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Executive Intelligence Review

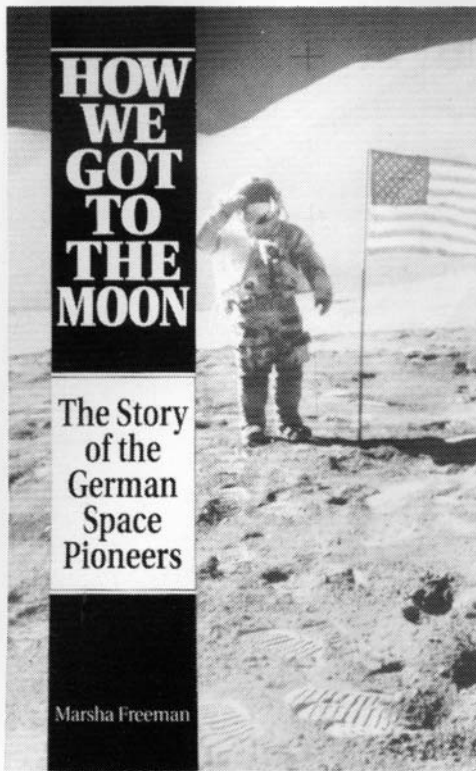
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## From the Associate Editor

The British-backed “one worldist” coup in Paraguay, the subject of our *Feature* this week, is a classic example of what Lyndon LaRouche was talking about in his Oct. 11, 1995 campaign White Paper, “The Blunder in U.S. National Security Policy.” Analyzing a Defense Department report on U.S. security strategy for the Americas, LaRouche wrote that if the policy set forth in that report were carried out, “the United States is presently in the process of shooting itself in the foot all over Central and South America.”

That policy is now being carried out, in Paraguay. And by following the British doctrine of smashing the national sovereignty and the Armed Forces of that country, the U.S. State Department is perpetrating a strategic blunder whose importance goes far beyond the borders of Paraguay itself.

U.S. policy, according to the Pentagon document, is to promote “democracy and open markets.” But, as LaRouche proves, it is utterly meaningless to talk about democracy, as long as British free-trade policies reign supreme. “When the IMF and other institutions are successfully demanding the actual mass-assassination of millions of aged, sick, and others, through actuarial blows of the budgetary axe, there is no policy which is possible which is not the deadly enemy of about eighty percent or more of the population as a whole,” LaRouche writes. “Only a deranged fanatic could presume, that a program of elimination of ‘useless eaters’ *en masse* might be conducted by a democratic process.”

The same axiomatic blunder is manifest in U.S. policy toward Russia. By upholding the International Monetary Fund-dictated “reforms,” Washington is pushing that country toward certain disaster (see *International*). As LaRouche reported on May 8, following a visit to Moscow, the United States “has virtually no contact into the inside of the process that’s going on inside Russia, and believe me, this is an earthquake, a volanco on a global scale.”

These issues will be the subject of LaRouche’s next nationally televised Presidential campaign broadcast, on FOX-TV, Sunday, June 2, at 9:30 p.m. Eastern and Pacific time (8:30 p.m. Central and Mountain).

*Susan Welsh*

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## British raise raw materials prices in attack on America

by Richard Freeman

The Anglo-Dutch raw materials cartel has triggered a worldwide speculative escalation of raw material prices of food stuffs, metals, and oil. The increases are among the sharpest in post-World War II history.

On April 5, 1995, the price of a futures contract for wheat for next month delivery traded on the Chicago Board of Trade at \$3.29 per bushel; on April 28, 1996, that same contract had been pushed up by the Cargill-led grain cartel to \$5.71 per bushel, 74% higher. In December 1995, the nationwide average price for a gallon of regular gasoline in America was \$1.10; by early May 1996, gasoline sold for as high as \$1.77 per gallon at some New York City gas stations, an increase of 61%. The price of copper, \$2,853 per ton on the London Metal Exchange on May 9, exceeded the year-earlier level by 30%.

Now, the raw materials cartel is poised to ratchet up the price of gold. On May 6, a European financial source reported to *EIR* that he expects that gold's price may soon rise by \$60, up from \$394 per troy ounce. On May 7, Barton Biggs, chairman of asset management for the London-allied Morgan Stanley investment house, one of America's ten largest, announced the purchase for Morgan Stanley of \$1 billion worth of gold. This is a major shift, equal to 3% of Morgan Stanley's total assets.

What is happening? Over the past 18 months, in anticipation of a worldwide financial crash, the London-based raw materials cartel, representing 3,000 superwealthy families, has stampeded out of increasingly worthless paper financial instruments, and added instead to its already huge raw materials assets. The oligarchy is intensifying its vise-like grip over the flow of vital raw materials upon which the survival of mankind depends.

Lyndon LaRouche, asked about the situation in a May 8 interview with "EIR Talks," had this to say: "It's a rush out of the stock market, the financial market, which the smart money knows, the big smart money, knows is coming down, at the same time that they and their press are saying, 'No, the market is solid, it's going to keep going. Everything is fine. You'll see, the bankers control it.' The fact is, they know it's coming down, and they're taking their money and *running*, while the getting is good."

### No oil shortage

The British and their lackeys have proliferated a variety of bogus explanations to cover for the rise in the price of oil and oil products, ranging from a supposed shortage of supply, to the cold weather, to the lack of Iraqi oil exports.

To start with, there is not, nor has there been over the past 12 months, an oil shortage. On April 18, an analyst in the Department of Energy's Analysis Division documented that no shortage of oil exists either worldwide or in the United States. In fact, to the contrary, the DOE expected the production of crude oil worldwide to be so strong in 1996, that its "Short-Term Energy Outlook" projected the price of an imported barrel of oil to drop significantly during 1996. The DOE projected the price of a barrel of imported oil to be, for the first through fourth quarters 1996: \$18.09, \$17.32, \$16.00, and \$16.00, respectively. The projection did not factor in potential Iraqi oil shipments, so the fact that the Iraqis are not selling on the world market should not be of consequence.

The roots of the crisis lie elsewhere. Over the last few years, the U.S. oil refinery industry has deliberately slashed America's inventory of crude oil housed at the refineries.

The House of Windsor-allied energy cartel, led by the Six Sisters—Royal Dutch Shell, British Petroleum, Exxon, Mobil, Texaco, and Chevron (Chevron and Gulf merged in 1984)—controls U.S. oil refining. Overall, it controls 41% of the marketing of the world's oil directly, and an even greater share than that, through its control of the oil transportation system, the Rotterdam spot market, and energy financing.

The energy cartel has cut American refinery oil inventories for two interconnected reasons: first, to comply with "just-in-time" inventory methods, i.e., keeping the inventory low, saving warehousing costs. Second, until late 1995, the price of crude oil had been falling. The refiners bet that instead of buying a large inventory, locking themselves into set prices, they could buy on the spot market, at ever-lower prices. The unnatural, relatively low level of inventories was created by the refineries' internal speculative cost-cutting and accounting shenanigans.

Moreover, the energy cartel refused to restock inventories. The United States imports more than half of its crude oil supply. It takes only 12 days for Britain's Brent oil from the North Sea to reach America. From Venezuela, imported oil takes six days, and from Mexico, only three. Thus, within two weeks, oil supplies could be restocked. But, the British-led cartel did the opposite, *slashing oil imports into America from 7.26 million barrels per day (mbd) in January, to 6.55 mbd in February, a cut of 10%*, even though February was a cold month.

### Crocodile tears

Another excuse of the oil refinery industry is that it is operating at 93% of capacity and can't produce more motor gasoline without risking breakdown of its facilities. It claims that because there was a cold winter, it had to refine crude oil into distillate (home heating oil), instead of producing gasoline. With this shortage, the law of supply and demand took over, driving up prices.

This is a lie on several counts. First, the refinery industry produces gasoline as its largest refined product during all 12 months of the year, with the amount of capacity dedicated to refining motor gasoline varying from 41% to 48% of total capacity, depending on the season. At no point does motor gasoline production stop, as is implied. Furthermore, DOE figures show that there is no serious shortage of gasoline as alleged: As of April 26, America's inventory of refined motor fuel, at 160.1 million barrels, was only 4.2% less than last year's late-April inventory level.

But the issue of lack of refinery capacity goes to the heart of the matter: It is part of the post-industrial society downsizing of America. Over the last 15 years, the British-led energy cartel shut down 130 refineries in America; today, America only has 162 refineries, about half the level of 15 years ago. U.S. oil refinery operable capacity has dropped from 18.6 mbd in 1981, to 15.2 mbd today, a drop of 18%.

If one shuts down volume capacity by nearly 20%, pro-

ducing even the same amount of output will stretch capacity to the limit. But to then complain about it, is like the child who murders both parents, and then asks leniency from the court because he is an orphan.

The increased prices of motor gasoline, as well as higher diesel and jet fuel prices, are cutting into the economic activity of farmers, truckers, airlines, and manufacturing. The Six Sisters are simultaneously both the largest refiners and marketers of oil; they are booking record profits on the marketing end from the higher oil price which they engineered. In addition, along with their financier allies, they are capturing huge price spreads on oil futures contracts on the New York Mercantile Exchange (NYMEX).

On May 7, British Petroleum reported that its first-quarter profits rose to \$956 million, 37% higher than last year, and the highest level in history. Shell's first-quarter profits of \$2.45 billion were also a record, and so forth.

The price increases in wheat, corn, soybeans, and other basic crops are likewise spectacular. Here too, the grain cartel, led by Cargill and the Archer Daniels Midland/Töpler company of Dwayne Andreas, is pushing the price up. While there is also massive speculation in grain, the grain cartel, working with the International Monetary Fund, has engineered a real crisis: In 1996, world wheat stocks, relative to consumption levels (which themselves are inadequate) are at the lowest level in 48 years.

Meantime, the beef division of the food cartels (IBP, Cargill, ConAgra, and National Beef—which control 87% of all U.S. beef processing) are underpaying livestock farmers at ruinous levels of 50¢ a pound. On May 1, South Dakota Rep. Tim Johnson (D) met with Assistant Attorney General Mrs. Anne Bingaman, to request Justice Department anti-trust investigation of the beef cartel.

On April 29 and 30, President Clinton initiated two measures to try to deal with the oil situation: First, he ordered the sale of 12 million barrels crude oil from America's Strategic Petroleum Reserve; second, the Anti-Trust Division of Clinton's Justice Department announced the formation of a five-member team to investigate price rigging in the oil industry. Within a matter of days, the price of a futures contract for the benchmark West Texas Intermediate crude, traded on the NYMEX, had been knocked down 10%, to \$21.28 per barrel.

To attempt to counter low farm beef prices, Clinton mandated federal purchases of beef supplies for the school lunch program. There are many other calls for emergency and anti-trust action on strategic commodities.

On May 1, Leland Swenson, president of the 300,000-member National Farmers Union, called for anti-trust "enforcement" against big oil companies. On May 7, the Oil Chemical and Atomic Workers Union took out an ad in the *Washington Post*, calling for Justice Department action against the shutting down of oil refinery capacity. Rep. Edward Markey (D-Mass.) and Sen. Larry Pressler (R-S.D.) have called for anti-trust investigations.

# Frankfurt drug legalization mafia says 'no' to U.S. War on Drugs

by Karen Steinherz and Christian Huth

Should Germany "go legal" with dangerous "recreational" drugs, as the new liberal pro-drug government of Holland has done? This question was answered clearly in the affirmative, at a conference at the Evangelical Academy of Tutzing, in the German state of Bavaria. The elegant castle was the site of a 70-person symposium April 26-28, entitled "Drug Politics in Controversy."

The pro-drug policy of the Netherlands was vigorously endorsed by Dr. Harald Hans Koerner, the head of the central office for drug law enforcement at the District Attorney's office in the German state of Hesse. Koerner, a Social Democrat, spelled out a seven-point program, a "politics of tolerance," for the legalization of marijuana, cocaine, and heroin in Germany, displaying his legal expertise in a training session on how to circumvent German anti-drug laws.

The Frankfurt airport, which falls under Koerner's jurisdiction, is, along with the Madrid airport and the Rotterdam port, a leading entry point for marijuana, cocaine, and heroin coming into Europe from Colombia, Ghana, Morocco, and Afghanistan. The total drug traffic in the European Union was estimated at \$80 billion in 1994.

Dr. Gerhard Goedhart, drug adviser and member of the City Council of Amsterdam, painted the policy of the new government of the Netherlands in glowing terms. The informal drug paradise of Amsterdam will be turned into an official one, if new legislation in the Dutch Parliament is approved in the coming months. The legislation will enable Holland's coffee shops to sell cannabis, like a restaurant or a bar with a liquor license.

This position stands in stark contrast to the anti-drug campaign of the Clinton administration, and is a disturbing feature of the New European Order envisioned by the European Union's Maastricht Treaty.

One week before the Tutzing conference, the final document of the Cochabamba Conference of the European Union (EU) and the Rio Group, in Cochabamba, Bolivia, directly attacked the anti-drug policy of the Clinton administration, establishing instead the thesis of "co-responsibility or shared responsibility" between drug-producing and -consuming nations. This "shared guilt" thesis, according to which no one is

to blame for the drug mafia, is also the line of the Samper Pizano government in Colombia, which the Clinton administration decertified in March, because of its connections to the Cali Cartel. Decertification means that the American government is no longer officially collaborating with the Colombian government.

EU Vice President Manuel Marin affirmed, "The European Union is consolidating one principle on an international level: Drugs are not the exclusive problem of those who produce them; they are the problem of those who consume them." The EU *does not practice decertification*, he said.

The EU is proposing a policy that would supposedly stimulate "alternative development, placing its bets on the carrot and not the stick." Wire service coverage of the Cochabamba event emphasized, "This week Latin America is closer to Europe than to the United States."

## Seven steps to German drug legalization

Frankfurt Prosecutor Koerner's seven steps to drug legalization are an olive branch to international organized crime. However, he pitched his legalization agenda so as to avoid all mention of global issues, dwelling instead on the theme of "the victims," and repeating over and over, to an audience of drug therapists, doctors, and teachers, his concern about drug addicts having clean needles.

To begin with, Koerner would only punish dealers, not consumers of narcotics. Over a period of a few years, Koerner envisions total decriminalization, and, finally, legalization, with the only barriers to selling drugs being the protection of minors. Currently, Frankfurt has "shooting galleries" in which sterile syringes and needles are given out to the city's heroin addicts—but the addicts must bring their own heroin, which is still, illegal. According to Koerner's agenda (Step 5), doctors would eventually dispense drugs, including heroin, one step before a state-controlled monopoly on all drugs (Step 6).

Koerner pointed out that some cities, such as Nuremberg or Munich, might choose to remain at one step or another of the seven-step program. Legalization, the final step, he said, would mean that everyone could buy drugs, and every-



one could sell them (except pharmacies, which he was against). Koerner thought that Step 6 might be eliminated, going directly to legalization. He admitted that a state-controlled monopoly has never been considered before, because it violates U.N. conventions and other international narcotics protocols.

In November 1992, Koerner, who is member of the legal committee of the Social Democratic Party (SPD), wrote a memorandum for the Hesse Justice Ministry saying that even though they violate drug laws, the "health rooms" (shooting galleries) do provide addicts with clean needles, which is a "higher aim" than the law. Soon after this memo was issued, Frankfurt's five shooting galleries, which service approximately 1,000 heroin addicts, were established.

Koerner cited veteran advocates of legalization, notably members of the Frankfurt Resolution group, such as Werner Schneider from Frankfurt, with whom Koerner worked out the plans for the shooting galleries; and Dr. Horst Bossong from Hamburg, who also spoke at Tutzing. The Frankfurt Resolution is the name of the leading organization backing drug decriminalization for what the legalizers term "soft drugs," such as marijuana. Its founding document also calls for distribution of methadone and heroin to addicts. It was endorsed by the cities of Frankfurt, Amsterdam, Rotterdam, Hamburg, and Zurich. Bossong is currently a drug adviser for Hamburg, and Schneider is the chief drug adviser for Frankfurt.

Schneider stated in his speech at Tutzing that it was his "personal opinion" that cocaine should be legalized. "There is as much cocaine in the apple wine pubs as there is apple wine," he said, referring to Frankfurt's famous apple wine. "These people are integrated into society; the risk is as low as with alcohol consumers." Cocaine is the drug of choice for Germany's "Chicy-Micky," a term for Germany's young bankers and wealthier middle and upper class.

### **'Bang, bang, bang'**

Last October, President Clinton signed a series of Executive Orders and Presidential Decision Directives, marshalling resources to shut down the 50 biggest drug-money-laundering operations in the world. He declared a state of national emergency over the growing power of international organized crime, and restricted financial dealings of U.S. companies with nearly 100 companies suspected of being fronts for the Cali Cartel.

In response to a question from *EIR* about President Clinton's tough stance, Koerner replied: "I don't like the American method of the War on Drugs; it's just bang, bang, bang. . . . No war on drugs in history has ever been successful. We had a 20-year repressive policy which did not work; we need to activate a new pragmatic drug policy."

Koerner, the chief prosecuting attorney in Frankfurt, presides over legal strategy in criminal and civil law for Frankfurt, for the prosecution of arrested drug dealers. When the

Federal German Border Guards (BGS) arrest these couriers, carrying suitcases of cash or drugs, their prosecution falls within the jurisdiction of the state of Hesse and its Criminal Office and Koerner's office. Koerner himself stated that there is only a 5% seizure rate in Frankfurt, and less than 4% of the crimes come to a successful prosecution, due to Germany's *Datenschutz* laws. These are supposed to protect the privacy of the individual, providing for banking secrecy, freedom from wiretaps, etc; but criminals are taking advantage of these laws, making Germany a haven for international organized crime.

When asked by *EIR* whether he would recommend changing German law to make it easier to investigate and prosecute the drug trade in Germany, Koerner replied, "No."

### **Controversy in government circles**

On March 9, 1994, the drug lobby's arguments found their way into a ruling of Germany's constitutional court, the Bundesverfassungsgericht (BVG). The court ruled that possession of small amounts of cannabis products for personal use, is not to be punished by law. Now, according to the German legal code, this will have to be written into law by the parliaments of the 16 German states, something which is still pending.

There is a debate on the question of what constitutes "small amounts": whether it should be, in the case of hashish, 10 grams, 30 grams (as in some other European states), or 30 kilograms (!), as one judge in Lübeck argued, though his ruling was later overturned. As of now, there is a great deal of flexibility in how the drug law may be interpreted.

The title of the Tutzing conference, "Drug Politics in Controversy," certainly did not refer to any opposition from the passive audience. However, there is some resistance to the legalization policy from the German federal government.

Drug Deputy Eduard Lintner, a Christian Democrat, in April attacked Heide Moser (SPD), who is proposing to give out cannabis in German pharmacies. In a new book entitled *Cannibis*, Mrs. Moser, who is the health minister of the German state of Schleswig-Holstein, gave her approval to the smoking of cannabis. Lintner attacked this as "highly irresponsible."

The leader of the opposition in the parliament of Schleswig-Holstein, Dr. Ottfried Hennig, attacked Moser's proposals: "Drugs are the quickest way to the self-destruction of a society. This is the spiritual aberration of the Social Democratic Party in drug politics, to play with the lives and destinies of young people, and to make fun of the concerns of millions of parents."

In order to get around government opposition, SPD member Koerner is pitching his arguments to the private sector. Banks, like Commerzbank in Frankfurt, are giving money for the shooting galleries, and police are asked to guard the galleries to support the "social policy" of driving the addicts out of Frankfurt's parks.

# Indian captains of industry send crossed signals to political parties

by Susan Maitra and Ramtanu Maitra

After supporting the economic liberalization process since its introduction by the ruling Congress Party government in 1991, the Confederation of Indian Industry (CII), India's most influential industry association, suddenly changed course and unleashed an unexpected verbal attack on the foreign multinationals (MNCs) now investing in India.

