the person who has now admitted to the crime. So, there is a constellation of evidence pointing in the direction of other people. There is also significant new evidence that the Commonwealth of Virginia withheld a lot of information from Roger Coleman's prior attorneys, preventing Roger from using that information at trial. If he had been able to use that information, I believe he would have been acquitted.

EIR: When you speak of the Commonwealth of Virginia withholding evidence, are you referring to things such as the pry mark on the victim's door?

Behan: Exactly. There was a pry mark on the door. There was also a latent fingerprint, which was lifted for testing, but we never got the results of it. And if it had been Roger's, the Commonwealth surely would have used that at trial. So it

must have been someone else's. In addition, they knew about the bloody sheets and the cowboy shirts, but they didn't turn that over. Additionally, Donney Ramey, the person who has now admitted to the murder, was a police suspect; he and his brother were both suspects, and were checked by the police for scratches, and that evidence was never turned over. Any of these pieces of evidence may have led Mr. Coleman's trial attorneys to discover the actual perpetrators, and they would have been able to use that at trial.

EIR: Has Coleman ever had a post-conviction hearing on the merits of his case, by either a federal or a state court?

Behan: He has had a state *habeas corpus* hearing on ineffective assistance of counsel. That's the sum total. He never had a federal hearing at all, because of the "one day late" procedural default by his *habeas* attorneys in 1986. That went up to the U.S. Supreme Court, and the U.S. Supreme Court ruled that the case was at an end, and that Roger would get no federal hearing unless he could show a fundamental miscarriage of justice. We believe that now we have come up with the evidence to show that, and so we hope that we will be able to get back into court. . . .

EIR: How would you characterize the attitude of Virginia Attorney General Mary Sue Terry, in the case of Roger Coleman and other Virginia death row inmates?

Behan: I won't comment on that. . . . I wish [that office] took the position that this kind of new evidence could be heard. I don't think it makes sense to spend years arguing about whether we should get a hearing, when a hearing takes such a small amount of time, and hearings in the American system of justice are such an essential part of due process. . . .

EIR: Do you think the U.S. risks becoming a police state, if the only avenue through which unjust convictions can be overturned is executive clemency by governors of states?

Behan: I think as more and more of these circumstantial cases get to the point of execution, we are going to have to look at the death penalty and how it's imposed in our society, and we are going to have to say: What is the degree of proof that we need to execute somebody, and can we take the risk that we are executing innocent people? . . . The courts and the legislatures have an equal role in ensuring that these types of issues are heard. . . .

EIR: What can be done to stop Roger Coleman's execution?

Behan: They can write or call Governor Wilder's office. They can ask their legislators to introduce a bill that would allow people to come into court with new evidence of innocence after the trial and final judgment.

Letters should be sent to the Honorable L. Douglas Wilder, Governor of Virginia, P.O. Box 1475, Richmond, Va., 23212. Phone (804) 786-2211; Fax (804) 786-3985.

Elephants and Donkeys

by Kathleen Klenetsky

Clinton to kill another retarded prisoner

Bill Clinton's political ambitions may soon cause the death of yet another Arkansas prisoner—and one who may well be innocent.

The National Association for the Advancement of Colored People (NAACP) is protesting the pending execution of Arkansas prisoner Barry Lee Fairchild, who is the second retarded black man to face the death penalty since Clinton launched his bid for the presidential nomination.

Just weeks before the February New Hampshire primary, Clinton rushed back to Arkansas to oversee the execution of Rickey Ray Rector, who was sentenced to death for murder despite the fact that he had been lobotomized by a gunshot wound.

Clinton seems determined to pull off another similar publicity stunt in the case of Fairchild, who was convicted of raping and murdering a white woman. The only evidence against Fairchild, however, was a videotaped confession, which he says was tortured out of him at the behest of Sheriff Tommy Robinson, later appointed by Clinton as director of the State Public Safety Department.

Fairchild, who has maintained his innocence, appears on the video with his head wrapped in gauze.

Since Fairchild's 1984 conviction, Clinton has set three execution dates, but they have all been stayed by the courts. The last was in late 1990, after a deputy in Robinson's office revealed that confessions of a number of black suspects had been beaten out of them by Robinson's men.

Nevertheless, Clinton, who once opposed capital punishment but changed his mind out of political expediency, has stubbornly refused to grant Fairchild a pardon.