The blast was delivered five weeks before the country went to elect a new government for the 11th time in the 50 years since Independence, and was followed up with intense political wheeling-dealing. Although the issues raised by the CII need closer attention and should be used for formulating a national policy on how to make foreign investment most effective, the subsequent backpedalling by the CII itself, and the compromised statements issued by the major political parties on the subject, instead made the whole thing a charade.

The paper that drew wide attention throughout the country was delivered on March 18 by CII General Secretary Tarun Das. Titled "MNCs Need to Rethink India Strategy," the crux of Das's criticism was the following:

- The trend of the multinationals' interest in India is more toward sales than manufacturing. This, in effect, shows their reluctance to invest in India.
- Multinational strategy is focussed on the short term rather than the long term; it is aimed at generating profits quickly.
- Multinational strategy is to bring in technology and products that have been phased out in their country of origin.
- Multinationals have commonly leveraged an Indian partner to get into India on a 50-50 or 60-40 basis to get approvals, and then acquire a controlling share.
- In spite of having a joint venture with an Indian partner, multinationals often set up a 100% subsidiary under their full control.
- The multinationals generally use expatriate managers and CEOs for the joint venture company rather than the available, competitive Indian management.
- Another trend is reflected in the "cowboy" approach: zooming into India, hastily choosing a partner, making a mistake, and then wanting to break the relationship.

## Intersecting election campaigns

The political overtone of the statement and the timing of its issuance were identified as the thumbprints of some big industrial houses, particularly those associated with the automobile sector, whose longstanding monopoly to sell poor technology-based products, is being seriously challenged by the newly arrived multinationals.

Das's statement came at a time when the major political parties were in the process of drafting their election manifestos, and when all prognostications indicated a change of guard in New Delhi in May 1996. The Congress Party government of Prime Minister P.V. Narasimha Rao, the architect of the open door economic liberalization policies, is expected to encounter heavy weather in the coming elections and it is likely that the left-liberal democrats of the Janata Dal and the Bharatiya Janata Party (BJP)—all earlier critics of the Congress Party's liberalization programs—may get a chance to form the government in the capital or participate in it.

At the same time, it is a fact that the CII is under pressure from the big industrial houses wary of the growing foreign ownership that follows the multinational investment. Despite their discomforts, available figures indicate that India does not compare unfavorably with the other Asian countries in this respect. China permits 100% foreign ownership in certain cases, but is tougher than India on intellectual property rights. Indonesia, which earlier did not allow more than 80% foreign ownership to be reduced to 49% over five years, is now allowing 100% foreign ownership. Neither the Philippines nor South Korea has any restriction on foreign equity holdings. Malaysia has a complex set of laws that seek to link foreign equity with exports. Thailand and Taiwan also have liberal equity holding laws.

But one aspect of China's ability to arm-twist foreign companies into agreeing to transfer technology in the automobile sector has, no doubt, drawn the attention of India's industrial houses. Last year, China entered into negotiations with General Motors, Ford Motors, and Toyota Motors to select a partner for manufacturing mid-size cars. GM won the contract because it agreed to a more generous transfer of technology. In another deal in 1995, Daimler-Benz edged out the Chrysler

Corporation on a mini-van manufacturing deal when the Germans offered a more generous transfer of technology. India, by contrast, does not impose technological conditions and, as a result, is allowing every auto manufacturer to come in.

### 'We didn't really mean it'

Whatever is really bothering the CII protesters aside, the confederation's outgoing president immediately began backpedalling. Rajive Kaul went from pillar to post to express support for multinational investments in India and made clear to more than one newsweekly that "the CII is not against TNCs [transnational corporations]." He emphasized that the CII "is very much in favor of them establishing long-term partnership on a win-win basis."

Kaul's belated efforts to gloss over the "political overtones" in the statement, however, had few takers. BJP General Secretary, K.N. Govindacharya, who has long expressed reservations about the CII's romancing of multinationals, among others, waved the statement off as "CII's political game." He said that while it may seem that the CII today is against the Congress Party policies on transnationals, tomorrow it may be a different story. Govindacharya also emphasized that the CII is under an illusion if it believes that the BJP favors replacing transnational dominance by "big national business overpowering the small and medium-scale entrepreneurs."

If the CII failed to impress Govindacharya by its "political game," it did well with others. It invited the BJP leader Atal Behari Vajpayee and former BJP president Dr. Murli Manohar Joshi to attend its annual session on April 16.

At the session, Vajpayee, who is considered by many as the prime minister in the wings, said the BJP does not call for total and absolute rejection of foreign investment, but wants prioritization of areas in need of foreign investment. He said the BJP was of the view that foreign capital was required in power and other components of infrastructure and, as such, it would be encouraged. He criticized the Congress Party's economic liberalization policies, not for their content but because of the corruption that they have allegedly spawned. Vajpayee also stated that it is time that Indian industrialists start investing in in-house research and development.

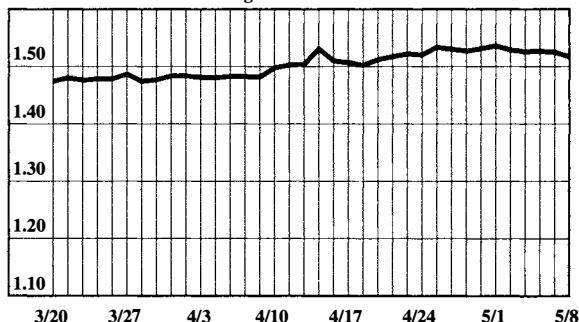
Earlier, in a meeting with Foreign Minister Pranab Mukherjee, a former commerce minister who has long been a friend of Indian industrialists, the CII recorded Mukherjee's official claim that the CII's litany of complaints against the multinationals did not cause any problem with the ruling Congress Party. All of the leftist leaders have endorsed the CII paper on their own accord.

At the bureaucratic level, the CII paper did not cut ice. Senior officials in the secretariat of the high-powered Foreign Investment Promotion Board did not give much credence to the paper either. They pointed out that the increase in foreign direct investment has come about only in the last year and, since the new foreign direct investment guidelines were introduced, a total of 4,000 proposals has been cleared.

## Currency Rates

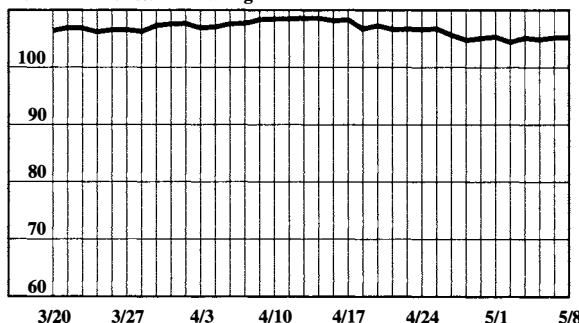
### The dollar in deutschemarks

New York late afternoon fixing



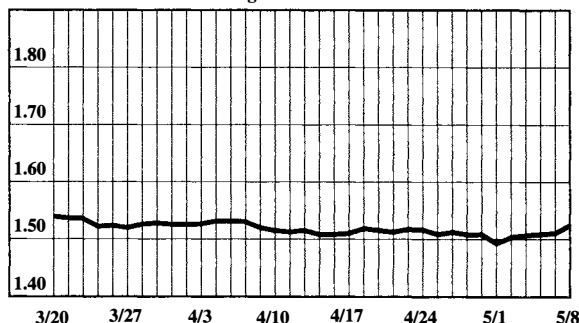
### The dollar in yen

New York late afternoon fixing



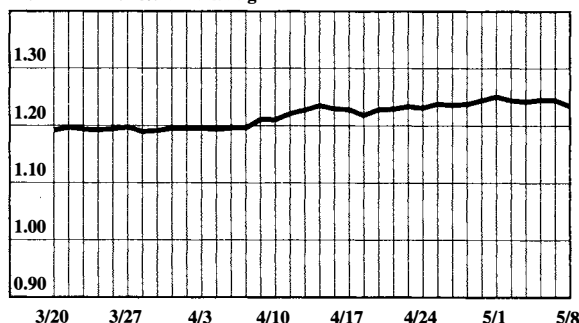
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Borrowing from Peter to pay Paul

by Carlos Cota Meza

Bringing to mind the worst moments of Mexico's previous Carlos Salinas de Gortari government, the current treasury secretary announced on April 30 the sale of \$1.7 billion worth of new "Global Bonds." According to the official explanation, the operation—described as a "moderate success"—involved exchanging Brady Bonds, with which \$30 billion worth of Mexican foreign debt was restructured in 1989-90 and which were to come due in the year 2019, with new bonds bearing a 30-year maturity, due in 2026. This is nothing more than a desperate measure, which in no way addresses the nation's worsening financial crisis.

On Feb. 6, 1990, then-President Carlos Salinas called on all of Mexico to sing the national anthem, because with George Bush's Brady Plan, "the heavy burden of Mexico's foreign debt" had been eliminated. The operation at the time involved the renegotiation of \$30 billion worth of Mexican foreign debt. The Mexican government agreed to buy \$7.1 billion worth of zero coupon bonds from the New York Federal Reserve, capitalized at an interest rate which by the year 2019 would add up to the entirety of the renegotiated debt. The bonds were called "collateral."

Six years later, with the exchange of the Brady Bonds for Global Bonds, what the Mexican government hopes to accomplish is to use the "collateral" of the former, which represents nearly \$8 billion, to help it meet 1996 payments on its short-term foreign debt of \$7 billion. With the \$1.7 billion swap operation, \$650 million worth of Brady "collateral" will be released, and a "savings" of \$170 million registered in the budget's category for foreign debt payments. This \$820 million will be used to make payments on the short-term foreign debt.

The fact is that the Global Bonds have no more "collateral" behind them than the commitment of the Mexican government to pay them. Any new issues of those bonds will be at a term of ten years, and requiring payment of interest rates triple those paid by U.S. Treasury bonds, whose current rate is 7.06%. If the Global Bonds sold on April 30 are to pay a dollar-denominated interest of "only" 12.4%, which is 5.52 percentage points higher than U.S. interest rates, experts estimate that Mexico will have to offer interest rates of up to 20% to attract enough capital to replace its Brady Bonds.

And that's not all. One-quarter of the \$1.7 billion worth of Global Bonds (\$425 million) was bought by Mexican banks. With what money? Based on what arrangements? And then

they claim to be offended, when someone says that Mexico's banks are one immense drug-money laundry!

These same banks are absolutely bankrupt. On April 30, the government concluded a "judicial truce," as part of its Debtors Support Agreement, which only proved that the agreement was a failure. Now, the Mexican government is announcing a new program for restructuring mortgage, industrial, and agricultural debts. According to the New York-based firm Securities Auction Capital, Mexico's total non-performing debt amounted to 48.5% of total debt, the highest index in the history of Mexican banking.

A "second round" of bank rescues on the part of Fobaproa, the Mexican version of the U.S. Federal Deposit Insurance Corp., has just been announced. Banco Serfin, Mexico's third largest bank, will be the first to go into this "second round." It will be selling its debt portfolio to Fobaproa for 19.8 billion pesos, which is more than twice the 8 billion pesos which the federal government allocated to the Grain Production Assistance Program, to help deal with the food emergency.

Serfin's owners have stated that once the arrangement with Fobaproa is finalized, they will be "associating" with foreign investors which could be, it is rumored, George Soros's Quantum Fund or Fidelity Fund. These funds are also interested in Carlos Slim's bank, Inbursa. Slim is the owner of Teléfonos de México. Fidelity and Quantum Funds were the principal holders of *tesobonos* (dollar-denominated Mexican government Treasury bonds), for which the Zedillo government had to pay, in 1995, with the blood of the Mexican people.

## Enter: Nicholas Brady

There is something very disturbing politically in all these "financial" arrangements. On Feb. 5, Carlos Salinas and George Bush met with former U.S. Treasury Secretary Nicholas Brady, in Brady's vacation home in the Bahamas. On April 16, Salinas appeared at a meeting of the board of directors of Dow Jones, in New York. On April 24, Brady travelled to Mexico to wind up the purchase of 2.5% of the stocks of the Banorte financial group, nominally owned by Roberto González Barrera. With that purchase, Brady won the main seat on the group's board of directors.

González Barrera (a former partner of Carlos Hank González, the agriculture secretary in the Salinas government, and of Raúl Salinas Lozano, father of Carlos Salinas) controls the Mexican corn market through the company Maseca, whose 1996 imports are expected to be 5 million tons. Thirty percent of the company was recently acquired by Archer Daniels Midland, which controls the U.S. corn market and is a leading financial backer of Presidential candidate Bob Dole (R).

Brady's descent upon Mexico was in his capacity as president of the Darby Fund, whose specialty is intervening in emerging markets, and which is a principal "captor" of Brady Bonds. Thus, it would appear that the exchange of Brady Bonds for Global Bonds is not with the "world capital market," but with Nicholas Brady in person!

# The food crisis worsens in Mexico

by Carlos Cota Meza and Carlos Méndez

Photographs of dying children with swollen bellies and skin stretched over bone may be associated in one's mind with Africa, but we may soon be seeing such tragic scenes in Mexico, if things continue as they are. A projected collapse of Mexican grain production this year of 50%, on top of last year's contraction of 35-40%, promises widespread famine, and death. Perhaps worst of all is that President Ernesto Zedillo has conditioned the minimal assistance promised growers in April, saying that this help will only be provided "to the extent that financial spaces are created" to permit it. He then ordered the Mexican Treasury to "agree to this . . . within the necessary economic discipline."

On April 16, the Mexican Treasury's response was unequivocal. It cut 213.3 million pesos more from the 1996 budget of the Agriculture Department, and another 63.6 million pesos from the Agrarian Reform Department. At the same time, the National Union of Autonomous Regional Farmer Organizations published a report revealing that Mexico will be forced to import 33% of its food requirements in 1996.

## Government policies are to blame

This latter estimate is particularly significant because, as *EIR* has repeatedly charged, and as was recently emphasized by *Excelsior* columnist Rocío Pérez-Rul on May 6, the main cause of the collapse of Mexican agriculture is not the ongoing drought, as the government claims, but its own financial and economic policies: extremely high interest rates, withdrawal of subsidies, the trade opening under the North American Free Trade Agreement (NAFTA), and the entire "adjustment program" imposed by the International Monetary Fund (IMF) and accepted by the Zedillo government.

By throwing open the door to unrestricted food imports and simultaneously withdrawing government farm subsidies, Mexico under NAFTA has deliberately destroyed its own agriculture sector. Now, with growing numbers of producers surrendering to bankruptcy and its best lands lying fallow, the specter of mass starvation looms.

Reports by the National Agricultural Council reveal that projected 1996 imports of corn will be 43% of national demand; 74% of beans; 32% of wheat; and 36.3% of milk. The National Poultry Breeders Union (UNA) reports that

imports of corn and sorghum for bird feed will increase 30% this year, raising breeding costs which have already risen 200% in the past 16 months. UNA says that international prices for these grains are the highest they have been in 40 years (corn cost \$120 a ton in January 1995, and in March of this year was going for \$180 a ton). On the world market, the price of wheat doubled in the past 12 months, according to statistics published on May 3 by the Swiss financial daily *Neue Zürcher Zeitung*. Wheat is today 92% more expensive than it was a year ago, and the general tendency is to rise further, due to massive speculation on the grain markets.

Even if Mexico had the money to import its food needs for 1996, and *even if the food were there to be imported*, such a policy would only aggravate the ongoing collapse of Mexican agriculture, and consequently of national consumption. The daily *La Jornada* reports that consumption of corn, wheat, and fruits and vegetables has already fallen 29% over the past six years. Consumption of protein has fallen to one-third of that recommended by the National Food Commission.

## Alarm bell rings

Although evidence of the collapse in Mexican agriculture is there for all to see, the Zedillo government only began to acknowledge the problem when the director of the United Nations Food and Agriculture Organization (FAO), Jacques Diouf, sounded the alarm during an official visit to Mexico in late March. During his meetings with President Zedillo and Mexico's Agriculture Secretary Francisco Labastida Ochoa, as well as with members of the Chamber of Deputies, Diouf presented a somber picture of world food production: World food reserves have fallen to levels of 30 years ago, the first time in 20 years that international reserves are 4% below the minimum security level; food shortages are affecting 800 million people around the world; and, in 1996, the rise in food prices on the international market will cost importing nations an additional \$3 billion.

The FAO director warned the Mexican officials that if any "climatic changes" should affect even one or two of the main exporting nations, "this could lead to famine." Although no one said so explicitly, Diouf was drawing a picture of Mexico.

On April 10, President Zedillo unveiled his emergency plan, in the form of an Assistance Program for Grain Production. The program offers 8 billion pesos to prepare 4 million hectares of land, in hope of producing a yield of some 7.6 million tons of basic grains.

But even if the program worked according to plan, and met all its goals, this would be just a drop in the bucket. As long as the government continues to define its policies, and especially its emergency aid programs, within the confines of "financial spaces" and "the necessary economic discipline" as defined by the IMF, the only spaces that will be created will be the graves of starvation victims.

# Business Briefs

## Natural Gas

### Russia, China seek financing for pipeline

Russia and China will ask Asian banks to help finance construction of an \$8 billion Trans-Siberian gas pipeline from Russia to China, Russian Deputy Foreign Affairs Minister Aleksandr Panov said on April 30, according to wire service reports. "About \$8 billion is an early estimate [of the cost], but Korean and Japanese companies have already shown interest, so we are not worried," he told a news conference in Moscow.

Russia and China signed a broad energy cooperation package during President Boris Yeltsin's visit to Beijing in April. Part of the deal calls for construction of a gas pipeline to run from Irkutsk, in central Siberia, to Mongolia, China, and South Korea.

The project would give Russia an export outlet for its huge natural gas reserves in Siberia, and open up cooperation among the four countries in the Far East, critical to U.S. President William Clinton's plans for a stable peace in the region.

## Asia

### South Korea approves North Korea investment

The South Korean government on April 27 ruled that three major Seoul companies, Samsung Electronics, Daewoo Electronics, and Taechang, could proceed with \$19.2 million worth of joint-venture projects in North Korea, according to wire service reports. A government spokesman said that this was an effort to advance U.S. President William Clinton's plan for a Korean peace settlement. "The government has made every effort to implement the four-nations peace talks [proposed by Clinton]. Our efforts to expand economic cooperation, including the approvals for the three companies, are in line with that," Minister of Unification Kwon O-kie said.

Stocks of all the companies involved have risen substantially in trading on the

Seoul stock exchange subsequent to the decision; the idea of such investment is very popular in South Korea. Lee Ju-yong, president of Taechang, arrived in the North Korean capital of Pyongyang on May 1, for 10 days of discussions on investment deals.

On May 1, Daewoo announced a \$10.5 million investment in a North Korean clothing company. "It took us four years to get to this point. There was no precedent and we had to create everything from scratch," said Daewoo executive Moon Ki-whan. "If this is successful, foreign companies, including South Korean ones, will be more active in the North."

South Korea's Kim Young-sam government, which before recent election losses had been hampering President Clinton's peace plans with attacks on the North, has shifted toward more cooperative actions after Clinton's visit, observers told *EIR*. "Easing the growing tension with North Korea is believed to be the top priority in our government's external policy now," a North Korean expert at Seoul's South-North Dialogue Office said. "The 'carrot' policy could be one of the best options the government now has to deal with the North."

## Trade

### Nigeria, China grant reciprocal trade status

Nigeria and China have signed an agreement according each other most favored nation trade status, the Nigerian Foreign Ministry announced on May 3, according to wire service reports. The accord was signed at the end of the Nigeria-China joint commission session held in Beijing on April 25-29. Nigerian Foreign Minister Tom Ikimi led a 35-member team that included businessmen. "The action the leaderships of our two nations have taken to raise the level of our cooperation is something the world is now watching," he told state television.

The accord provides for the expansion of trade, economic investment, and technological cooperation. Projects are to be set up in agriculture, industry, commerce, public works, water resources, and ocean transport.

As a result of an earlier agreement, more than 150 Chinese technicians have arrived in Nigeria since January to overhaul Nigeria's railway system, in a deal involving over \$500 million.