In a March 24 letter to Rep. John Lewis (D-Ga.), Richard Burr, a Clin-

ton supporter and director of the NAACP Legal Defense and Education Fund, charged, "Thus far, Governor Clinton has shown no concern for the gross abuses and unfairness surrounding the prosecution of Mr. Fairchild. When we approached him in early September 1990, with early glimpses of the egregious police abuse in the case, he saw 'no reason' to intervene."

AIPAC love affair with Ross Perot

The American-Israel Public Affairs Committee (AIPAC), the premier U.S.-based Israeli lobbying group, has apparently fallen in love with H. Ross Perot, the Texas billionaire who's mounting an independent presidential bid.

At its conference in Washington in early April, Perot received many accolades. Thomas Dine, AIPAC executive director, declared that Perot "is a believer in the Israeli way of defending itself. I am told by those who know him that he would be a very interesting person to deal with and probably very friendly."

Dine's paean sparked warm applause from conference participants. One attendee told the *Washington Post* that "before Perot arrived on the scene, most Jews would prefer to vote for none-of-the-above. But now he's emerged as a serious anti-Washington establishment candidate, I think he's the best thing that's happened to the election process."

'Web of corruption' surrounds Bush

Republican strategist Kevin Phillips explored some of the infrequently raised issues of George Bush's personal corruption, in the April 5 *Los*

Angeles Times. Under the headline "The Ties That Tarnish: The Web of Corruption That Surrounds George Bush," Phillips charged that "under Bush, the conduct of U.S. foreign affairs is starting to resemble the 'bank' at the House of Representatives, a cash club for the favored and faithful."

Among the beneficiaries:

- Bush's brother, Prescott, who "stood to make \$1 million by arranging U.S. deals for Tusho," a front for the Japanese Inagawakai crime syndicate that owned Asset Management International, which employed Prescott as a consultant.

- Bush's son, George, whom Phillips describes as "a significant shareholder—along with Saudi and South African investors—in a Texas company, Harken Energy," which, just before the Gulf war, "won a major oil drilling contract . . . from Bahrain."

- The President's brother, William (Bucky) Bush, who, reports Phillips, advises Korea's Samsung on U.S. investments.

- Bush's son, Jeb, who runs his father's Florida campaign, and has "multimillion-dollar backing from Japan's Mitsui Trust" for his international real estate operations. Jeb has been cited as a potential witness in the Bank of Credit and Commerce International (BCCI) case.

The article also speculates on Bush's ties with the Persian Gulf owners of BCCI, including Sheikh Kamal Adham, former head of Saudi intelligence, and Sheikh Zayed ibn Sultan al Nuhayan of Abu Dhabi, BCCI's dominant shareholder. "Quite extraordinarily, [BCCI's] Zayed's chief Washington strategist happens to be James A. Lake, deputy manager of the Bush reelection campaign, who also advises the Abu Dhabi Investment Authority and is a lobbyist for Japanese interests."

Sachs seeks more funds for IMF wrecking team

Harvard Prof. Jeffrey Sachs called the \$12.3 billion in proposed International Monetary Fund (IMF) aid to Russia an absolute requirement, and warned that more funds will be needed, in testimony before the House Subcommittee on Europe and the Middle East on April 1. Sachs is the author of the "shock therapy" austerity policy which is destroying the Polish economy and which is now being attempted by Russian President Boris Yeltsin under the personal direction of Sachs.

"There is growing risk of an anti-western backlash, provoked by opponents of the government. . . . The IMF and the West more generally, will bear the blame for the measures if there is no western financial support to accompany this round of policy actions," said Sachs. Sachs is also calling for a \$6 billion stabilization fund for the ruble, which would act as an "insurance policy" if the market forces unleashed by the lifting of price controls were to cause a serious destabilization of the currency.

Sachs consoled legislators, who are being asked to pass a \$12 billion quota increase in funding for the IMF, assuring them that Russia "would be barred" from drawing down the \$6 billion fund if its macro-economic policies were out of compliance with the IMF-monitored program.

Burton warns that 38 million could die of AIDS

On March 26, Rep. Dan Burton (R-Ind.) warned that as many as 38 million Americans could die of AIDS if immediate steps are not taken to curb its spread.