Nigerian businessmen in Ikimi's delegation said that trade with China, which stood at only \$200 million in 1995, should boom, including because contracts would be in freely convertible currencies. "This is a very viable option that should be followed through," said Bashir Gurudu, president of the Kano state branch of the manufacturers association, who was part of the team that went to China.

## Health

### New UN study shows alarming AIDS trends

Nearly 13 million people in Africa are infected with the human immunodeficiency virus (which causes AIDS), and over 4 million in Asia, according to the latest UN report, wire services reported on April 30. Although Africa remains the worst-hit, the report warns that that crisis could soon be dwarfed by the epidemic in Asia, whose progression has been very rapid. Worldwide, 20.1 million adults are estimated to be HIV-infected, and about 45% of them are said to be women.

Poverty is one of the most powerful driving forces behind the spread of AIDS, the report states. More than 90% of the people with the virus live in a developing country.

According to the study, about 7,500 people are newly infected daily. The hardest-hit group are young people between the ages of 15 and 24. Heterosexual transmission accounts for more than 75% of all infections worldwide.

In a briefing in Nairobi to Kenyan government and UN officials on April 28, the UN agency Unaid reported that more than 12.9 million adults in sub-Saharan Africa are infected with AIDS. Africa remains the most affected area in the world, the report said, where almost 55% of the infected are women.

India and Thailand accounted for most of the cases in Asia, but there is also a rapid

spread of AIDS into other Asian countries.

Unaids estimates that up to 1.2 million adults in North America and western Europe are HIV-infected, including more than 750,000 in the United States alone.

## Markets

### Galbraith warns, 'Don't forget 1929'

Economist John Kenneth Galbraith warned of the danger of speculative markets, in an interview in the May 3 *New York Post* entitled "Don't Forget 1929." "There is far more money in the stock market than there is intelligence to command it," he said.

"There is no question," Galbraith stated, that "these movements are speculative. Particularly in the mutual funds." Emphasizing the herd instinct now governing decision-making, Galbraith pointed out that "the market goes up because people see it going up," and therefore invest in it. While prefacing his remarks by saying, "I don't think [the current speculation] is as dangerous to the economy" as it was in 1929, Galbraith clearly sees parallels between the two periods.

## Transportation

### China the biggest rail market, say engineers

"China has become the biggest market for rail systems in the world," the German engineers' weekly *VDI-Nachrichten* stated in an article in its May 3 issue. The article gives a quite optimistic view of railway programs of China's new Five-Year Plan for 1996-2000.

Germany's railway attaché in China, Martin Mueller, in an interview with the weekly, emphasized that the economic success of China will depend on the rapid development of transport infrastructure. China today has a railway network of 54,000 kilometers, which is insufficient for the third largest country in the world. He compared this to the 41,000 km of railway lines in Ger-

many, which is already 20% less than Germany had some decades ago.

Now, with the new Five-Year Plan, the development of the Chinese rail system has become a top priority, Mueller said. According to the plan, there will be 68,000 km of rail lines in the year 2000, and 90,000 km in the year 2010. Simultaneously, existing lines will be upgraded for higher speeds, for example, along the routes Beijing-Shanghai-Shenyang-Harbin-Qingdao and Beijing-Kowloon/Hongkong.

## South Africa

### Unions strike against British, IMF takeover

The Congress of South African Trade Unions (Cosatu), with 1.6 million members, led a one-day strike on April 30 against provisions in the new South Africa Constitution. Sam Shilowa, the general secretary of Cosatu, who opposes privatization and International Monetary Fund (IMF)-dictated "reforms," told a news conference that Cosatu opposes constitutionally negotiated positions on employers' right to lock out workers, protection of property, education, and the status of the 11 official languages. The National Union of Mineworkers, with 350,000 members, said the previous week that it would also support the strike.

The strike comes as the Mandela government's economic policy is increasingly being controlled by the IMF and British-South African conglomerates, such as Anglo-American Corp. On April 27, IMF Managing Director Michel Camdessus, speaking in Johannesburg, commended the Mandela government's gradualist approach to dismantling foreign exchange controls, because of the market turbulence, claiming he knew they would be dismantled soon.

Shilowa said Cosatu would announce further actions, and warned employers that dismissing strikers would trigger a major confrontation. On April 30, a spokesman for Anglo-American Corp. of South Africa Ltd, the country's biggest gold miner, claimed that most mineworkers had been persuaded not to strike. "We've got in excess of 85% attendance," he said.

# Briefly

**POLAND**, under pressure from the International Monetary Fund, plans to privatize and "streamline" the mining sector, closing down 40% of the nation's mining capacity by the year 2000, the German daily *Sächsische Zeitung* reported May 2. Of 264,000 workers, 90,000 will be fired.

**THE RUSSIAN** Space Agency added the Priroda Earth observation laboratory, the final module, to the Mir space station on April 26, ten years after the launch of the core module. Priroda also carried 625 lbs of U.S. microgravity and life sciences equipment, to be used by U.S. astronaut Shannon Lucid during her 140-day stay on the station.

**PHARMACEUTICAL** firms are petitioning the United States to target India under Super 301 for pirating intellectual property, costing them \$450 million a year, the April 21 *Business Standard* reported. Medicinal drugs are sold relatively cheaply in India. If the firms get their way, untold lives would be lost as a result of higher drug costs.

**FINANCIAL** "shocks à la Mexico cannot be excluded" in Asia, the German economic daily *Handelsblatt* said on April 30, in a report on the yearly meeting of the Asian Development Bank in Manila, Philippines. "The shock of the Mexico disaster" is very much present in the heads of Asian leaders, it said.

**FRANCE'S** Finance and Economics Ministry said on April 29 that it would guarantee the debts of the public bank *Crédit Foncier*. The bank reported a 1995 loss of 10.8 billion francs (\$2.1 billion). The April 30 *La Tribune* reported, "The state has been forced to intervene to protect the Paris financial market."

**DERIVATIVES** dealers have been hiding the losses of their clients by quietly eating the losses, Michael L. Brosnan, director of Treasury and Market Risk at the U.S. Office of the Comptroller of the Currency, said on April 25.

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## By aerospace plane into space and back

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*During the 1960s, the United States and the Soviet Union were each developing reusable aerospace planes. Russian engineer Oleg A. Sokolov reports on the formerly secret Soviet program.*

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Did you ever think about the fact that mankind often selects shorter, but less expedient, ways to achieve its aims? More precisely, it always selects the shortest way if it has the means for its realization already in existence, and only some time later will it understand two things: first, that the selected way has some unforeseen consequences, and, second, that there was another, “evolutionary” way which would be more rational, but its realization would require more time, mainly for the development of the means for its realization.

Man going into space is a good example of the above thesis. Indeed, when the means suitable for manned spacecraft injection (military ballistic missiles) had appeared, their designers, who remained enthusiasts of space flight, used them for achieving this great goal. Under a thunder of triumph, it was forgotten, somehow, that these means had been intended for a quite different purpose, and that their feature of passing quickly through the Earth’s atmosphere at the initial and end parts of flight, was only a requirement for military operations (the quickness of striking a blow, and passing through an anti-missile defense).

It is interesting that the rocket pioneers of the 1920s and 1930s understood that the Earth’s atmosphere could not only be an enemy, but also a friend, on the way to space and back. At that time, there were spacecraft projects to develop gradually modified “rocket planes,” which would use the atmosphere as a support for flight, as a supply of oxidizer up to higher altitudes, and as a means for aerodynamic braking during reentry. However, when a means for “direct braking” through the atmosphere was found ready at hand, the old projects were put aside.

True, in the 1950s, the designers of the first manned spacecraft tried to investigate reusable spacecraft with aerodynamic reentry practically simultaneously, both in the United

States (the “DynaSoar” project) and in the Soviet Union. However, a simpler means of reentry had been found near at hand—ballistic reentry capsules based on missile warhead technology—and use of even a part of the aerospace idea was, again, temporarily forgotten.

But this idea was not forgotten by *all* designers at that time. I would like to discuss the most advanced attempt of Russian designers to develop a real aerospace system, because I was lucky enough to be a participant in this work.

### The 1960s: the ‘Spiral’ aerospace plane

First of all, let us define a real (or “pure”) aerospace system: It is a system intended for the injection of spacecraft into near-Earth orbit, and the return of the spacecraft to Earth. It uses the Earth’s atmosphere as much as possible, both for support for the flight during launch and reentry, and as a supply of oxidizer (atmospheric oxygen). Therefore, the system should have a return spacecraft, and also, because “g,” or gravity loads during injection and reentry should be minimal due to the profile of flight, it is most suitable for manned missions; because of the “aviation nature” of the system, it provides opportunities for reusing system elements, or the system as a whole. Of course, it is preferable that this system be single-staged; however, multi-staged versions are also possibilities.

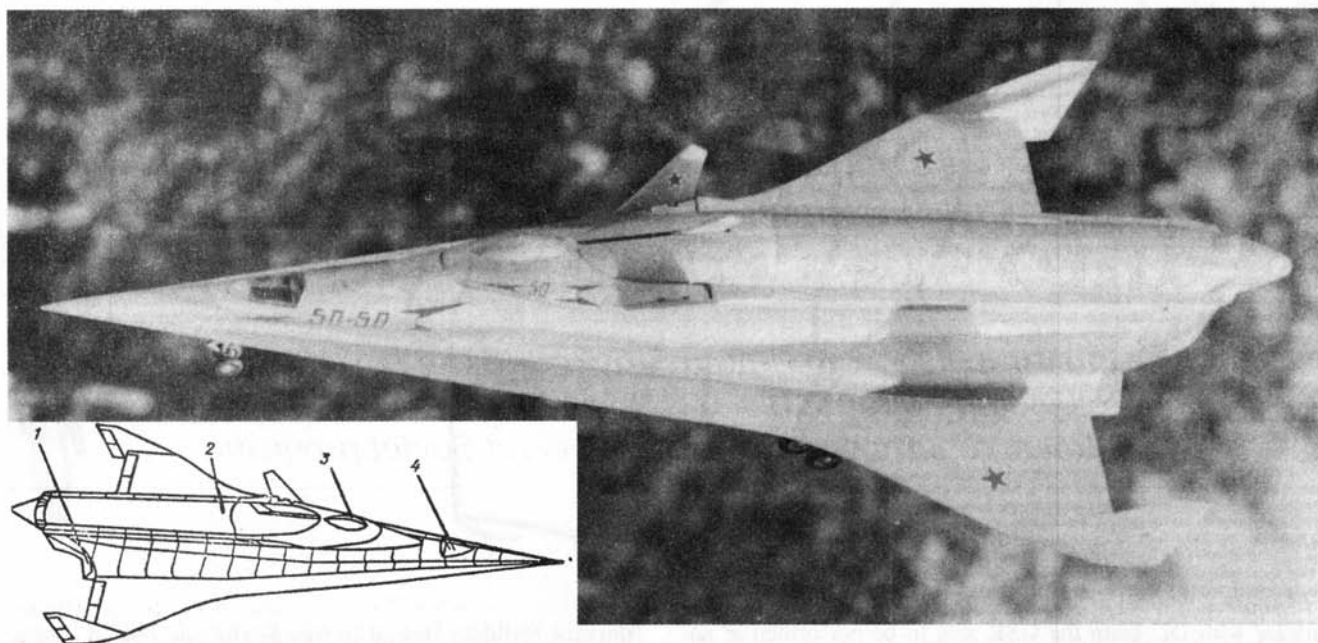
Just such project development was begun in the Soviet Union in the early 1960s. This development was performed in the Soviet aviation industry, and it could be assumed to have been an attempt of Russian aviation designers to make their “own way into space” (because the main way had been occupied by adherents of “pure rocket” technology).

The initiator of this development was Dr. Gleb Lozino-Lozinskiy, who was, at that time, the Deputy General Designer



FIGURE 1

## Spiral and the 50/50 vehicle configuration



1. GSP, hypersonic airplane booster  
 2. DU, additional booster 3. Orbiter 4. GSP cockpit

of the famous MiG (Artem I. Mikoyan Experimental Design Bureau) aviation firm, and this enterprise was appointed as lead developer of the project, which received the name "Spiral." Today, Academician Lozino-Lozinsky is well known as the general designer of the space shuttle Buran orbiter. The preliminary draft program of the Spiral project was signed in 1965, and funding was provided.

The final goal of the Spiral project was to give Soviet cosmonautics, in the mid-1970s, a multi-purpose aerospace vehicle for manned, low-Earth-orbit missions. Practically, it was a competitor to the Soyuz "pure rocket" space system, whose development was also begun at approximately this time.

Sergei Korolev, the Chief Designer of rocket systems and the head of Soyuz development, provided support for the Spiral project in every possible way, and even transferred to Dr. Lozino-Lozinsky all the documentation on the preliminary development of the Russian counterpart of the American DynaSoar ("dynamic soaring") program. The 1950s design was a manned spacecraft having an original body shape and folding wings. For its body shape, Korolev gave it the nickname "Lapotok" (a small "lapot," or bast sandal, was an old Russian national shoe). The documentation of its development was very useful during selection of the Spiral spacecraft body design.

What should the Spiral system be, according to the preliminary draft, and what stages in its creation were foreseen by

the program?

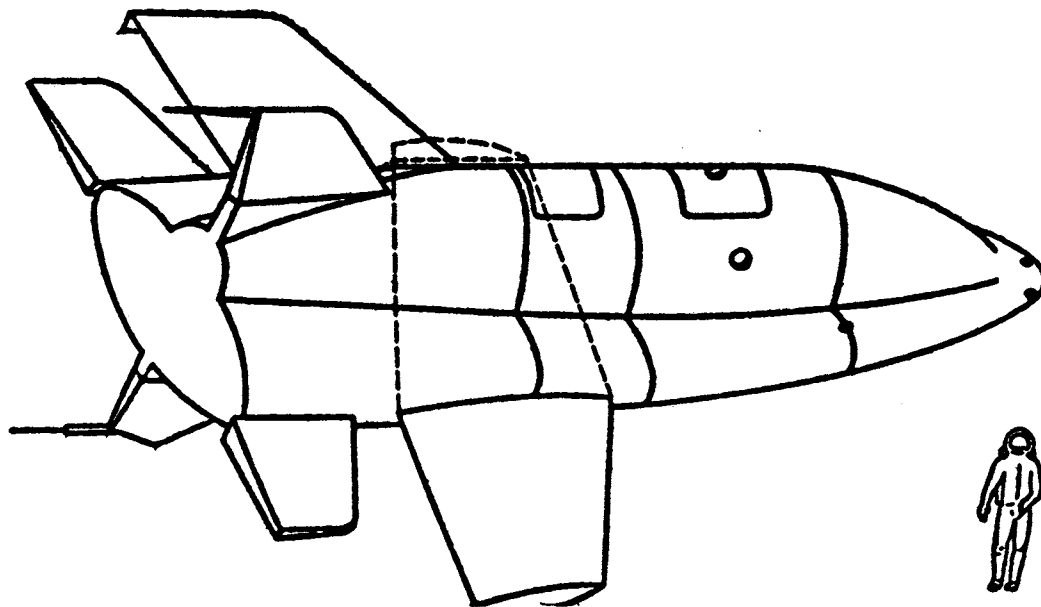
In a final version described in the project draft, the Spiral system was to consist of three main parts: the Hypersonic Airplane-Booster (the GSR, Giperzvukovoy Samolyot-Rasgontshik), and the Orbital Plane (the OS, Orbitalny Samolyot) with the Additional Booster (the DU, Dopolnitelny Uskritel). The system is shown in **Figure 1**. (A schematic of the "Lapotok" is shown in **Figure 2**.)

The OS, or orbital plane, was the most detailed design in the draft. It was to be a real airplane having a lifting body with two short folding wings. Its mass was to be about 10 tons, with a length of 8 meters and a wingspan of 7.4 meters. For orbital maneuvering, the OS was to have main and spare liquid bi-propellant (nitric tetroxide plus unsymmetrical dimethyl hydrazine, or UDMH) rocket engines, and a system of thrusters with their own propellant supply. The guidance and control system of the OS was designed to be an on-board computer, an advanced solution at that time. The OS could have a small turbojet engine for powered atmospheric flight during landing.

The design of the GSR, the Hypersonic Airplane Booster, was less detailed. It was proposed as a delta-winged manned hypersonic airplane without a tail, having its four multi-mode turbojets under its body, using kerosene or liquid hydrogen fuel. The OS, together with the DU (additional booster), was to be installed onto the "back" of the GSR, with their front and rear ends closed by fairings. The separation of the OS

FIGURE 2

**The 'Lapotok' space vehicle, a precursor to the Spiral system**



orbiter with DU from the GSR was to be performed at an altitude of 22-24 kilometers and flight speed of Mach 4 (for kerosene fuel), or 28-30 km and Mach 6 (for liquid hydrogen fuel), accordingly.

The draft described the DU only as a two-staged liquid bi-propellant (liquid oxygen plus kerosene, or liquid oxygen plus liquid hydrogen) booster.

Such a system was to have a total mass of about 140 tons, which could inject the OS orbiter with crew of three men into low Earth orbit at an altitude of about 130 km, and in which the OS could perform two or three revolutions with the possibility of a change in altitude and orbital plane. The OS would be able to perform an "aviation" landing at any airfield. The landing device was a ski chassis.

All elements of the system, excluding the DU, were to be reusable.

The program provided for the development of two manned aircraft-analogues for the OS, to be dropped from an air carrier—the TU-95 heavy bomber (the "Bear" by Western designation)—for aerodynamic testing. One of the aircraft would be for subsonic tests, while a second analogue would have a maximum speed up to Mach 6-8. According to the schedule of the program, the development of these two aircraft analogues would begin in 1967 and 1968, respectively. Work on the GSR was scheduled for 1970.

For the first tests, a sub-scale, unmanned experimental version of the OS would be injected into orbit by the Soyuz launch vehicle. In 1972, the GSR manufacturing would be begun, and a first manned orbital flight of the Spiral system would be performed in 1977.

I was involved in the Spiral system development at the end of 1968. At that time, I was working in the Tourazhevsky

Machine Building Design Bureau Soyuz (the TMKB Soyuz, or Tourazhevskoye Mashinostroitelnoye Konstruktorskoye Buro Soyuz), an enterprise of the Ministry of Aviation Industry. The TMKB Soyuz was situated 30 km from Moscow in the town of Tourazhevo, and specialized in the development and manufacture of liquid bi-propellant rocket engines, thrusters, and propulsion units for cruise missiles and spacecraft.

The broad scope of capabilities of the Ministry of Aviation Industry had provided an opportunity for the development of propulsion units for aerospace vehicles created by this ministry, and our enterprise received the order for this development. I was not a designer at that time, but was working in the Flight Test Department of TMKB Soyuz. Because our department was responsible for all joint work performed with the vehicle developer during flight test preparation and the carrying out of test firings of the propulsion unit of the vehicle, a team of flight test engineers was formed to take part in this project.

I was not a beginner in the field of aerospace vehicles: Before my graduation from the Moscow Aviation Institute, I had done practical work in the Institute for Theoretical and Applied Mechanics in Novosibirsk, Siberia, where development of a single-stage aerospace plane had been carried out. True, this development was not even a project, it was mostly a theoretical investigation connected with the experimental work of the Institute on a supersonic combustion ramjet. But for this reason, or, maybe, because of my aspiration to take part in all new space developments (it was so interesting for a young engineer; that was still a "heroic" period of cosmonautics!), I was enlisted in the team of the Spiral project. Simultaneously, I took part in work on the N-1/L-3 manned lunar program.

But what of it? Every day had 24 hours, had it not?

So, our designers began to develop a project for the propulsion unit for the OS orbiter. The TMKB had ready designs of propulsion unit elements which were suitable for use in this new system. A general layout was made: a pressurized propellant supply system, one main combustion chamber and two spare chambers with total thrust equal to the thrust of the main chamber, and a kit of thrusters for on-orbit attitude control and stabilization. Our traditional propellant was selected: nitric tetroxide and UDMH.

The propellant had an interesting feature: Usually, a high-pressure gas for pressurized propellant supply is stored in special on-board bottles or containers, and provides pressure in propellant tanks through a pressure regulator. The gas pressure in the propellant tanks is maintained at a constant level while it is running. But in the OS propulsion design, the gas for the propellant supply would be pumped under pressure directly into cylindrical propellant tanks having bellows separators. Because the combustion chambers and thrusters were running under a decreasing pressure from the supply, there would be a gradual decrease in the thrust. (Such a method of supply, for us, had the nickname "pig," because the diagram of the supply pressure resembled the snout of a pig.)

Such a solution provided simpler servicing during fueling and, mainly, eliminated the mass of heavy pressurized gas containers, while the relatively short time of orbital flight permitted some decrease in the thrust level.

By the spring of 1969, the preliminary design of OS's propulsion unit had been confirmed and—was put aside. The Spiral program required other, more urgent work.

### The illusive BOR

In the Spiral program, the use of the OS scale-model vehicle (a scale 1:2 or 1:3) had been provided, for the purpose of investigating the aerodynamic performance of the aerospace vehicle during reentry into the Earth's atmosphere. Such model vehicles, called BORs (Bespilotny Orbitalny Raketoplan, or Unmanned Orbital Rocket plane), were developed and manufactured in the Flight Test Institute (the LII, or Liotno-Ispitatelny Institut), the largest Russian flight test center, situated in the town of Zhukovsky, near Moscow.

The test vehicles were designed under the management of the omnipresent Dr. Lozino-Lozinsky, with their first experimental flights to be performed along a sub-orbital trajectory, with a transition to orbital flights. Initially, it had been assumed that for their attitude control during reentry into the atmosphere, it would be enough to use a system of reaction gas ejectors supplied by a solid propellant gas generator. A constantly burning gas generator would provide a hot gas supply for a kit of ejectors (nozzles) through control valves. However, a more precise calculation showed that liquid bipropellant thrusters would be necessary. Because of that, our enterprise received an urgent order to develop and manufac-

ture a propulsion unit for the BORs.

The first BOR (BOR-1) having a solid fuel gas generator propulsion system had been just manufactured, and I was assigned the task of acquainting myself with its design. When I opened the door of the LII's assembly workshop, I nearly trod upon a wooden structure in the shape of a great galosh. "What do you make of it? It is our flight example!" workers cried to me. Indeed, the BOR-1 had a wooden structure!

It was launched by the R-14 (SS-5) missile from the Kapustin Yar rocket test range in July 1969, and before it completely burned up at an altitude of about 70 km during descent, it had confirmed the supposition of the insufficient effectiveness of a solid fuel gas attitude control system.

The propulsion unit for BOR-2 was developed and manufactured very quickly. Our designers took a ready spherical bipropellant tank and gas container from an existing propulsion unit, which was intended for the attitude control and restart of the Proton launch vehicle's upper stage, and placed eight 10-kilogram thrusters at the bottom rear of the BOR vehicle. (A general view of the BOR-2 is shown in Figure 3.) Flight tests of the BOR-2 began in 1970.

I did not take part in the flight tests of the BOR-1, because I was occupied by the work on the N-1/L-3 lunar vehicle system, but I enjoyed the BOR-2 flights in full measure. Be-



## LaRouche Campaign Is On the Internet!

Lyndon LaRouche's Democratic presidential primary campaign has established a World Wide Web site on the Internet. The "home page" brings you recent policy statements by the candidate as well as a brief biographical resumé.

**TO REACH** the LaRouche page on the Internet:

<http://www.clark.net/larouche/welcome.html>

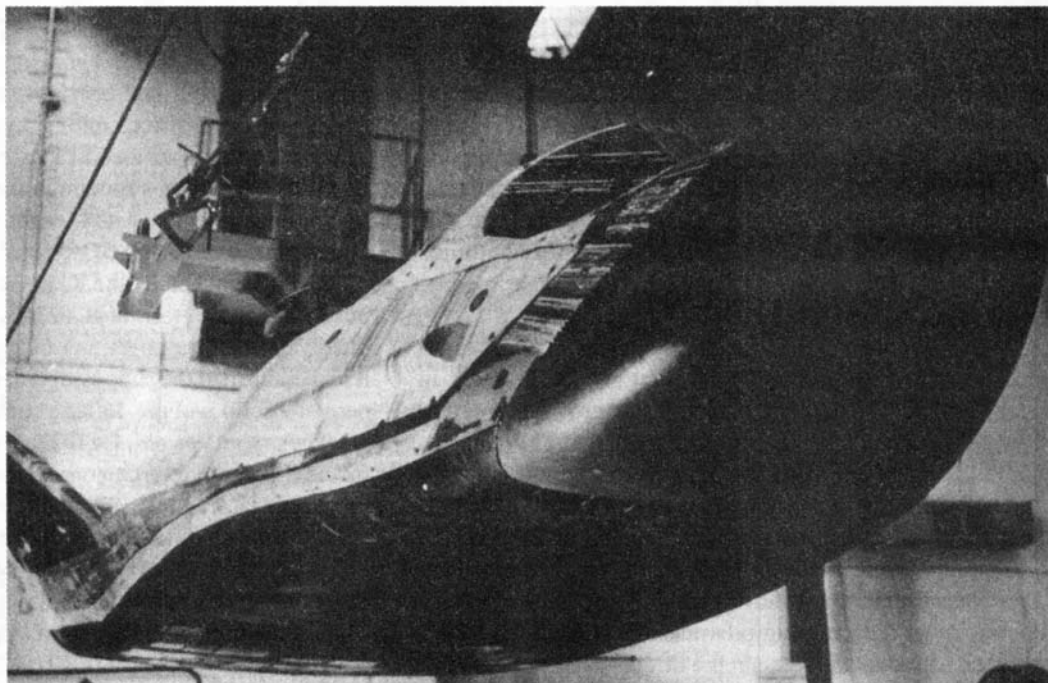
**TO REACH** the campaign by electronic mail:

[larouche@clark.net](mailto:larouche@clark.net)

Paid for by Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee.

FIGURE 3

### The BOR reentry test vehicle



cause I had had some experience with helicopter flights in an aeroclub, I was appointed a member of the search and rescue team for the BORs during landing.

The BOR-2s were launched from the Kapustin Yar, as was the BOR-1, and they landed near Lake Balkhash in Central Asia, near the territory of the Sary-Shagan test range. After aerodynamic braking and some gliding provided by their lifting body and small wings, they were supposed to descend by parachute. However, as a rule, the BORs tore this parachute, because they had a significant horizontal velocity, and fell a few kilometers from the expected landing point. So, the area of the BORs' possible landing was very indeterminate, while it was quite necessary to find it, because practically all the information received during a flight was not transmitted by telemetry (which was impossible during aerodynamic heating because of the hot plasma layer surrounding it), but was stored in a recording device.

Finding the wooden BOR was more difficult than finding a needle in a haystack (indeed, you could find a needle with radar, or by using a magnetometer), because the Sary-Shagan region was intended especially for falling experimental vehicles launched from aircraft or with missiles, it was filled with the debris of such vehicles.

We used the Mi-1 lightweight helicopter (which had insufficient heating in the cockpit, and in the winter, after a couple of flight-hours, we got out of the helicopter like frozen broilers from a refrigerator) to locate it. In turn, we found our BORs in very unexpected spots.

One of them directly hit a draw-well, which was the only

one for hundreds of square kilometers, and another was found practically intact at a railway embankment, which was the sole railway in this part of the world. (A representative of the Air Force, who was also a member of our team, kidded us: "You are using your vehicles wrongly. They should be added to the Soviet Army's armory, and, in case of war, our enemies would quickly lose their railways and sources of water!")

Of course, tests of the BORs were not the only experiments in the Spiral program. There were numerous tests in wind tunnels, various tests of insulating materials, and so on. Flight tests of the BORs had been mainly intended for confirmation of the calculated technical solutions, and it was possible to say that this confirmation was received. However, funding for the Spiral project began to be reduced; the giant pump of the lunar program was sucking out the lion's share of money intended for all of Soviet space activity.

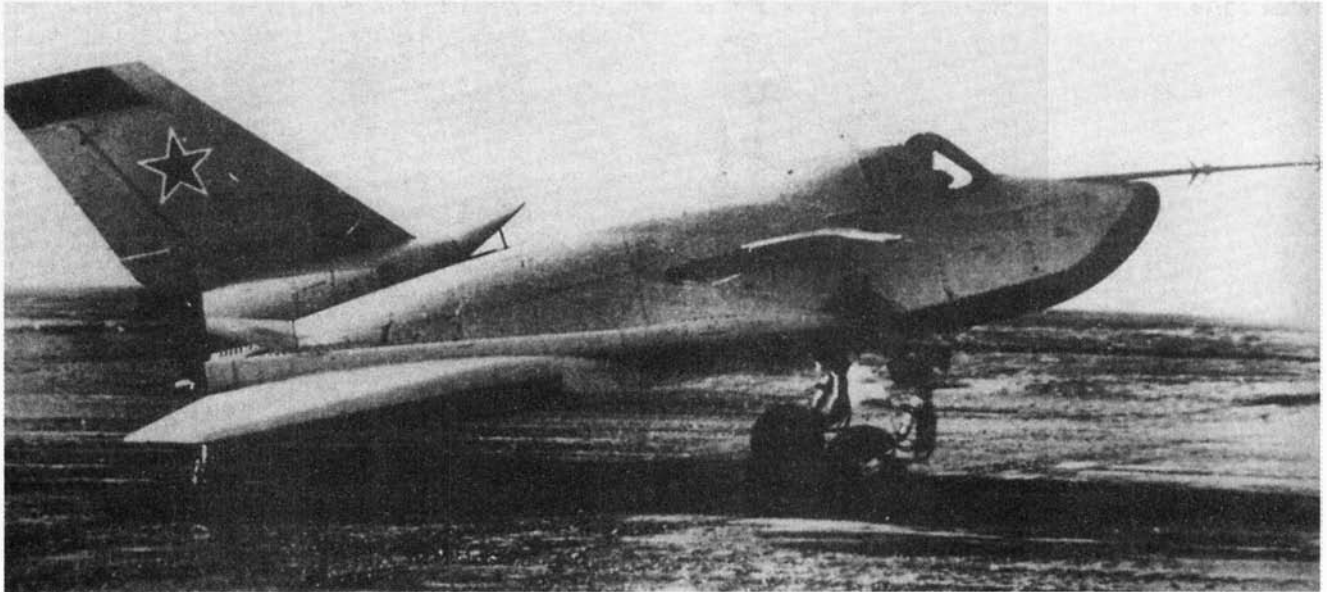
Besides the BOR tests, the only other part of the Spiral project that was realized was the development of subsonic aircraft, the analogue of the OS orbiter.

### The 1970s: the Spiral Analogue

By the time the OS started development, it had become the EPOS (Experimentalny Pilotiruemy Orbitalny Samolyot, or Experimental Manned Orbital Plane), because the final goal of the Spiral program had been revised, and, instead of creating an operational aerospace system, it had been aimed at gathering experience only on the use of elements of such a system. The Analogue (its official name) had the shape of the EPOS (former OS), with wings fixed in an unfolded position

FIGURE 4

**Full-scale version of the Spiral orbiter first flown in 1965**



(contrary to the BORs, which had wings fixed in a folded position), and a small turbojet. Initially, the chassis had wheels, which later were replaced by skis. A 1960s forerunner of the Analogue is shown in **Figure 4**.

The Analogue flight tests began in May 1976 with short flights over a runway. On Oct. 27, 1977, test pilot A. Fastovets performed the first flight, dropping the Analogue from the TU-95 heavy bomber. In 1978, five more such flights were conducted.

However, this liturgy was celebrated without a bishop. In 1976, Dr. Lozino-Lozinsky was appointed the General Designer and General Director of the newly established Molniya (Lighting) Design Bureau, whose main task was the creation the Soviet counterpart to the American Space Shuttle orbiter. Dr. Lozino-Lozinsky took with him practically all his colleagues who had been involved in the Spiral program, and also transferred to the Molniya Design Bureau all plans concerning the BORs; they would now be used for the development of the Buran orbiter.

The BOR-3 project, which would have been an orbital version of the BOR-2 (with a telemetry unit for data transmission during an orbital flight, braking engines, and a modified parachute system), was re-designed into the BOR-4 version, which was intended to test thermal insulation for the Buran. These BOR-4s were launched under the names Cosmos-1374, -1445, -1517, and -1614, from 1982 to 1984. The follow-on versions of BORs (BOR-5 and BOR-6), with the shape of the Buran (in a scale 1:8), had been developed by the Molniya Design Bureau, and six BOR-5s were tested in sub-

orbital flights.

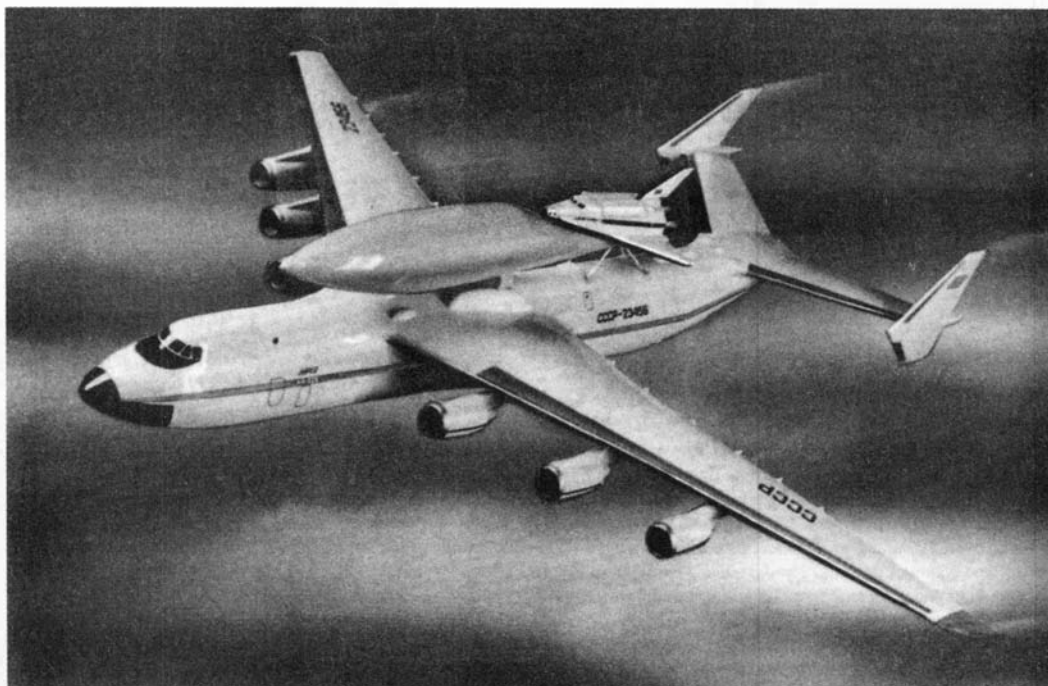
However, such a “reanimation” of the BORs’ use, bore no relation to the Spiral project, which was officially abandoned in 1978. Now, the development of aerospace systems in the Soviet Union would go by way of copying the American Space Shuttle, which was only a quasi-aerospace system because of its pure rocket launch. But, some time later, it was found that even if a cat has taken the monastic vow, it continues to dream about mice.

### **The 1980s: MAKS**

When, in the mid-1980s, a competition was announced in the Soviet Union for preliminary designs of an aerospace plane in order to determine the directions of possible cosmonautics development, Dr. Lozino-Lozinsky presented a very detailed project for an aerospace system. It was a further development of the Spiral project, making use of prior experience and existing hardware: The super-heavy cargo aircraft Mria would be used as an air carrier (instead of the GSR) for a space plane which had the shape of the Spiral’s orbiter, but had twice the mass and was installed onto an expendable propellant tank (an adoption of the Space Shuttle external tank solution).

Two main engines adopted from the Soviet Energia launch vehicle core stage would be installed in the space plane, supplied with liquid oxygen/hydrogen from an expendable tank. Such a system would inject the space plane, with a crew of four and a payload of 3.2-3.6 tons, into low Earth orbits, with different possible inclinations to the equator. A

FIGURE 5  
**MAKS concept**



crew and a payload of 2 tons could be returned to Earth. An overall view of this system, which some time later received the name MAKS (Mnogotselevaya Aviatzionno-Kosmicheskaya Systema, or Multi-Purpose Aviation Space System) is shown in **Figure 5**.

This project was subjected to strong criticism. In particular, it was assumed to be a technical mistake that a "pure aviation" solution, introducing a pilot into the control circuit during the orbital injection part of the trajectory, had been taken. However, the main criticism was that the Buran-Energia system had been successfully developed, and nobody wished to spend money to develop another system. Moreover, Dr. Lozino-Lozinsky was accused of "underground" development of the MAKS project at the expense of Buran funding—which was quite true. Even the Mria airplane ordered by the Molniya Design Bureau as a transporter for the Buran had some features suitable only for use as a "flying launch site." But these accusations had no consequence.

The MAKS project continued. When, in 1993, after a successful orbital flight of the Buran, this Russian shuttle had been canceled because of economic difficulties, the Molniya Design Bureau proposed the MAKS project for use on a commercial basis. Initially, this proposal had been widely supported by the Ukrainian National Space Agency and by the Ukrainian Antonov Aviation Design Bureau, the developer of the Mria airplane. Some foreign firms were also interested in this project.

However, official support and funding from the Russian

government was absent, the Ukrainians had no money, and potential foreign customers did not hurry to invest their money, either. Moreover, some space specialists and officials said that the Ukrainians intended, under cover of this project and its funding, to build another Mria airplane (there was only one operational) for commercial use as a cargo plane.

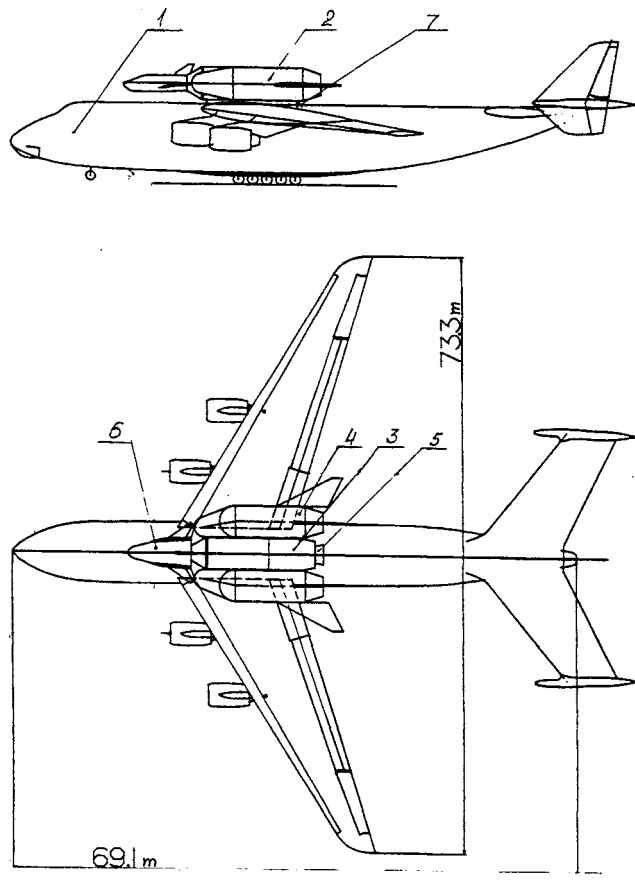
Academician Lozino-Lozinsky (he had received this title after the Buran development) and his colleagues developed a new Russian version of the MAKS project. Its mock-up was first shown at the Paris Air Show in Le Bourget in July 1995. The Ukrainian Mria airplane was replaced by the An-124 Ruslan heavy cargo airplane. These aircraft are in the service in the Russian Air Force. (True, they are not in production at present, but their equipment is maintained at the Aerostar aviation enterprise in the town of Uljanovsk in Russia.)