Burton pointed to the announcement that day by Dr. Louis Sullivan,

head of the Department of Health and Human Services, that 40,000 people a year are dying from AIDS and 40,000 are contracting the disease or getting HIV. The announcement also noted that one out of every 250 Americans is carrying the virus.

"I believe the epidemic is worse than that," said Burton. "I believe that we have 4-6 million people infected, which means that one out of every 40 or 60 Americans has the disease, and they are going to die from it."

Burton repeated his demand for a program of mandatory testing and tracing in order to establish who has the disease. "If we do not deal with this very quickly, we are going to lose 10, 20, or 30 million Americans. It is going to be devastating to our health system," he said.

Burton has been one of the most outspoken congressmen on the AIDS issue, but his calls for responsible public health measures have largely gone unheeded. Unfortunately, the "austerity Republicans," like Burton, in their fervor to cut the budget deficit at all costs, deprive the federal government of the fiscal means to take up the life-and-death challenge posed by the disease.

Gonzalez rips Thornburgh for obstructing justice

In floor comments on March 30, House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) attacked the Department of Justice under former Attorney General Richard Thornburgh as the "Obstruction of Justice Department." Gonzalez pointed to Thornburgh's attempts to "falsely use national security to thwart the committee's investigation" of the Atlanta branch of the Italian Banca Nazionale del Lavoro.

The Gonzalez investigation is examining U.S. relations with Iraq in the period immediately preceding the Persian Gulf war and, in particular, the specific intelligence and financial collaboration with Iraq.

Gonzalez complained that the U.S. policy toward Iraq was conducted "behind closed doors and out of the sight of Congress and the American people." He said that, since the Banking Committee began its investigation, Attorney General Thornburgh and the Justice Department, together with the Department of Agriculture and members of the National Security Council, had exerted all efforts to "mislead the Congress and the American public."

Health system collapsing due to drugs, AIDS

The related epidemics of AIDS and drugs are crushing the emergency health care delivery system, according to a report released by Rep. Charles Rangel (D-N.Y.), the chairman of the House Select Committee on Narcotics Abuse and Control. Statistics developed by the National Association for Perinatal Addiction Research and Education (Napare) also show that this is wrecking the social infrastructure for children who are victimized by these problems. Among the findings in the committee report:

"Approximately 554,400 to 739,200 drug-exposed babies are born each year," the report says, based on material developed by the Commission on the Future of Children, 1991.

"One of every 10 infants in the United States is born to a substance-abusing mother while some more recent studies suggest the number is closer to one in five. . . .

"The rate of drug abuse among

pregnant women is the same across racial and socio-economic groups (15%). However, African-American women are 11 times more likely to be tested than whites. . . .

"By the year 2000, sixty percent of students attending inner city public schools could come from the current population of drug-exposed infants," the report said, based on a Government Accounting Office report entitled "Drug-Exposed Infants: A Generation at Risk" released in 1990.

"The number of children in foster care is almost 400,000—an increase of 50% over the past five years. . . .

"Approximately one-third of those placed in foster care are children of drug abusers. Annual costs of foster care for these children range from \$13-36,000. . . .

"Between 30 and 50% of drug-exposed infants in New York City go into foster care," the report said, based on a report entitled "Crack Babies: The Shame of New York," prepared by the New York State Senate in 1989.

Dems hold secret caucus on alternative to Clinton

The April 6 issue of *Roll Call*, the Capitol Hill newspaper, reported that a "secret meeting" of Democratic senators took place on April 1 in the offices of Sen. Dennis DeConcini (D-Ariz.) to discuss the possibility of an alternative Democratic presidential candidate to Arkansas Gov. Bill Clinton. Many participants reportedly fear that a Clinton primary victory will secure George Bush's reelection.

The Democratic leadership confirmed that the meeting took place, although the names of the senators attending were not revealed. Sen. David

Boren (D-Okla.) said that he did not attend the meeting, but that he had sent a letter to former Massachusetts Sen. Paul Tsongas urging him to rejoin the presidential campaign. Tsongas suspended his effort after several Midwest primary defeats.

Although there is widespread discontent with Clinton on Capitol Hill, he received the endorsement of House Speaker Thomas Foley (D-Wash.) on April 3.

LaRouche reform of Fed presented to Congress

Testifying before the House Appropriations Subcommittee on the Treasury, Postal Service, and General Government on April 8, Schiller Institute representative William Jones outlined the "Federal Reserve Nationalization Act of 1992," authored by Democratic presidential candidate Lyndon LaRouche.