The size of the orbital (space) plane was diminished, because the payload of the Ruslan airplane is less than the Mria's payload capacity, and it actually became nearly the good old OS orbiter of Spiral. Even the DU (additional booster) arose again, instead of the expendable propellant tank of the MAKS. The second stage of the new Russian Angara heavy launch vehicle in development would be used for the final injection of the orbital plane into low Earth orbit. Such a system can have a crew of two and a payload up to 1-2 tons, and return the crew and a payload up to 1 ton to the Earth. The general design of this system, called Angara-Molniya, is shown in **Figure 6**.

The takeoff of this cluster, with the installation of the

FIGURE 6

**A schematic of the Angara-Molniya aerospace system**



1. Ruslan AN-124 air carrier
2. Second stage of the Angara launch vehicle
3. Oxygen core tank of the Angara second stage
4. Hydrogen side tank of the Angara second stage, with a wing
5. Main rocket engine of the Angara second stage
6. Molniya orbiter, or space plane
7. Support truss

orbital plane together with the Angara stage at the “back” of the airplane body, will require a modernization of the Ruslan airplane. In particular, the tail unit should be made two-finned. The second stage of the Angara launch vehicle should be modified also: It should get wings for some aerodynamic support during takeoff from the air carrier and, possibly, for a return to the Earth for reusability (a further improvement of the system). Its main oxygen-hydrogen rocket engine (the RD-0120, the same one which had been used in the Energia launch vehicle and was intended for the MAKS) can be replaced by the RD-701 tri-propellant rocket engine.

When I showed a mock-up of the Angara-Molniya to visitors at the Paris Air show (this mock-up was installed at a

display of the Angara launch vehicle’s developer, the Khrunichev State Research and Production Space Center, the place of my present work), and I explained to them the prospects for the future use of this system, I thought that at a future air show it would be possible to show an operational version of the Spiral space plane. However, the process of development of the world’s launch vehicles and spacecraft is turning, once again, off the road leading toward the creation of a real aerospace vehicle.

For now, it is enough to remember that the Space Shuttle initially was conceived as an aerospace vehicle, i.e., a spacecraft having aerodynamic takeoff and landing. Instead, we can see only two operational *quasi-aerospace* systems at present: the Space Shuttle, having a rocket launch and aerodynamic landing, and the expendable American Pegasus lightweight launch vehicle, which has an “aviation” launch from an air carrier.

When will we be able to see a flight of a real aerospace system? I think, when such a system becomes necessary. What are the main distinctive features of an aerospace system? Reusability, mostly suitable for manned missions; an opportunity for injection into any orbital inclination; and the possibility to use airfields instead of cosmodromes. (True, such airfields should be of high caliber, intended for heavy airplanes, but their number in the world is large enough, and much larger than the number of cosmodromes.) The necessity for the use of aerospace systems will arise when many people are at work at numerous near-Earth space stations, engaged in the production of super-pure and rare materials and substances in microgravity conditions, the assembly and servicing of interplanetary spacecraft, and even enjoying holidays in space.

I think that at that time, our “usual” launch vehicles will remain only as a means for the delivery of heavy expendable payloads, and projects like the Delta Clipper will take their place in museums as technical curiosities. (Indeed, is it not enough that only rocket engines, rather than aerodynamic structures, are used for “braking” in the atmosphere? Should they be used also for braking during a landing in an atmosphere without *any* aerodynamic support? It is very suitable for the Moon, but we are living on the Earth, thank God.)

When will this time of real “rendering habitable” of near-Earth space begin? It will be possible in the beginning of the 21st century. The development of space technologies and joint international space projects, including scientific and commercial ones, pave the way toward that, while the end of the Cold War provides the political basis for such a direction of mankind’s activity.

Of course, the use of aerospace systems is a matter for the future. But when the need arises, the hardware will be ready. You have read here about the direction of this work in Russia, but such work is in development in the United States, the United Kingdom, Germany, and other countries.

Would you like to book an airplane ticket to space?

## British 'one world' gang stages coup against Paraguay

by Dennis Small

In 1846, the United States consul in a certain South American country reported to the State Department that this was “the most powerful nation in the New World, after the United States. Their people are the most united. . . . Their government is the richest of all the states of the continent.”

Most readers of this magazine will have trouble guessing which country the American diplomat was referring to. Even if told its name, many might not be able to find it on a map. And yet, that same country was South America's most developed nation at the time of the U.S. Civil War. It was the second in the sub-continent to build a railroad, which it did in 1856. By the 1850s, it was self-sufficient in food, had a totally literate population, and was industrializing at a healthy pace. Moreover, it did this with aggressively protectionist economic policies modeled on the American System of political economy of Alexander Hamilton.

Because of those achievements, that highly developed country was then subjected to a British-sponsored invasion by three of its neighbors, and a war of extermination followed from 1865-70, which killed off half the population, including 80% of all males. The explicit justification of that war was that it was necessary to stamp out protectionism, and impose the British doctrine of free trade.

This was the infamous Triple Alliance War, perhaps the most atrocious population war of the nineteenth century. And the enemy that the British targeted for destruction, was the nation of Paraguay.

Perhaps you ask: What does nineteenth-century history have to do with current events? Surely the days of the British Empire are long past?

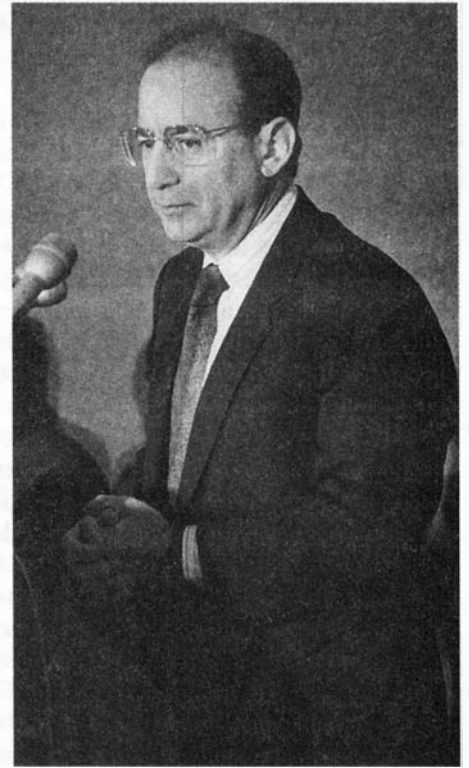
Did you know that that same small country, Paraguay, in the heart of South America, in the third week of April 1996, was *again* invaded, by the *same* British forces, with the *same* geopolitical objectives as 130 years earlier? Only this time, instead of unleashing the military forces of the British puppet regimes of Argentina, Brazil, and Uruguay through the Triple Alliance, the British deployed the governments of those same countries, now grouped in the trade pact Mercosur, through





*"When our warriors return [from the Triple Alliance War] . . . commerce shall see inscribed on their banners the great principles which the apostles of free trade proclaim for the greater glory and happiness of mankind."—Gen. Bartolomé Mitre, commander in chief of the Triple Alliance, later President of Argentina, late 1860s*

*"It is hard to overstate the historical significance of this willingness of South America's largest economies to intervene—boldly and openly—in the domestic affairs of another Latin state. . . . Free trade has become a powerful supporter and guarantor of democracy."—Richard Feinberg, former president, Inter-American Dialogue, April 30, 1996*



the networks of the Inter-American Dialogue (IAD), the influential Washington-based think-tank which promotes the elimination of the sovereign nation-state and the establishment of an oligarchical, one-worldist government. And this time, the State Department, instead of fighting against the British doctrine of free trade as Lincoln did, was the most vocal advocate of this criminal economic doctrine, and in fact orchestrated the entire Paraguay operation—all in the name of "defending democracy."

The chronology on the pages that follow documents last month's sordid events. On Monday, April 22, Paraguayan President Juan Carlos Wasmosy called in the head of the Army, the nationalist Gen. Lino Oviedo, and spent three hours dressing him down and announcing new cutbacks in the military budget. General Oviedo was one of the leaders who toppled the regime of Alfredo Stroessner in 1989, and he is strongly opposed to the one-worldist plan to dismantle the armed forces of Ibero-America as a step toward totally eliminating the nation-state. He is also opposed to Mercosur, and has a large base of popular support in the country, both within the Army and among the poorer strata of the population.

Predictably, General Oviedo rejected Wasmosy's provocative demands, and the President promptly issued a decree firing the powerful and popular general. A chain of events then ensued which read as if they were following a script.

Within hours of the Oviedo incident, President Wasmosy was on the phone reporting on the showdown to U.S. Ambassador Robert Service. Service in turn informed the State De-

partment in Washington, headed by Secretary Warren Christopher, a leading member of the IAD. They then went into high gear, supposedly to "defend democracy," and over the next 48 hours mobilized the following forces to topple Oviedo:

- the secretary general of the Organization of American States (OAS), César Gaviria;
- the governments of neighboring Argentina, Bolivia, Brazil, and Uruguay, all run by members of the IAD; and
- the street demonstration organized by, among others, the mayor of Paraguay's capital, Asunción, Dr. Carlos Filizola, also a member of the IAD.

Encircled, slandered internationally, threatened with economic and military retaliation, Oviedo bowed to the pressure.

When the smoke cleared, a de facto supranational coup had been staged against Paraguay, which achieved three major British strategic objectives, each of which has import way beyond the borders of Paraguay, or even merely Ibero-America. These were effusively celebrated in a commentary by Richard Feinberg, published in the April 30 *Washington Post*. Feinberg was the head of the Latin American desk at the U.S. National Security Council until March 1996; immediately before that, he had been president of the IAD.

1. The doctrine of "limited sovereignty" had been forcefully imposed. No nation is now free to make its own choices, but must bow down to the iron will of the World Government, in the form of supranational institutions such as the OAS and the United Nations. As Feinberg celebrated in his article, "The

Coup That Wasn't": "It is hard to overstate the historical significance of this willingness of South America's largest economies to intervene—boldly and openly—in the domestic affairs of another Latin state."

2. "Free trade" will reign supreme. No opposition to this British economic doctrine will be tolerated; those who try, will be attacked for being "undemocratic." Regional trade pacts, such as the Southern Cone Common Market (Mercosur), will be used as instruments to impose free trade, as British agent Henry Kissinger has repeatedly insisted. Again Feinberg: "Mercosur also gave Paraguay's neighbors powerful leverage over its political destiny. . . . Free trade has become a powerful supporter and guarantor of democracy."

3. Brazil, the largest power in the region, took a decisive step toward becoming a regional enforcer for the World Government. One Brazilian government after another has balked at this long-standing objective of such British agents as Kissinger. But under the Inter-American Dialogue's Fernando Henrique Cardoso, Brazil not only joined in the political bashing of Paraguay, but actually threatened military action as well. As Feinberg noted with smug satisfaction: "Traditionally, Brazil was a high priest of the 'national sovereignty' school, which opposed liberal internationalism. Today, common commercial interests make it impossible to pretend that any country in the region is an isolated island."

### The plot against the armed forces

Above, we asserted that the late April events in Paraguay unfolded as if part of a pre-planned script. In one sense, that script was written 130 years ago by the British, during the Triple Alliance War. But there is a more recent referent, as well. Beginning in the 1980s, the British designed and put into operation what *EIR* has elsewhere documented as "The Plot to Annihilate the Armed Forces and the Nations of Ibero-America." In fact, *EIR* published a book with this title in 1993 (see excerpts, p. 32). "Free trade" and "democracy," we warned, were the by-words of this plot.

That plot progressed in Paraguay in late April. If it is not stopped, and the armed forces of Ibero-America are in fact dismantled, then entire nations will soon disappear. Almost every country of Ibero-America is today under deadly assault on two fronts: by the genocidal free-trade policies of the International Monetary Fund, and by the international drug cartels and their allied narco-terrorist armies. Without a viable military, no nation can long withstand such an onslaught.

For example, it is this policy which is keeping the narcodictator Ernesto Samper in power in Colombia, despite the incontrovertible evidence that he took \$6 million from the Cali drug cartel. Samper is a lifelong proponent of drug legalization, and is Britain's model of "democracy" at work. One can't help but ask how it is that the "international community" was able to topple Paraguay's General Oviedo in 72 hours, and yet it somehow hasn't managed to force Samper out of office after nearly a year of escalating scandals. Who, after all, is the greater threat to democracy?

## How the Dialogue encircled Paraguay

by Cynthia Rush

The following is a chronology of events surrounding the supranational deployment against Paraguay during the week of April 22-26, to stop an alleged "coup threat" by Army Commander Gen. Lino César Oviedo. Based on reports from media and on-the-ground observers, the chronology points to the total control over Paraguayan President Juan Carlos Wasmosy exercised by U.S. Ambassador **Robert Service**. From the outset, Service activated assets of the **Inter-American Dialogue** (IAD) in neighboring countries, to surround Paraguay and enforce its "democracy."

Crucial in creating the environment for actions against Paraguay's Armed Forces was the Feb. 28-March 3 trip to five Ibero-American countries by U.S. Secretary of State Warren Christopher, followed by the March 10-14 trip to Chile and Venezuela by U.S. Secretary of Defense William Perry. The agenda



Warren Christopher

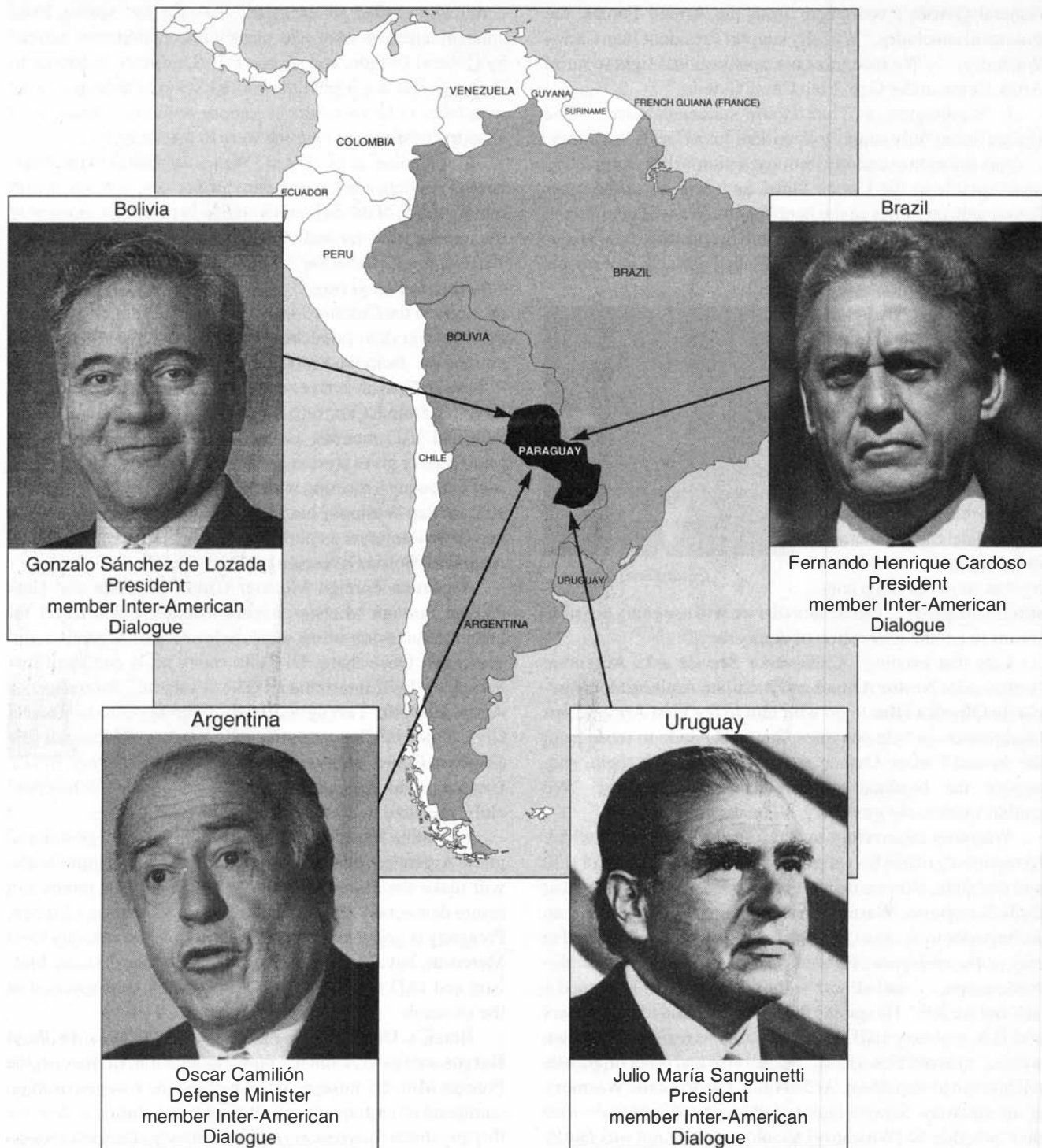
for both tours was "democracy and free trade," and the need to demilitarize the continent, as per the recommendations of the July 1995 Defense Ministerial of the Americas, in Williamsburg, Virginia.

### April 22

**President Juan Carlos Wasmosy** of Paraguay holds a 7:30 a.m. meeting with **Gen. Lino César Oviedo**, head of the Army, and **Gen. Silvio Rafael Noguera**, head of the Armed Forces. Items on the agenda include how the Armed Forces' budget will be cut, as well as a planned promotion for General Oviedo, who is slated to replace General Noguera in May, and be promoted to the rank of four-star general.

The three-hour meeting is heated, with General Oviedo objecting to the cuts. As Oviedo leaves the meeting, Wasmosy fires him from his position as Army commander. By 2:00 p.m., Wasmosy signs the official order for Oviedo's removal. (In subsequent interviews with foreign reporters, Oviedo disputes this account. He claims that Wasmosy only gave him a piece of paper with the name of his replacement, but never indicated a time or date by which he expected Oviedo to step down. "I never received an order," Oviedo said.)

Through one of Wasmosy's friends, General Oviedo



sends a message from the First Army Corps headquarters to the President, refusing to obey the order.

Within moments, Wasmosy calls U.S. Ambassador Service to advise him of a "threat to the constitutional order." Service immediately calls the U.S. State Department, which issues a statement. Asunción is awash in coup rumors, and by 5:00 p.m., Radio Cardinal is reporting that General Oviedo "has been confined to barracks and is in a state of rebellion."

The first official word of the alleged revolt in Asunción comes from the U.S. embassy, whose statement is released via the popular Radio Ñanduti. It reads: "General Oviedo did not obey the President's decision to retire him. This represents a direct challenge to the constitutional order in Paraguay. . . . The U.S. government emphatically believes that democratic norms do not permit the participation in politics of any active-duty military officer." Giving May 15 as the deadline for

General Oviedo's retirement from the Armed Forces, the statement concludes, "We fully support President Juan Carlos Wasmosy. . . . We recognize his constitutional right to retire Army Commander Gen. Lino César Oviedo."

In Washington, a White House statement warns: "The United States fully supports President Juan Carlos Wasmosy. . . . Any resort to extraconstitutional action will be completely unacceptable to the United States as it will be to the other democratic countries in the hemisphere. We will continue to monitor the situation in Paraguay and in consultation with our OAS [Organization of American States] partners will review the full range of necessary actions."

U.S. Acting Secretary of State **Strobe Talbott** calls **César Gaviria**, secretary-general of the OAS, then on an official visit to Bolivia. Gaviria issues a statement threatening, "I am sure that all democracies of this continent will move to defend democracy in Paraguay. . . . Any country that steps out of its constitutional order. . . . can be sure that we will use every possible means to get the restoration of democracy."



*César Gaviria*

Late that evening, Ambassador Service asks Argentine Ambassador **Nestor Ahuad** and Brazilian Ambassador **Marcio de Oliveira Dias** to go with him to the First Army Corps headquarters to help convince General Oviedo to retire from the Armed Forces. Oviedo refuses to meet with them, and, outside the headquarters, Service tells reporters, "We couldn't talk to the general. . . . The danger continues."

Wasmosy takes refuge at Navy headquarters, from which he reportedly offers his resignation to Oviedo. Between 11:30 and midnight, Service insists that Wasmosy stay overnight at the U.S. embassy. Wasmosy later explains that "the American ambassador took me to the embassy, *even though I wanted to stay at the residence*. He said, 'Sir, here is the entire diplomatic corps. . . .' and almost without realizing it, I boarded a van and we left." He spends the night surrounded by advisers and U.S. embassy staff. He is prepared to resign, in his own words, "to avoid bloodshed," but Service and other diplomats tell him not to step down. At 3:00 a.m. Gaviria calls Wasmosy at the embassy. Service later reports to the *Washington Post* that "whether he [Wasmosy] should resign or not *was finally resolved* when he got the call from Gaviria."

## April 23

Strobe Talbott speaks at an emergency session of the OAS, where he reports he has consulted Warren Christopher, an IAD member. Talbott also invokes Resolution 1080—the Santiago Commitment to Democracy—calling for a collective response to any nation in which there is an "irregular interruption" in the "legitimate exercise of power by the dem-

ocratically elected government." He calls for "strong, blunt condemnation of what was clearly unconstitutional action" by General Oviedo, and suspends U.S. military assistance to Paraguay. He warns that the United States is prepared to act with other OAS members to impose economic sanctions, if an extraconstitutional regime were to take over.

In Asunción, at 11:00 a.m., Wasmosy returns to the Presidential residence in the company of Service, who stays with him for much of the day, participating in meetings, along with the interior minister and close aides. Service explains to the *Washington Post* that the "diplomatic effort" at that point was concentrated on giving Oviedo a dignified exit, by offering the general the Defense Ministry. Oviedo later tells reporters that he never demanded the post, but that "eight authoritative emissaries" from the President offered it to him.

César Gaviria arrives in Asunción early that morning, traveling from La Paz on a plane provided by Bolivian President and IAD member **Gonzalo Sánchez de Lozada**. He immediately gives a press conference at the Presidential palace, following a meeting with the entire diplomatic corps. He stresses that Wasmosy has full international support, and that no one will tolerate a coup. Traveling with Gaviria is **Jaime Aparicio**, Bolivia's foreign minister.

Argentine Foreign Minister **Guido Di Tella** and Uruguayan Foreign Minister **Alvaro Ramos Trigo** travel together to Asunción, along with a delegation of Argentine congressmen. Once there, Di Tella states he is confident that Wasmosy "will smash the rebellious general." From Buenos Aires, **Rodolfo Terragno**, head of the opposition Radical Civic Union (UCR), states that the countries of Mercosur (the Southern Cone Common Market, of which Paraguay, Brazil, Uruguay, and Argentina are members) are a "democrats' club" prepared to act against Paraguay.

Argentine President **Carlos Menem** offers to go to Paraguay. Argentina, he says, "is going to take a firm attitude and will make the Paraguayan military change their minds and insure democracy stays in control. . . . If that doesn't happen, Paraguay is going to find itself totally isolated, not only from Mercosur, but also from the world." Argentine Defense Minister and IAD member **Oscar Camilión** is kept apprised of the situation.

Brazil's Deputy Foreign Minister **Sebastião do Rego Barros** arrives in Asunción with a delegation. In Brasilia, the Foreign Ministry informs Wasmosy and the Paraguayan high command of its concern over the coup possibility, and warns that any threat to democracy will "seriously affect the cooperation between Brazil and Paraguay in all its aspects." Brazilian President and IAD member **Fernando Henrique Cardoso** is in constant phone contact with Wasmosy, Carlos Menem, and Uruguayan President **Julio Marí Sanguinetti**.

In Brasilia, Cardoso meets with his own military command to discuss the crisis. Brazil's Army Minister General Zenildo de Lucena calls Oviedo to threaten him with reprisals, were the "coup attempt" to go forward. Aside from expelling Paraguay from Mercosur, General Zenildo tells Oviedo that

Brazil is capable of “asphyxiating” Paraguay’s economy by blockading the Friendship Bridge between Foz de Iguazú (Brazil) and Ciudad del Este, Paraguay. This would block Brazilian contrabandists’ access to Ciudad del Este’s giant duty-free center, where merchandise is purchased for sale all over Brazil. Other measures could include blocking Paraguayan access to the three Brazilian ports it uses for its exports, Santos, São Paulo, and Paranaguá.

#### April 24

At 8:00 a.m. Gen. Oscar Díaz Delmás is sworn in as new head of the Army, replacing Oviedo. César Gaviria, Mercosur foreign ministers, and other Ibero-American diplomats attend the ceremony to “show solidarity with Wasmosy.” General Oviedo and Wasmosy embrace, and Oviedo invites the press to attend his swearing-in as defense minister the next morning at 11:00 a.m.

U.S. State Department spokesman Glynn Davies says in Washington, “We’re pleased with what appears to be an end to the threat to Paraguay’s constitutional order.” He describes Oviedo’s stepping down from the Army command post as “very positive,” but adds, “we’ll have to see how it plays out from here. . . . On the question of whether . . . we have a particular reaction to what may happen to Oviedo in the future, we’ll just have to wait and see.”

Threats of foreign military intervention are reported in three locations: The *New York Times* reports that the other members of Mercosur “offered the President [Wasmosy] military help”; Argentina’s *Página 12* reports that on April 23, the OAS had to “deny reports that war planes had taken off from the Southern Command, based in Panama, headed for Asunción, to repress a possible coup attempt by Oviedo”; Brazil’s *Tribuna da Imprensa* publishes a detailed article on a purported “official Pentagon communiqué” reportedly sent to Brazil’s high command two days earlier.

Six days later, Brazil’s *Gazeta Mercantil* reports that combat jets were stationed on the border of Bolivia and Paraguay on April 24, ready to intervene in Paraguay if necessary.

#### April 25

General Oviedo arrives at 11:00 a.m. at the Presidential palace to find that his swearing-in ceremony as defense minister has been “indefinitely postponed.” In a televised address later that day, Wasmosy tells the nation that he has decided not to appoint Oviedo as defense minister.

General Oviedo addresses a crowd at the Parque de la República, denying that he had rebelled against the President.

State Department Glynn Davies and White House spokesman Mike McCurry, say, in almost identical language, “We fully and emphatically support President Wasmosy’s decision not to offer the position of minister of defense to General Oviedo. . . . We join all democratic peoples of the hemisphere and all governments in praising President Wasmosy for the courage that he’s displayed in protecting and defending Paraguayan democracy and constitutional order.”

## Triple Alliance War vs. Paraguay was to impose British free trade

by Lorenzo Carrasco and Cynthia Rush

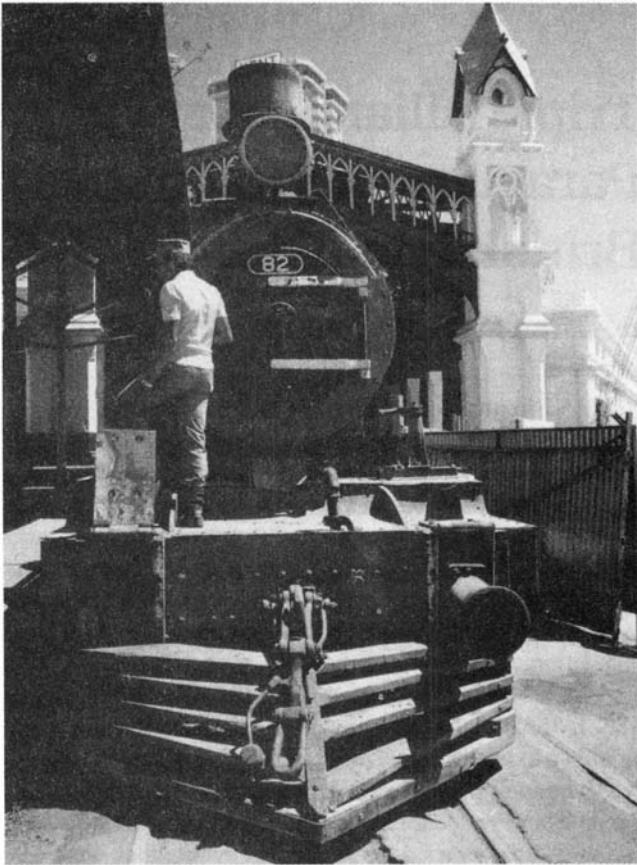
In 1865, simultaneous with the ending of the Civil War in the United States, the British government orchestrated the creation of the Triple Alliance in South America, among the governments of Argentina, Uruguay, and Brazil, for the purpose of dismembering the nation of Paraguay. For five years, until 1870, the alliance carried out a war of extermination against the Paraguayan people, a genocide which wiped out 80% of that country’s male population and 50% of its total population.

Why? The secret treaty creating the alliance, signed on May 1, 1865 by the three governments, stated that the allies would go to war to defeat the “tyrant,” Francisco Solano López, who took power in 1862 upon the death of his father, Paraguayan President Carlos Antonio López. But it wasn’t “tyranny” that worried the British. In reality, they were enraged that, beginning with the government of Carlos Antonio López in 1840, followed by that of his son in 1862, Paraguay had become a shining example of the success of protectionist policies, stubbornly resisting British demands to open itself up to free trade, and especially free navigability of its rivers. In 1846, the American consul in Paraguay, Mr. Hopkins, reported to Washington that Paraguay “is the most powerful nation in the New World, after the United States. Its people are united . . . the government is the richest of all the states on the continent.”

These American System policies stood in stark contrast to Paraguay’s neighbors, whose resistance to free trade had largely been broken. Paraguay’s existence as a sovereign nation-state represented a grave threat to British geopolitical interests, and could not be tolerated. A testament to just how successful the Lópezes were in building that nation-state was the heroic resistance of the Paraguayan people in the Triple Alliance war. The *entire population*, including children as young as 11 and 12 years, mobilized to defend Paraguay against incredible odds, not unlike the Bosnian people’s resistance against British-directed genocide. Marshal Solano López never gave up, and died fighting, rather than surrender to the Brazilian imperial army at Cerro Corá in 1870. “I die for my country, with sword in hand,” were his last words.

#### Free trade, or else

As early as 1837, Britain’s Lord Palmerston specified that the British Empire required free-trade regimes throughout



*Under the Presidency of Carlos Antonio López in the mid-nineteenth century, Paraguay built the first railroad in South America, shown here. The protectionist policies of López and his son incurred the wrath of the British.*

Ibero-America. In response to Argentine ruler Juan Manuel de Rosas's adoption of protectionist tariffs, Palmerston instructed the British representative in Buenos Aires to warn the Argentines that protective tariffs would have "pernicious effects upon the trade of their country." In 1841, from the British Foreign Office, Palmerston complained that "at present, the Plata, and the Amazon and Orinoco and the Rivers which fall into them *have not been rendered available for Commercial Intercourse with the Interior of the Country, but it seems likely that in process of Time, the use of them may render those great water communications . . . available for the Purposes of Commerce*" (emphasis added).

That the only purpose of the barbaric war against Paraguay was the imposition of free trade, was made clear by Bartolomé Mitre, the avowed British agent and Argentine President (1862-68), who led the allied troops as commander-in-chief. During the war, Mitre raved that "when our warriors return from their long and glorious campaign, to receive the well-deserved applause of their people, commerce shall see inscribed on their banners, the great principles which the apostles of free trade proclaim for the greater glory and happiness of mankind."

The Triple Alliance war was the culmination of British geopolitical machinations to prevent the establishment of any sovereign nation-state in Ibero-America. The Brazilian royal family, heirs to Portugal's decadent Braganza family, was the primary instrument of that policy. Beginning in 1808, when England coordinated the Portuguese royal family's transfer to Brazil, and with that the "opening up of the ports," London took control of Brazil's internal and external life, as a crucial element in its diplomatic maneuverings in the Rio de la Plata region. Together with Argentine Presidents Mitre and Domingo Faustino Sarmiento, a free-trade freemason and prominent member of Lord Palmerston's political "zoo," and the puppet government of Venancio Flores, imposed by Brazil in Uruguay, the British set out to smash Paraguay.

The secret Triple Alliance treaty stated explicitly that the war against Paraguay would continue *until the government of Solano López were totally destroyed*. Put together under the watchful eye of Britain's representative in Buenos Aires, Edward Thornton, the treaty also stated that Paraguay's borders would be redrawn, and that the nation itself would bear the cost of the war.

### **A mercantilist state**

In April 1830, Brazil's consul in Paraguay, Correía de Cámara, reported to his secretary of state that "the only way . . . to get rid of this nascent colossus [Paraguay], is through a quick and well-coordinated invasion."

What was this "nascent colossus"? Starting with the government of Dr. Gaspar Rodríguez de Francia (1813-40), the Paraguayan state maintained a virtual monopoly over all the country's fertile lands, as well as over foreign trade. It also controlled currency issuance and circulation, keeping it free from London's manipulation. Export of gold and silver was prohibited, a policy which broke the cycle of dependence on credit from Buenos Aires-based merchants.

Dr. Francia also prohibited the contracting of foreign loans, a policy continued by Carlos Antonio López (1840-62), and his son Francisco Solano López (1862-70). This was true heresy, since the country *had no foreign debt!* These and other measures eliminated the role of local oligarchies as dominant economic or political forces in the country. Nor did Paraguay have freemasonic lodges, which proliferated in neighboring countries. As the economy continued to develop, internal political strife was virtually nonexistent.

It was under the protectionist regimes of the two López governments, that Paraguay's most dramatic transformation occurred, much to Britain's horror. Carlos Antonio López's government maintained a 25% tax on imports of any products the country already produced, or that were considered luxury goods in a poor country such as Paraguay. But there were no import tariffs on agricultural and industrial machinery, or on other goods not produced domestically. Everything was paid for in cash. The lack of foreign debt meant that the nation's financial future was not mortgaged to foreign interests.

Paraguay became self-sufficient in food production, and

launched an industrialization campaign that was extraordinary, compared to its neighbors. The decade of the 1840s saw the construction of roads, bridges, canals, and other vital infrastructure. The military complex at Humaitá was built with the help of many foreign engineers, technicians, and doctors, as were the Ibycuí iron works and several other technologically advanced projects. The country had both a navy and a merchant marine.

The 1855 completion of the Asunción arsenal represented a significant advance in the development of forging and smelting technologies. The government built railroads and ammunition factories, extended telegraph lines, and established industries for the production of paper, sulphur, dyes, textiles, ceramics, and lime. Many of these projects were the result of Francisco Solano López's 1854 tour of several European capitals, during which he contracted hundreds of highly skilled technicians to come to Paraguay for the purpose of launching these modernization projects. When he was named President in 1862, Solano stepped up the rate of national development, especially strengthening and modernizing the Armed Forces, as an institution capable of defending national sovereignty.

Carlos Antonio López used to say that he was not a man of the Enlightenment, but rather a student of St. Augustine. At the beginning of his Presidency in 1840, ninety percent of Paraguay's population was illiterate, a situation which had to change if the country were to progress. Schools, he said, "are the real monuments which we can offer to national freedom." He built new schools and libraries, and hired foreign professors to participate in the education process. Education was extended to rural areas. The founding of the Normal School by the Spanish intellectual Idelfonso Bermejo, was an important achievement. Through a scholarship plan, López sent Paraguayan students to Europe and the United States, and rewarded inventors and others who introduced innovations in the production process.

Under this system of industrial protection, Paraguay's economic and industrial development was a source of envy among its neighbors. In 1857, there were 408 schools, with 16,000 students; by 1862, the number of schools grew to 435, with 25,000 students. Between 1851 and 1857, exports grew by 600% and the trade surplus by 800%.

### **Brazil and England: a 'special relationship'**

By the end of the 1850s, the British Crown had determined that it was time to destroy Paraguay. In 1859, after a British plot to assassinate Carlos Antonio López was discovered, an "offended" Great Britain broke off diplomatic relations with Paraguay, and carried out a number of provocative actions violating that nation's territorial waters. In 1861, Lord John Russell communicated Britain's demand that Paraguay submit to its "imperative mandate." In 1865, the preemptive military strike made by Solano López against Brazil, became the pretext for the British Empire to move rapidly against Paraguay through the Triple Alliance.

Earlier, in 1857, Brazil had appointed José María de Silva Paranhos, the viscount of Rio Branco, to negotiate to obtain free navigation rights on Paraguayan rivers, so that ships could reach the Brazilian province of Matto Grosso. Paranhos, the father of the baron of Rio Branco, the British-style geopolitician considered to be the father of the Brazilian Foreign Ministry (Itamaraty), was also the head of Scottish Rite freemasonry in Brazil. In this position, he received instructions from his superior, Lord Palmerston, the head of British freemasonry. Once he obtained the right to free navigation

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from Paraguay, Paranhos outrageously transferred it immediately to Great Britain.

The correspondence of British consul W.D. Christie, in which he defends Britain's special relationship with the Brazilian Empire, is revealing: "Apart from the interest which the sovereignty of a great trading nation always has in everything which leads to the development of commerce, Your Majesty will receive with sincere pleasure the announcement of the happy conclusion to recent discussions with Brazil. . . . The position of this empire, bordering all the states of the Plata and its affluents, bathed by the same rivers, with its great resources and wealth, assures it influence over the destiny of its neighbors. . . . The virtues and wisdom of its emperor, already well known, are sufficient guarantee that during his reign, which happily, in the natural order of things shall be long, the influence of his policies will be just, healthful and benign."

In neighboring Argentina, the defeat of Juan Manuel de Rosas in 1852 at the battle of Caseros, saw the political consolidation of a clique of liberal free-traders, a product of the romantic Young Europe movement and the "revolutionary" networks of Italy's Giuseppe Mazzini, an agent of Lord Palmerston's British intelligence services. In May 1860, Domingo Faustino Sarmiento told *El Nacional*, "We have faith that the moment will come when neighboring countries will intervene in the misfortune of the Paraguayan people. . . . Should Ar-

gentina's great problem (internal strife) find a happy solution, then the common interests of Brazil and the United Provinces of La Plata must bring them together, to make triumphant on the rivers of our countries' interiors, the principles and freedom which guarantee our safety against the government of Paraguay."

Bartolomé Mitre shared Sarmiento's view that free trade represented "civilization." He wrote in the Sept. 4, 1864 edition of his newspaper, *La Nación* that "if the alliance were not possible, at least a complete agreement should be established among those governments which, in America, represent the principle of civilization against the aspirations and dark mistrust of the true representatives of barbarism"—meaning Paraguay. In 1861, Mitre revealed the Triple Alliance's true objectives, as well as the identity of its promoters, when he said, "We should be aware of this peaceful triumph [in the region]; let us seek the nerve center of this progress, and find the initial force which put it into motion. What is the force which drives this movement? Gentlemen, it is British capital."

### Heroic resistance

The war against Paraguay was the biggest genocide in the history of this hemisphere. In five years, the Triple Alliance exterminated 50% of Paraguay's population, calculated at about half a million before the war. By 1870, the population totaled 194,000, of which 180,000 were women and 14,000 men. Of those, there were only 2,100 over the age of 20. Aside from those who died in combat, thousands more died as the result of wounds, hunger, and cholera epidemics.

But if it was the greatest genocide, the war was also an example of heroic resistance, which continues to be an object of great pride, not only among the Paraguayan people, but for all Ibero-American patriots. Despite the lack of resources, Paraguayans resisted until, literally, the last man, and in some cases, the last child. The devastation of the country was total: The war achieved what the "allies" could not obtain by any other means: the destruction of the country's military capabilities and the imposition of "democracy" based on free trade. For five years after the war, Brazil occupied the country militarily and imposed the Constitution of 1870. From then on, the nation suffered decades of political anarchy and economic chaos, the effects of which are still visible today.