The text of the act, which was entered officially as the Schiller Institute testimony in the committee record, outlines a series of measures for financial reform, including nationalizing the Federal Reserve and bringing it under the control of the U.S. Treasury. On the basis of those measures, as authorized by Article 1 of the U.S. Constitution, the new *national* bank could issue currency through a discount window to the productive, infrastructure and related sectors of the physical economy.

"The LaRouche proposal calls for a currency issuance of \$1 trillion per annum," said Jones, "\$600 billion of which would be used by the federal, state, and local governments for infrastructural spending, and \$400 billion made available to private industry through the discount window.

"Since the money is being circulated as 'productive credit,' the mode of circulation is inherently anti-inflationary. The subsequent generation of 6 million jobs would serve to rapidly increase the tax base, without increasing taxes, and the deficit would gradually decrease in spite of the necessary increased spending needed to reach that objective."

Either we implement the Hamiltonian policies embedded in the LaRouche proposal, Jones concluded, "or we can continue the same course we have traversed over the last 20 years and see our nation—and the world—plunge into what would effectively become a new Dark Ages for the human race." Three congressmen were in attendance at the hearing, including Rep. Frank Wolf (R-Va.), whom LaRouche ran against in the 1990 congressional campaign.

Dozens of congressmen bow out of reelection bid

The fallout from the House Bank scandal and redistricting is creating the highest turnover tally since 1980 when numerous congressmen were swept into office on the coattails of the Reagan victory. So far, 44 members of the U.S. House of Representatives—30 Democrats and 13 Republicans—have said they will not seek reelection. More such announcements are soon expected, according to the April 5 *New York Times*.

The highest number of voluntary exits from Congress was 49, set in 1978. Many of the congressmen who have decided to leave Congress have cited the plethora of press attacks against them as their reason for leaving, indicating the increasing power of the U.S. news media to dictate politics.

National News

N.J. court accepts 'wrongful life' case

The New Jersey Supreme Court, after two lower courts refused, has agreed to consider a suit brought on the basis of a tenet of Nazi doctrine—"wrongful birth." That court fueled the drive toward euthanasia in the United States with its decision in the Karen Ann Quinlan "right to die" case in the 1980s.

The case, according to the April 5 *Philadelphia Inquirer*, involves Kelly Anne Hummel, a blind, 20-year-old, mentally retarded young lady. Her mother has sued her obstetrician and St. Michael's Medical Center in Newark on behalf of her retarded daughter, claiming that Kelly Anne has had "a wrongful life," and she should have been aborted before birth. "Put simply, but for the negligence of the defendants, Kelly Hummel would not be alive today," the suit asserts.

Attorneys for the hospital argue that they should not be sued for "delivering a less-than-perfect baby."

Energy industry joins to oppose enviro-maniacs

At a press conference on March 31 in Washington, representatives of the coal, oil, gas, nuclear, pipeline, and electric utility industries, as well as the U. S. Chamber of Commerce, American Association of Railroads, and National Association of Manufacturers joined under the umbrella of the Global Climate Coalition to oppose passage of some amendments to already-passed national energy legislation. The amendments mainly entail the implementation of caps on carbon dioxide emissions, coal burning in particular, and a return to unlimited intervention by nuclear opponents during power plant licensing.

American Nuclear Energy Council representative Ed Davis said that H.R. 3629, sponsored by Rep. Peter Kostmayer (D-Pa.), is also opposed by the Nuclear Regulatory Commission, and that Energy Secretary James Watkins has written Kostmayer

"stating that he would recommend a presidential veto if this bill were to pass." The bill would "deform rather than reform" the licensing process, Davis stated.

Representatives from the petroleum and natural gas industries reported that they are being driven out of the United States by such regulations. By contrast, they report that they have been invited to prospect in nearly every other country in the world that has reserves.

New book on Franklin child abuse scandal

Publication of *The Franklin Cover-Up: Child Abuse, Satanism, and Murder in Nebraska* was announced April 1 in a press release from the publisher, AWT, Inc. of Lincoln, Nebraska. According to the release, the book "turns light on elites' nationwide satanic pedophile ring."