In the final stages of the war, in June 1869, Gastón de Orleans, Count d'Eu, who was commander-in-chief of the imperial army and also son-in-law to the Brazilian emperor, described in his diary the "modernity" soon to be imposed on Paraguay. The Ibycuí ironworks, one of the Lópezes great achievements, "has been totally and definitively razed by engineer Jardim, who found a large quantity of still-usable machinery and some weapons. . . . Eighty men did the job . . . setting fire to the smelting, carpentry, turnery and foundry buildings . . . as well as the fuel warehouses. The job will be finished when the plant is destroyed, and the narrow valley in which the establishment is located, is subsequently flooded."

## Brits boost 'model democrat' Samper

by Gretchen Small

What is a model democracy for the British oligarchy today? According to members of the British House of Lords, the drug cartel-run government of Ernesto Samper Pizano in Colombia, constitutes the kind of "responsible democratic government" under whose control drugs should be legalized, and one for which they will wield the power of the Crown, to keep in office.

The lords also point out that the current British deal with the Colombian cartels' political front men, continues an arrangement struck with the previous President, César Gaviria, who as secretary general of the Organization of American States, was instrumental in the recent supranational coup against Paraguay.

These are the same British aristocrats who use the cry of "democracy," to demand sanctions against Sudan and Nigeria, because those nations oppose free trade.

The House of Lords organized a public show of support for Samper Pizano's drug regime on April 2, with a debate attacking the Clinton administration's March 1 decertification of the Samper government. President Clinton ordered that measures be taken against Colombia, because of the evidence that the Samper regime had no intention of breaking its deal with the drug cartels.

In interviews in April with *EIR's* Spanish biweekly, *Resumen Ejecutivo*, various British lords reaffirmed that they support Samper.

Reached in his London offices on April 27, Viscount Montgomery of Alamein bragged that the debate in the House of Lords was staged to give the Samper regime means to resist pressure from the United States. "The Colombian ambassador in London was obviously delighted with this initiative," he said. "Of course, the Colombians would have used this themselves," to say that the British Parliament opposes decertification. "And, when it came out in Parliament, obviously, it was sent hotfoot to Bogotá."

Montgomery, son of Field Marshal Montgomery of World War II, organized the April 2 debate. Recognized as *the* activist on Ibero-America in the House of Lords, Monty, Jr.'s primary interest is free trade, key to expanding the grip of the British economic interests with which he is associated (among them, Canning House, Shell Oil, the Baring Puma Fund, Terimar Services, and the Antofagasta and Bolivia Railway Co., notorious for its role in provoking the 1879-83



War of the Pacific). Under the free trade banner, Montgomery reported, he has taken an even "more aggressive stance" against U.S. restrictions on trade with Fidel Castro's Cuba.

Bemoaning the possibility that Samper might be forced to resign because of the "arbitrary" action of the U.S. government, Montgomery complained that decertification "put Colombia in the same league as Nigeria . . . [and other] pariah states . . . a very orthodox, hardworking democratic country like Colombia . . . grouped with dictatorial states in other parts of the world. . . . Not a nice thing to have happen, to a country which has got such impeccable democratic credentials."

"I know that President Samper is in danger," he added, "but then . . . the drug barons probably suborned all the political parties." If Samper is forced out, he should be treated "with dignity," because he has been "an extremely efficient President. I think it's all very sad, really."

It was Viscount Montgomery who on April 2 asked Baroness Lynda Chalker of Wallasey, the Crown's Minister of Overseas Development, "Does my noble friend recall that when President Gaviria visited Britain in 1993, it was clear that we had a long-standing and warm relationship with Colombia?" (see *EIR*, April 26, p. 47). "We have excellent relations with Colombia," answered Lady Chalker, the very official who has taken the point in running genocide against Africa, in the name of the same "democracy" under which she defends Samper's cocaine rule. "There are accusations against certain members of the government of Colombia, but they are only allegations." She promised her "noble friends" that she would make "representations" to Washington.

### Drug legalizers

Baron Pearson of Rannoch was another one proud to have spoken up for Samper in the debate on April 2, when reached on April 20. Pearson had been in Colombia last September, and plans to return in July; Colombia's ambassador to London had sent him "a nice letter" thanking him for his participation in the debate.

Pearson suggested the lords should next debate drug legalization, because "that *must* come to the surface more. . . . People have got to look at it." This could be organized by Lord Mancroft, a former drug addict who "feels strongly that everything should be legalized and taxed, and hard drugs available under prescription."

Montgomery reported that he, too, would be eager to participate, adding, "I would personally be in favor of legalization, because I think it is better to have it in the hands of responsible democratic governments."

Both lords pushed the line that the United States is the cause of the global narcotics trade, with the lie that, in Montgomery's words, "demand is what is causing the whole drug problem . . . and the biggest demand is something that exists in the U.S. It *comes from* the U.S., which is the world's largest area of consumption."

## Inter-American Dialogue's 'hit list' targets armed forces

by Cynthia Rush

The supranational assault against Paraguay by the networks of the Inter-American Dialogue was publicly announced three months before it occurred. An article appearing in the Argentine daily *La Nación* of Jan. 27, named Paraguay's Gen. Lino Oviedo, as part of a hit list of military "problem cases" in Ibero-America that need to be eliminated, in order for the British one-worldist strategy to proceed unopposed.

The article purported to review the status of civil-military relations continent-wide, in the aftermath of the July 1995 meeting of the region's defense ministers in Williamsburg, Virginia, and with an eye to the October 1996 follow-up meeting of defense ministers in Bariloche, Argentina. The information and analysis came from "reliable sources in the ministry headed by Oscar Camilión." Camilión is Argentina's defense minister; he is also a long-standing member of the Inter-American Dialogue. The views presented in the *La Nación* article thus reflect the thinking and strategy of the Dialogue, and of its British sponsors.

What is the Dialogue's agenda leading up to the October defense ministers' meeting?

In most countries in Ibero-America, "leadership of the armed forces is still not under the firm reign of civilians," the article complains. "The only countries that have a proper relationship with their armed forces are the United States, Canada, and Argentina." The reference to Argentina is telling: That country's Armed Forces have been "restructured" out of existence. They are unable to defend the nation from any external threat; they have been deprived of a national mission or operating budget; and they are intended to serve only as a waterboy for the United Nations' supranational adventures.

The Dialogue's leading targets include:

**Paraguay:** "The head of the army, Gen. Lino Oviedo, has a personal style which is very much like that of a medieval boss." The Dialogue crowd objects to Oviedo's defense of "antiquated" concepts such as national sovereignty and the importance of the Armed Forces.

**Peru:** "President Alberto Fujimori rules, but no one knows how much is his own inspiration, and how much that of the Armed Forces." Of particular concern to the one-worldist crowd, is Army Commander Gen. Nicolás de Bari

Hermoza Rios, whose leadership was central to the successful anti-terrorist offensive launched by the Armed Forces against the Shining Path narco-terrorists, and who continues to defend a significant role for the military in national life. The international “human rights” mafia and its local adjuncts have long sought General Hermoza’s removal. A headline in the Peruvian leftist daily *La República* on April 26, reporting on General Oviedo’s fight with President Wasmosy, is revealing: “The Paraguayan Hermoza Rebels.”

**Colombia:** “The issue of drug trafficking shapes the rest of the relationship with the state.” This is a protest over the fact that the Colombian Armed Forces, under the leadership of Army head Gen. Harold Bedoya, have played a prominent role in the war against the drug cartels. General Bedoya has also drawn the line against the narco-terrorist apparatus in the country, much to the dismay of the British-sponsored human rights network which is pushing for UN-supervised “peace negotiations,” under which power-sharing with the guerrillas would be arranged. Because of his firm stand against the non-governmental organizations (NGOs) and “European powers” meddling in Colombia’s Urabá region, Bedoya has been slated for political and/or physical elimination by the British.

**Brazil:** “There is no Defense Ministry; every arm has its own cabinet post, because the Constitution so prescribes.” The proponents of demilitarization have long viewed the existence of a single, civilian-controlled Defense Ministry as a crucial step toward emasculating the military and undermining its political power. Brazil has for years been a target of this strategy, because its Armed Forces remain relatively strong, compared to those of other Ibero-American nations, and they maintain four separate cabinet posts in the government. Budget cuts, however, have dug deeply into the institution’s operating capacity, while strategically important military-run companies have gone on the chopping block for privatization.

**Chile:** “The Armed Forces have their own source of funds. . . . Here, the presence of Gen. Augusto Pinochet is decisive. . . . President Eduardo Frei rules, only up to the barracks doors.” General Pinochet is a willing collaborator in British geopolitical machinations, but he remains an important obstacle to the plot to dismantle or weaken the Armed Forces. Since a certain percentage of the revenues of the state-controlled copper company, Codelco, goes directly to the Armed Forces, the defense budget cannot be held hostage the way it is in other nations.

**Mexico:** “They didn’t send their defense minister to the Williamsburg meeting,” the Dialogue crew protests. Mexico sent a low-level delegation, because it has historically opposed any form of supranational military deployment, or any attempt to establish the concept of limited sovereignty. These were two of the major topics on the Williamsburg agenda, and which the Dialogue now intends to fully impose at the upcoming Bariloche gathering.

## EIR warned you about ‘The Plot’

*In July 1993, EIR published a 460-page Spanish-language exposé, The Plot to Annihilate the Armed Forces and the Nations of Ibero-America, detailing how the offensive against the militaries of Ibero-America was intended to destroy the nation-state and impose world government. The book’s preface was written by Argentine nationalist Col. Ali Mohammed Seineldín, and the introduction was by Lyndon H. LaRouche, Jr. An English-language edition was published in 1994, and is available from EIR News Service. The following excerpt is taken from the first chapter, “The History of the Anti-Military Project.”*

The project to dismantle the Armed Forces is a matter of importance not only for the military. At stake in this battle is nothing less than the continued existence of the nation-state itself. If this vile plot is not stopped, the disintegration of the economy and national institutions that it will unleash will bring genocide of unimaginable proportions. Entire nations will disappear.

Therefore, it is imperative that civilians also join this battle. In June 1991, *EIR*’s Spanish-language magazine, *Resumen Ejecutivo de EIR*, published a special issue, entitled “Bush’s ‘New Order’: Eliminate the National Sovereignty and Armed Forces of Ibero-America,” which detailed the anti-military project. There we warned that the policy of destroying the Armed Forces “is not only directed against the institutions of the military, but also against the Catholic Church, the trade unions, national industry, and any institutionalized force which could offer resistance to the final objectives of George Bush’s New World Order: colonial subjugation, looting of natural resources and genocide against the supposedly excessive population of the South.” . . .

The underlying premises upon which the anti-military project is based are three:

1. International Monetary Fund (IMF) rule over the world economy remains sacrosanct. In other words, usury and its constant companion, malthusianism, must govern all economic activity.

2. Sovereignty is passé, an outdated concept replaced by the “globalism” of the so-called post-modern era. This is not some minor shift of emphasis in world affairs, but a commitment to *eliminate the nation-state itself as the form in which human social life is organized.*

3. Communism is dead, leaving the Anglo-American

combination—British brains deploying U.S. muscle—as the sole superpower worldwide. All nations are expected to adapt to a world run by one superpower, and therefore, the argument goes, they no longer need a national military. . . .

To defeat an enemy, it is necessary to understand what the enemy's goal is, what strategies he is employing, and most important, his most vulnerable flanks. It is also necessary to have most clear what it is that one is fighting for, because only on those grounds can the whole population be mobilized in the defense of the nation. A crucial part of this book, therefore, is the chapter on "How to Survive Without the IMF." . . .

## Reforming the OAS and IADB

From the outset, the [Inter-American] Dialogue proposed that supranational structures be created to monitor military activities in the Hemisphere. In its first report, titled *The Americas at a Crossroads*, the IAD proposed that the Organization of American States (OAS) be given oversight over national military activities, and that human rights be accepted as a cover for OAS intervention. Presaging what has now become a major campaign of the United Nations, the Dialogue asserted that "carefully considered multilateral action to protect fundamental human rights is not intervention but an international obligation." . . .

In December 1990, during a visit to the Southern Cone of South America, President Bush baptized this post-Cold War global project as the creation of a "New World Order." The project was to be imposed through "democracy," Bush announced. "The nations of the Americas are on the brink of something unprecedented in world history—the first wholly democratic Hemisphere," the butcher of Panama intoned. He warned, however, that this "new dawn" would not happen without its quota of suffering: "Change will not come easily. Economies now dependent on protection and state regulation must open to competition. The transition for a time, will be painful." . . . The drive to transform the Organization of American States and associated bodies into the kind of supranational institutions of government which had been discussed since the great crisis of 1982, was now in full gear.

On Dec. 4, 1990, one day after the Seineldín uprising, José Manuel de la Sota, Argentina's ambassador to Brazil, proposed that an alliance of the Southern Cone countries be formed to defend "democracy," under which sanctions and even armed interventions by members of the alliance would be used against any member country which did not maintain a "democratic" system. De la Sota proposed this at a luncheon attended by Brazilian President Fernando Collor de Mello and 21 ambassadors from other Ibero-American and Caribbean nations, held during a visit by President George Bush to Brazil.

The Argentine proposal was hailed warmly by London's *Financial Times* on Jan. 11, 1991. Argentine Finance Minister Domingo Cavallo was "trying to interest his neighbors in a

regional security pact that would keep the generals out of politics and busy with non-threatening duties, such as protecting the environment and stamping out drug-trafficking," London's mouthpiece wrote.

The Argentine proposals were just the beginning of a six-month-long political offensive orchestrated by the United States, with the strong support of Venezuela, to reform the OAS Charter so as to give the OAS "intrusive powers" in member states when "democracy" was threatened in any country. Together with this, they sought to restructure the Inter-American Defense Board (IADB), to transform it from what it is now, a regional advisory body in military affairs, into an OAS expeditionary force, along the lines of the "blue helmet" forces of the United Nations.

In March 1991, Argentine Foreign Relations Minister Guido di Tella held secret meetings with his Chilean and Brazilian counterparts to elaborate a strategy for forging a military wing of Mercosur to enforce "democracy" within the region, while simultaneously reducing both troops and conventional weaponry within each nation. Adm. Emilio Osses, head of the Joint Chiefs of Staff of Argentina, supported Di Tella's proposals, arguing that it is necessary in the "existing new international context" to "assume that the end has been reached for the model of Armed Forces which has existed for much of the current century."

On April 15, 1991, the State Department's top man in the Bush Manual anti-military project, Luigi Einaudi, then U.S. ambassador to the OAS, stated during a seminar at the Woodrow Wilson Center on "The Future of the OAS and Hemispheric Security," that the current structures of the OAS and Inter-American Defense Board were not adequate to assure hemispheric security. He expressed his "great frustration in the ability to bring together the OAS and the Inter-American Defense Board, the civilian political authority and the military institutional authority. It is clearly time that we translated the democratic solidarity that we have achieved in the Hemisphere into a new definition and role for the military."

Einaudi went on to directly attack the concept of national sovereignty, noting that when some New World Order advocates, such as "my friend Carlos Andrés Pérez" of Venezuela, address the OAS, "they will speak with such clarity that they send many people away reeling, looking for the protective veils of non-intervention, of the sovereign equality of states and of representatives."

The offensive paid off. When the OAS held its 21st Annual General Assembly in Santiago, Chile June 3-9, 1991, the foreign ministers of all the member countries signed the so-called "Santiago Commitment," which contains an "inexorable commitment" to defend democracy in the region. Concretely, they agreed that the OAS Permanent Council would immediately convene in the event of the overthrow of the government of a member state, and that a meeting of foreign ministers or the General Assembly itself would be called within ten days, to consider further action.

## Russia kicks out British spies, as policy fight rages

by Jeffrey Steinberg and Rachel Douglas

Twenty-five years to the day, after Britain expelled 105 Soviet diplomats from England for alleged spying, the Russian Foreign Ministry announced on May 6 that nine British officials were being booted out of the country, for running an espionage operation that recruited at least one Russian intelligence officer with access to Russian military and “strategic” data. Russian Foreign Ministry spokesman Boris Lostenko, in announcing the expulsion orders, said: “The man was seized red-handed, as he was in the process of communicating with his headquarters.”

One maverick British strategist, asked to comment on the espionage blowup, admitted to *EIR* that British intelligence has been active in areas of great sensitivity to the Russians, such as the Caucasus, where the Chechnya war has cost tens of thousands of lives: “The Russians are extremely annoyed at the way British intelligence has been operating in the Caucasus and South Russia. Frankly, we’ve been playing the ‘Great Game’ there. . . . They are angered that we have been meddling in the Caucasus, on a quite considerable scale.”

“The British got caught red-handed,” a senior Russian military expert told *EIR* after the expulsion was announced. “This puts a chill on British-Russian relations.”

The London *Guardian*, in a front-page article the next day, moaned that British firms such as British Petroleum, Cadbury Schweppes, Imperial Chemical Industries, and Rolls Royce, which have been making major inroads in Russia, could be badly hurt by the scandal.

The Russian move has precipitated hysterical reactions from London—in part, because it comes at a moment when leading French and British political circles have been engaged in a very nasty campaign to undercut potential cooperation between the Clinton administration and the Russians, and because it threatens the grip of the International Monetary

Fund (IMF), the Club of the Isles’ strategic raw material, petroleum, and food cartels, over what is left of the Russian economy. This Anglo-French revival of the Entente Cordiale, which was a dominant factor during the 1980s era of Margaret Thatcher and François Mitterrand, has been abetted by such American figures as former President George Bush, whose own recent international “petroleum diplomacy” has aimed at driving a wedge between the Clinton administration and key Persian Gulf and Mideast Arab regimes.

During the April Group of Eight conference on nuclear disarmament in Moscow, French President Jacques Chirac reportedly made a strong pitch to Russian President Boris Yeltsin to fortify Franco-Russian business and political ties as a “counterweight” to continuing U.S. “interference.” Simultaneously, French Foreign Minister Hervé de Charette, joined by his Italian counterpart, Susanna Agnelli, was scurrying around Damascus, attempting to draw Russian Foreign Minister Yevgeni Primakov into another anti-American gambit, this one aimed at sabotaging the Middle East peace process, which had already been jeopardized by recent Israeli and U.S. policy blunders.

While the British-centered Club of the Isles apparatus has ostensibly been playing a more subdued role in the anti-American drive in Russia, the British are actually directing the campaign, and are frantic over recent signs from sectors of the Russian elites, that they are considering breaking from IMF diktats and moving toward protectionist policies to defend what’s left of the country’s agro-industrial base.

### LaRouche in Moscow

One sign of that policy sea-change was the highly successful visit to Moscow by Democratic Party Presidential pre-candidate Lyndon LaRouche. The highlight of LaRouche’s

visit was his participation in an April 24 round table discussion at the Institute for Socio-Political Research of the Russian Academy of Sciences, on the subject of "Russia, the United States, and the Global Financial Crisis" (see *EIR*, May 10, p. 4 for coverage of the visit).

As LaRouche emphasized, the near-term global financial disintegration mandates a strategic alliance among Washington, Moscow, and Beijing—three of the four remaining great powers—against the British Empire, and such British-spawned "one world" agencies as the IMF. If the Clinton administration continues to back off from its "war and a half" with London, and fails, as it has so far, to back up Russia against the IMF, the global political situation will unravel. Although the Clinton administration has signaled that it is putting NATO's eastward expansion "on hold," it is, as LaRouche emphasized in Moscow, incumbent on President Clinton to abandon the NATO expansion altogether, especially in light of Russia's growing, justifiable feeling that "the West" is out to turn Russia into a raw materials looting ground.

LaRouche also came away from his recent Moscow visit, convinced that whoever wins the June 16 Presidential elections, will be duty-bound to implement the policy consensus now being debated behind the scenes.

One senior Russian source, in an interview with *EIR* on May 8, linked the expulsion order against the British diplomats to this policy battle: "Of course, nobody knows, to this moment, what the British actually did, but we do know there is a long history of such British operations in Russia, from the days of Bruce Lockhart in Lenin's time. What can be said with greater certainty, is that this action by our intelligence services could not have taken place, without the highest-level approval from the Kremlin. The Kremlin is showing its strong hand, showing the West that 'we can be strong, and that we are not just following the West,' at a time when there is a lot of tension about implementing the IMF policies."