The release said: "Election year revelations of a far-reaching lurid satanic pedophilia network patronized and protected by the establishment super-elite. . . . The all too true saga whose slime has been oozing from Omaha since 1988. [The book] may turn that ooze into a raging political torrent. The book's index reads like a current Who's Who among the powerful (and perverse). Salomon Brothers fixitman Warren Buffett, AID administrator Ronald Roskens, U.S. Sen. Bob Kerrey, World Press Freedom Committee president and State Department adviser Harold Andersen, President George Bush, and many others, all stand under the spotlight. . . ."

"*The Franklin Cover-Up* is not written by an investigative journalist. It is the work of John W. DeCamp, an attorney and a 1980s Nebraska Republican state senator—a political star on the rise until his conscience insisted he throw the light of exposure on what his friend, former CIA head William Colby, warned would be far better left in the dark. . . . The high-level perpetrators from Nebraska to Washington and beyond want the Franklin case to read, 'closed.' But this book, which names the names of alleged perpetrators in the highest circles of the U.S. political and corporate elite, is now set 'to blow this case wide

open,' " the release continued.

Press coverage of the book has been intense in Nebraska. The publisher reports that it is being flooded with orders.

Gallaghers, Hecht win two more appeal issues

A three-judge panel of the Virginia Court of Appeals has granted Anita Gallagher, Paul Gallagher, and Lawrence Hecht two additional issues for their appeal on a conviction on concocted "securities fraud" charges. The court's decision was in response to a motion for reconsideration filed after the same panel denied the defendants an appeal on all issues except the recusal of trial Judge Clifford Weckstein for bias.

The granting of a motion for reconsideration on March 30 on a petition for appeal is so unusual that observers thought that this may be the first time the court has ever granted one.

The two issues are: 1) Did the court err by not dismissing the indictments because the loans at issue were not securities? and 2) Did the court err by not dismissing the indictments because of a violation of due process?

The defendants have 35 more days to file their opening brief and any *amicus curiae* briefs on their behalf.

LaRouche: How to teach establishment a lesson

Democratic presidential candidate Lyndon LaRouche told voters plainly, "If you want to teach the establishment a lesson, vote for me," in an appearance on the Midday Show, hosted by Steve Siegal on WISN radio in Milwaukee, Wisconsin, on April 1.

Siegal introduced LaRouche by saying that his being the only presidential candidate in jail before the elections is an advantage over the other candidates.

LaRouche told listeners that the real corruption in the United States today is not the politicians but, first, the news media, and, second, the citizens who have allowed the

political process to become so degraded.

LaRouche explained that the role of the media in the "Get LaRouche" task force organized at John Train's salon in 1983 was to plant attacks on him in the media as a prelude to a legal prosecution. When that didn't work in the first trial, (because the jury in Boston laughed at the government case and a mistrial ensued), the government created the crime (the April 1987 involuntary bankruptcy of three companies). Then, LaRouche said, he and his associates were charged with the failure to inform people that the government was going to bankrupt them.

LaRouche said that now the oligarchy of the West believes that with the collapse of the Soviet empire they do not need to maintain a commitment to technological progress, which tends to create a society in which people are conscious of their own capability of creative thinking. Thus, they are destroying even any semblance of a decent life for any citizen. So, LaRouche concluded, "if you want to teach the establishment a lesson, vote for me and watch them holler."

Prosecuted FDA official suffers amputation

Marvin Seife, a former Food and Drug Administration official, prosecuted for accepting a free lunch and setting a "bad example," was so mistreated in federal prison that he had to have one leg amputated and may lose the other, according to the April 3 *Washington Post*.

Seife, an award-winning FDA official who is regarded as the father of the generic drug boom (which saves consumers an average of \$2 per prescription), was prosecuted and convicted for lying about half a dozen free lunches with drug industry officials, and was sentenced to five months in a federal prison camp.

When Seife arrived at the prison camp in Texas on Feb. 10, he was thrown into solitary confinement (the "hole") because prison officials had misplaced his paperwork, which included warnings that he was prone to serious infections due to a condition called aseptic necrosis. His shoes were confiscated, and he first had only socks

to wear, then was issued old boots which were too small for him and resulted in severe blisters. The blisters became infected, and staphylococcus infection spread throughout his entire body before prison officials allowed him to get medical treatment. On March 1, his gangrenous left leg had to be amputated below the knee. On March 30, a federal judge reduced his sentence to time served, and Seife was released.

"What has happened to me is the most horrible thing on Earth," said Seife recently from his hospital bed. "It almost killed me. I won all these awards, I was one of the most honored employees of the federal government. . . . Out of nothing, I was totally destroyed. Thirty years, I gave my whole life to public service! It's cost me \$250,000 to defend myself. . . . Look what they've done to me."

Helmsley framed by feds, says columnist

"Every April 15—tax day—the government announces the imprisonment of a high-profile tax cheat to send the rest of us a message," syndicated columnist Paul Craig Roberts wrote in a column appearing April 4. This year, "hotel queen Leona Helmsley has been selected for the role."

Roberts reported that prosecutors knowingly used fraudulent evidence to convict Helmsley, that they failed to disclose that the accountant who was the government's chief witness was under criminal investigation for fraudulent dealings with another client, and that the government dropped its case against him in exchange for lying testimony against Leona Helmsley.

During the three-year period at issue, the Helmsleys paid over \$53 million in taxes. The government claims they avoided \$1.7 million in taxes. Wrote Roberts, "It is safe to say that the Helmsleys would not have noticed the difference between the \$53.7 million they paid and the \$55.4 million that the government claims they owed."

Roberts called for a new trial and an investigation of the prosecutors who knowingly used fraudulent evidence. "If we are to remain a free people, we cannot tolerate the government's show trials," Roberts concluded.

Briefly

● **FORMER ASTRONAUT** Dr. William Lenoir, who oversaw both Space Station Freedom and the Space Shuttle, has announced he will resign effective May 5, leaving Kennedy Space Center head Capt. Bob Crippen as the only astronaut left in a top management position. The Rogers Commission investigating the Challenger explosion had recommended that astronauts play a larger role in managing NASA.

● **MILTON FRIEDMAN** again called for the legalization of drugs, in an interview in the German magazine *Der Spiegel* in March. Drugs should be legalized like alcohol and treated like any "agricultural" product, he said. He has supported legalization since 1972.

● **RICHARD G. KOPF** of Nebraska was named by President Bush as a federal judge on April 3. According to *The Franklin Cover-up*, Kopf was involved in key phases of the coverup of the Franklin Credit Union child abuse scandal.

● **PHILIP VALENTI**, a LaRouche Democrat, debated his four opponents for U.S. Senate from Pennsylvania on March 30. Valenti said 6 million jobs need to be added to the economy so tax revenues can be increased without raising taxes. The debate was sponsored by the Pennsylvania Association of Broadcasters.

● **JERRY BROWN** lifted paragraphs of his speeches from *Senator Smith*, a book by pollster Patrick J. Caddell. The book was "a fictional device . . . to illustrate a strategy to energize disaffected voters by appealing to idealism while stoking anti-establishment anger," the March 30 *Washington Post* reported.

● **JAMES WEBB**, the NASA administrator who took us to the Moon, died on March 27. Webb had warned that "superiority in the space environment will be won by that nation which first fashions into a usable system all of the scientific knowledge, all of the technology, all of the experience. . . . We have avoided a narrow program."

Editorial

A war on you

George Bush's so-called war on drugs has been a war against the American people, particularly the young and the innocent. A report prepared under the direction of Rep. Charles Rangel (D-N.Y.), the chairman of the House Select Committee on Narcotics Abuse and Control, gives a horrifying picture of a rise in drug abuse coupled with increasing poverty as more and more Americans live at the fringes of society—unemployed, hungry, and often homeless.

This marginalized population is being ravaged by an expanding plague of drug use. Today, according to the committee report, "there are more Americans addicted to cocaine than there were three years ago. There are almost twice as many heroin addicts, and for the first time more than 3 million Americans using cocaine, heroin, or both weekly. Seventy-five percent of this addict population is *under* the age of 35.

"The fastest growing segment of this population lives in rural America and small towns, not the big cities. One in 10 of these addicts began to use cocaine or heroin for the first time in 1991. There was a 40% increase in first-time heroin users during that same period. In 1991, the number of Americans using psychedelic drugs for the first time increased for the sixth consecutive year."

Drugs are flooding into the United States and are being sold at cheaper and cheaper prices. From 1990 to 1991, the price of heroin dropped from \$65,000 to \$50,000 per kilogram, while the purity level of heroin rose from 78% to 87%. This has helped to increase demand. During this same period, cocaine-related emergencies increased 31% and heroin-related emergencies increased 26%, according to hospital statistics.

We blame the Bush administration for this rise, not because there has been inadequate funding for the Drug Enforcement Administration (even though budget cut-backs have led to easier penetration of drugs into the United States). We blame George Bush because his administration opposes those nationalist forces in Ibero-America who have been committed to eradicating the production of drugs from their countries, and because instead, his State Department supports Alfonso

López Michelsen, Carlos Andrés Pérez, and the political apparatus backed by the major drug cartels.

George Bush is a follower of the policies of Adam Smith and Milton Friedman, which argue that the growth and sale of drugs should be allowed on the free market. George Bush subscribes to the World Bank and International Monetary Fund strategy to force Ibero-America into growing drugs so that the usurious flow of funds into the major British and American banks can be sustained.

Every major religion—Islam, Judaism, Christianity—has deemed usury to be a mortal sin on a par with murder, for good reason. Every time you see a picture of a young child killed by drugs, either through an overdose or as an innocent bystander in a shootout between crazed drug dealers, remember that they are being killed by usury. They are being killed because of a policy which willingly allows drugs to flood into the streets of America in order that money flows into the coffers of otherwise bankrupt banks.

Drugs kill, but the policy which condones and encourages the pushing of drugs is the real killer. It is a policy of deliberate genocide, and it is being waged against the people of the United States and the world. It is a policy which favors speculation over production. It has allowed the infrastructure of the United States to be destroyed and money pulled out of manufacturing and agriculture while it flows into real estate speculation, stock manipulations, and asset stripping.

As the basis for agriculture and industrial production is being torn apart, people are being drawn into criminality in order to survive—from the Colombian farmer who now grows coca in order to feed his family, to an American adolescent who sees no hope of honest employment and turns to drug dealing. This is the crime of George Bush and his administration; it is his war against you. And his Democratic critics, many of whom openly back the decriminalization of marijuana, usury, and the IMF, are no better.

There is only one way to fight a real war against drugs and that is to end the usurious banker's dictatorship of the International Monetary Fund and the World Bank.

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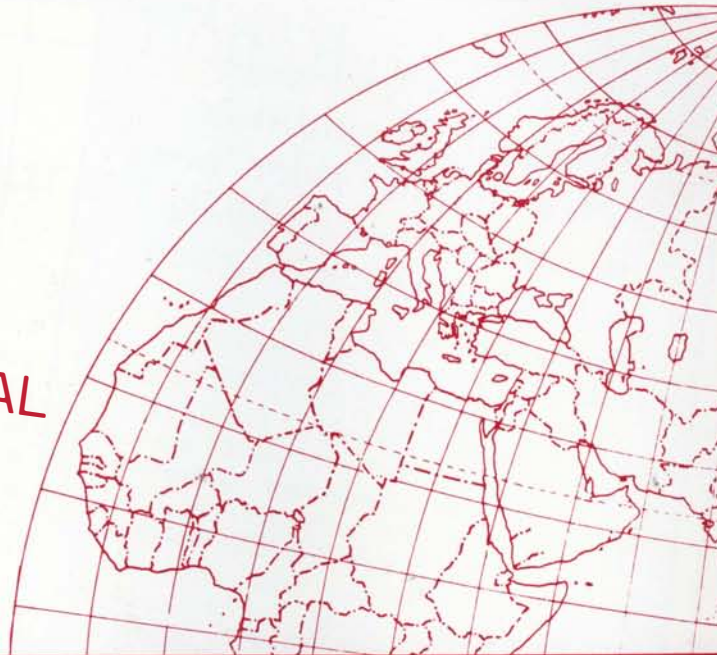
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December 5, 1991

EIR Alert reports coup rumors in Venezuela, noting that there are constant meetings among the lower ranks of the army about a military coup, but that the high command opposes it.

February 4, 1992

A "colonels' coup" against Venezuela's Carlos Andrés Pérez takes over a large part of the country, but is suppressed by the high command.

October 22, 1991

EIR Alert reports that Lord Carrington is considering a "Cyprus" model to resolve the Serbian war against Croatia.

January 1992

The United Nations decides to send troops to Croatia to enforce a Cyprus-style partition of Croatia.

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