The source continued: "The consensus among the more responsible economists in Russia, is that we must prevent being turned into a Third World country. . . . The main issue is that leading people here want to preserve what was built up productively, over three generations. We can't permit being turned into the suppliers of gas and petroleum abroad."

In an interview with "EIR Talks" on May 1, LaRouche stressed the importance of maintaining the export tariffs on Russian oil and natural gas—protectionist measures designed to provide a steady flow of cash to the Russian treasury, to finance internal improvements. Such tariffs, which were approved by the Russian State Duma (lower house of parliament), and signed by President Yeltsin, are slated to be eliminated as part of the \$10.2 billion IMF loan package. Those tariffs would generate an estimated \$23 billion in revenues.

The Russian economist who chaired the seminar where LaRouche spoke, Academician Leonid Abalkin, a former adviser to Soviet President Mikhail Gorbachov, expressed support for this view in a May 7 interview with the *New York*

*Times*, which was included in a profile of the new brain trust emerging around Communist Party Presidential candidate Gennadi Zyuganov. The *Times* warned that this group of "old school" Russian economists "disdain the International Monetary Fund and its tough demands that Russia limit the printing of money and lower barriers to free trade."

Abalkin was explicit: "Russia is losing its independence to carry out its internal economic policy. Its policy is not being decided by Parliament, but by the IMF." The *Times* added: "By way of example, Abalkin said that one important move supported by the Fund, the elimination of tariffs on oil and gas exports, was wrongheaded. . . . And he says that by improving tax collection, Russia could make do without the Fund's loans."

### Why spy?

The threat of a Russian break from the IMF's crushing conditionalities, especially were it to receive the backing of the Clinton administration, is being discussed as one reason why the British have been massively increasing their espionage operations inside Russia—and will continue to do so. On May 8, the London *Times*, the de facto house organ of the Windsor-Club of the Isles apparatus, published a lead editorial, titled "The Need to Know: There Is Much in Zyuganov's Plans That Merits Espionage."

"Mr. Zyuganov's hero is Stalin; his idea of a successful foreign policy is Russia's crushing of the Prague Spring in 1968," the *Times* asserted. "His copious published works accuse the U.S., the UN, and International Monetary Fund, the Roman Catholic Church, and even the Trilateral Commission, of leading a 'mondialist' Western conspiracy, to destroy Russia's greatness."

The *Times* added that the threatened expulsions of the British diplomats "bolstered the case for more active intelligence-gathering, whether overt or covert."

In fact, British intelligence has been working overtime inside Russia, running a series of operations aimed at, among other things, breaking off any prospect of a Washington-Moscow alliance.

One British technique is the encouragement of a belligerent reaction by Russia, to the touted NATO extension. London think-tanks, for example, have extended funds and assistance to Dr. Anton Surikov, a Russian defense analyst who calls for a Russian invasion and occupation of Estonia, Latvia, and Lithuania, in the event of their joining NATO. In an April interview with the weekly *Zavtra*, Surikov stated that Russia has only one current and future "probable adversary" in war—"the United States and NATO." He told the Estonian newspaper *Postimes*, that the West would not come to Estonia's aid, because "no sane American or Brit would put London or Washington under threat of nuclear attack. . . . What could they do for you militarily? They could send a naval fleet, land some troops. . . . To stop the landing we could use miniature nuclear bombs."

# Anti-Samper movement grows in Colombia

by Javier Almario

Despite narco-President Ernesto Samper Pizano's stubborn will to stay in office, and despite the club which he has been using against his opponents from his position of power, a national movement is emerging to demand his resignation and the Prosecutor General's office is moving firmly ahead on its investigations of Samper's corrupt entourage.

First, Pope John Paul II implicitly backed the request of the Colombian Catholic Church for President Samper to resign in order to begin freeing the nation from the evil influence of drug trafficking. "Your country is morally sick," said the pope at an audience with Msgr. Pedro Rubiano Sáez, archbishop of Bogotá and president of the Bishops Conference, through whom the pope urged the Colombian Church to "assume without delay a renewed effort of moral orientation." "In the face of the spread of corrupt, unjust, and violent behavior, which undermines the very foundations of human coexistence, the moral question is especially urgent," remarked the pontiff.

Second, reeling from the initial impact of U.S. "decertification" (on March 1, the State Department removed the Colombian government's certification as a country cooperating in the fight against drugs) and the threat of the loss of trade privileges in the U.S. market and other disciplinary actions by the Clinton administration, which hit them in the pocketbook, the Fraternal Council of Businessmen, representing almost all sectors of productive industry, trade, and banking, timidly asked for President Ernesto Samper to step down so that the economy could get back into gear and the United States would eventually "recertify" Colombia.

## Off to the slammer

Meanwhile, one of Samper's main legal defenders, Attorney General Orlando Vásquez Velásquez, has been under arrest since May 3 on order of the Prosecutor General's office. Vásquez's failed campaign to get reelected as a pro-Samper senator was financed by drug monies. Further, Vásquez did his utmost to sabotage the investigations of the Prosecutor General's office and tried a legal ruse to get Prosecutor General Alfonso Valdivieso Sarmiento sacked, thus ridding Samper of the nuisance of an honest prosecutor. Utilizing the Attorney General's function of oversight and sanction of public employees, Vásquez "ordered" Valdivieso

to withdraw over alleged irregularities supposedly committed five years ago when he was education minister. Now, Vásquez himself has been suspended from office on charges of obstruction of justice, which will be added to the bill of indictment by the Prosecutor General's office.

On May 11, the Prosecutor General is expected to order the arrest of three of Samper's cabinet ministers for their role in procuring funds from the narcotics trade to finance the Presidential campaign that brought Samper to power. They are Rodrigo Pardo García Peña, foreign minister; Juan Manuel Turbay, communications minister; and Horacio Serpa Uribe, interior minister, considered Samper's "left-hand man" and top political defender. Serpa runs the national intelligence service, the umbrella for several state security organizations, and is also known as an ally of the narco-terrorist National Liberation Army (ELN). Already in jail are seven Samper-allied congressmen, one ex-minister, two former officials of Samper's Presidential campaign, controller David Turbay, and the attorney general. In line to go to prison are another 15 congressmen, under investigation for drug-money offenses.

But Samper is ready to provoke civil war to stay in office. To silence the opposition, he has wielded not only state force but populist rhetoric. His government has tried to strip the church hierarchy of their right to speak out as Colombians on the situation in the country. He calls the businessmen "fascists" because, in his logic, when economic sectors participate in politics, they turn "corporativist," and he threatens to launch class war against them, using his supposed popular support. He also reminds them that the drug trade has infiltrated many economic activities.

Samper no longer dares to proclaim his innocence as he did in past months, when he would say that the drug money got into his campaign "behind his back." Now, he argues in his defense that no one in Colombia can cast the first stone because everyone has benefitted from drug money. If the drug trade is in the whole country, why not in his campaign? he asks. "We are all invaded by the drug traffic," said Samper during a May 7 televised interview. "You cannot say: Cut off the President's head to see if the drug traffic will stop infiltrating the banks, tourism, the various activities. . . . Let us not be hypocrites and Pharisees. The country has been tolerating drug trafficking."

During the same interview, Samper said that the solution to the political crisis is "for me to stay" in office. However, Samper can't walk even to the corner without being booed. At his last public speech, to the Banking Association's national convention in Cartagena, when Samper started to speak, a bunch of bankers left the conference room after booing the President. The rest of the audience walked out one by one, and each time one left, the ones outside sent up a roar to interrupt the President's speech. The police had to lock the doors to keep the room from emptying. In the end, only the Presidential entourage applauded.

# Leibniz honored in native city, but his economics remains unknown

by Rosa Tennenbaum

*This report was first published in the April 17 issue of the German-language weekly newspaper Neue Solidarität. It was translated by Edward Carl.*

The 350th anniversary of Gottfried Wilhelm Leibniz's birth will arrive on July 1. This itself is cause enough for events, celebrations, and symposia to recall one of the founders of modern science. Leibniz's birthplace, the city of Leipzig, held one such symposium to kick off the year's commemorations on April 9-11 under the title, "Science and the Shaping of the World." This is where Leibniz passed the first 20 years of his life, years which in certain essential points stamped his character, although his rise to becoming one of the most famous men among the learned of Europe came about in other places and in other cities. In the mid-17th century, Leipzig already was a significant center for the book trade, and the home of Germany's greatest university, the University of Leipzig. Here the young Leibniz first attended the philosophy, and then the law faculty, before he was drawn to the courts of the eminent German princes, where he could hope to transplant his ideas.

The Saxon Academy of Sciences at Leipzig and the Leibniz Society of Hanover sponsored this international symposium, and a whole range of academic institutions participated. On the one hand, it was stirring to see that the spirit of Leibniz himself penetrates through the thick layers of dust which have settled down upon the academies and that it shines through the pessimistic spirit of our age to still inspire human beings today. On the other, it is highly doubtful that the "new Leibniz," longed for by several of the speakers, was to be found among those assembled.

In several presentations, the enormous breadth of the interests of the learned man, and the profound, continuing influence that his discoveries exert, even unto the present day, were brought into sharp relief. His interests and important contributions extended from medicine and physiology to optics and acoustics and went over to mechanics and mechanical physics, and would not be fully encompassed even should one also include his contributions to scientific method. He

was an historian and philologist, as well as an economist and political emissary; he was a learned man and a practical man, for whom no subject was too great or too small to awaken his curiosity. When he, for example, on one of his many journeys, came in the evening to a small German provincial town, the poor street lighting came to his attention. The next morning he immediately went over to the city hall and presented to the mayor a detailed plan for improving the miserable illumination by means of gas lanterns.

This ability, to engage himself on the spot with full abandonment to undertake remedying the smallest nuisances and hardships that then afflicted mankind, and to come up with totally concrete solutions, is immediately striking. Theory ought only to prepare a pathway for practice, it was not a thing in itself. The purpose of his academies or "societies" was not supposed to be only for doing research; rather, new technical discoveries had to be developed, which should be put on display there for the population and explained both by the inventors and the respective trade and professional groupings. Leibniz lamented the fact that we owe our knowledge to "merely a few tens of persons"; "the others have still not found their way onto the path." His academies ought to create remedies, and to convey the sciences to the people.

For Leibniz there existed a "pressing connection of knowledge and action," as illustrated in the remarks of Jürgen Mittelstrass from Constance. Philosophy, science, and technology are closely bound up with one other and imprinted by the Christian image of man. Society should "be guided by what is to its benefit," ought to elevate the overall conditions of life and of knowledge, in short: "To make the human species happy" was the goal which Leibniz pursued with his academies. By no means did this have to always proceed with deadly seriousness, as Detlef Doering of Leipzig showed in his speech about the "Young Leibniz and the Learned Societies in Leipzig and Jena." The early academies dealt with man as a whole; there would not merely be debate and investigation, but also singing, playing music, and taking strolls; poems would be composed and recited, and once in a while an oration would be staged "on behalf of Bacchus." Herbert Breger of

Hanover presented the young Leibniz as a downright boisterous, enthusiastic young man, overflowing with an incredible wealth of ideas.

Leibniz's design for academies took up a good deal of space in the symposium, probably also because he stands as a refreshingly pleasant antithesis to the current academic reality. Several speakers expressed a distinct discomfort whenever the discussion hit upon the current situation in the universities and the present condition of science and research. Wolfgang Frühwald from Bonn, in his capacity as president of the German Research Society, devoted himself entirely to this theme. He began his address on "*Theoria cum praxi*—The Forms of New Knowledge and the Problems of Advancement of Research in Germany," with some beautiful quotes out of Leibniz's "Academy Design." Theory and practice were one, the academy was both a research center and a manufacturing center, and served the general improvement of the intellectual and economic situation. The academies were also supposed to purify and unify language, to develop the language for the nation-state, a theme to which Leibniz personally devoted himself with great judiciousness. Frühwald reflected on the role that the national language played on behalf of the development of the nation-state.

European culture was generated out of the connection of language, writing, and movable-type printing; a civilized nation would always be defined within the national language. Knowledge would be begotten through language, propagated through language, and transmitted through writing. This has fundamentally changed. Today, scientific works are no longer language-oriented, but only result-oriented. Ninety-five percent of all scientific works, for the first time, are no longer in the respective national languages, but are just written in second- or third-class English and filed. The break in tradition, which is taking place with the present transition to the Information Society, were only comparable with the transition from the oral to the written tradition, Frühwald said.

The quantity of knowledge being produced daily can no longer be surveyed, let alone mastered. By means of the electronic media, this knowledge, which essentially has less of the character of knowledge than of information, is immediately disseminated throughout the entire world. The hyperinflation in knowledge and the speed of its diffusion are growing exponentially. In the next 15 years, as much research in the natural sciences will be carried out and published as in all of the 2,500 years since Heraclitus, Frühwald suggested. A powerful industry has become based upon the production of knowledge, in which the academies hardly participate at all any more. For these markets, universal knowledge is no longer in demand; rather, only highly specialized, very innovative knowledge can be sold.

Specialization, however, also means particularization, and profit from knowledge only too often goes hand in hand with loss of competence: Whenever we solve a new problem, a new procedure must be mastered, we put another program

into the computer. In this manner we are able to obtain results for which we have no prior idea of how they were created. The capacity to recognize and master essential coherencies is receding.

One further hallmark of this process is the lengthening of the chain of responsibility. Since the same process is occurring in the fields of economics and politics, responsibility can no longer be traced back to a specific person, and the concept of personal responsibility for a certain action gets utterly lost. "Responsibility," Frühwald joked, with a touch of hyperbole, "nowadays is only accepted by terrorists."

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Knowledge, Frühwald emphasized again and again, exists also, and most essentially, in the form of its transmission. If I read something in a book, it is absolutely not the same as when I am reading something on the Internet; the form of the delivery stamps our thinking and our power of comprehension differently. The relationship of speech, writing, and the printed book represents to humanity the humus within which it could germinate. A generation which almost grows up on the Internet will no longer have any relationship to our humanist traditions, the scientist feared. The break with tradition is therefore complete and our world will therefore appear entirely different.

Symposium participants were unified on one thing: By reactivating Leibniz's conception of the academy, the wounds which have been inflicted by the severing of liberal arts from the natural sciences, and the confusion of the concepts of knowledge and information in research and teaching, could be healed. Mittelstrass stressed that exactly Leibniz's ethical conceptions need to be discussed again today, if we wish to reform the nature of culture and education. Only twice in German history has a reform of the sciences and the educational system succeeded: with the Leibniz academy, and then once again with Humboldt's education reform and the founding of his Berlin University. Today we have to reconnect to this, for reform is no less urgent now than it was at that time, he deemed.



Leibniz's originality consisted exactly in the combination of what today is divided up into numerous disconnected disciplines, said Frau Hidé Ishiguro of Tokyo, who refreshingly brought together Leibniz's discovery of the infinitesimal calculus and his philosophy of language. His *Ars inveniendi*, his spirit of discovery, was at once a method of speaking, and of discovery. Hans Wussing of Leipzig gave an insight into the learned man's art of invention with the example of mining, to which Leibniz turned again and again. With the aid of wind power he succeeded in siphoning up the seepage of groundwater out from the mining pits, which he then additionally utilized to produce power for the drainage. Naturally, such developments also were accompanied by setbacks, and sometimes hit considerable resistance among some of his sillier contemporaries. For example, the Harz mine management protested against the water drainage equipment, because they had "a considerable loathing for the constant repairs."

Leibniz's ingenuity as an inventor was presented to the symposium by Professor Lehmann of Leipzig. Many years ago, Lehmann had begun to study Leibniz's calculating machine and became convinced that this design really would work. Within the conference he was able to demonstrate a fully functional replica of the "*calculator perpetuum*" to the delighted audience. It worked out every desired problem quickly and correctly, in each of the four basic operations of calculation. Leibniz only lacked a first-class technician who would have been able to carry out his ingenious invention, in Lehmann's estimation. In the original prototype, it was only that the prongs of the ratchet wheels which had to carry over the digits to the next decimal places had been spaced too narrowly, so that the transition to the next order of magnitude often failed to work properly. A good technician would have immediately noticed this in the process of building the machine, as Lehmann demonstrated. With this machine, he was directly able to show just how far into the future Leibniz's ideas continue to operate, because all mechanical calculators until well into our own century have been based upon his idea of the calculating bank.

Scarcely any attention was given at this symposium to Leibniz's economics, even though he had also erected the essential pillars of the field of national economy. In the public question and answer period, the illustrious panel admitted that they were not familiar with his writings on economics. Even the presentations on philosophy were somewhat disappointing, because they were cut off from the real world. The speakers remained imprisoned within the accumulated dust of their learning and treated the subject purely historically. Despite this, we can state that the integrity of scholarship has been maintained to the extent that Leibniz's opposition to Locke, Hobbes, and Descartes was prominently brought out. A wreath-laying at the Leibniz Monument and an expert tour through the small but attractive exhibition on the young Leibniz and the academies in Leipzig and Jena in his time, organized by Detlef Doerin, rounded out this symposium.

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## Italy

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# Northern League seeks 'right to secession'

by Claudio Celani

The sensational electoral success of the separatist Northern League in the April 21 Italian general election has opened a turbulent new phase in national political life. Umberto Bossi, the party's leader, has used the protest vote of almost 4 million people to escalate his attack against the nation-state, calling for the "right to secession" of northern Italy from the rest of the country. Bossi made his call at a May 4 meeting of the so-called Northern Parliament, the congress of all the Northern League's elected representatives, which has met regularly in the city of Mantua for the last year. He announced that the Northern Parliament is to be renamed the Parliament of Padania (the Po Valley), giving that name to the region from the Piedmontese Alps to the Adriatic Sea, along which flows Italy's longest river, the Po.

Bossi declared: "The time has come to sit around a table to divide the country. There is no possibility of getting out of the crisis if not through a choice that brings separation from a centralist, colonialist, and racist state. Today . . . we demand the right to secession." Such a right, Bossi said, will be exerted by a Committee for the Liberation of the Po Valley and by a shadow cabinet which he characterized as a "Sun cabinet," implying that it will be highly visible. Bossi compared his project to the split of former Czechoslovakia into two countries: the Czech Republic and Slovakia.

Bossi carefully added that he wants to achieve secession of northern Italy through "democratic means," through a referendum and "international recognition." However, guests at the Mantua meeting noticed the appearance of a militia-type organization, a few dozen members of which were dressed in green shirts—like Mussolini's Fascists. Mario Borghezio, a member of Parliament and leader of the "radical" faction of the League, explained to the daily *Corriere della Sera* May 6: "Perspectives [for the Green Shirts] are manifold and still to be explored. One could start with protecting forests, which today are threatened, and progressively give vent to the militants' commitment."

Bossi's statements were preceded by an interview with Roberto Maroni, the League's number two man and a former interior minister in the 1994 cabinet of Prime Minister Silvio Berlusconi. Maroni said: "We want the Europe of the re-

gions. . . . We want the dissolution of the national states, in order to regroup them under the protective net of the European Union.” In another interview, given to *Corriere della Sera* on May 8, Maroni said: “There will be strong pressure from the other European peoples. For this reason, we will give birth, next fall, to the Federalist International, with all those in Europe who are fighting to achieve more autonomy or independence.” Maroni made it explicit that the League is counting on austerity to increase popular discontent against the central government: “The referendum phase should start after the summer, when the new government will be seen in action and the burden of the next budget law and of the economic situation will really be felt.”

Bossi’s radical shift has drawn support from his friend Gianfranco Miglio, a political sociologist who first supported the League and then split from it in 1993, when the League seemed to be going in a “moderate” direction. Miglio met Bossi and reported to the press: “I told him: Umberto, go, this is the moment.” “I agree with the Czechoslovakian model proposed by Bossi,” Miglio said. “The First Italian Republic must be swept away. The Constitution must be changed.” He added that if the other forces reject the negotiating table, “there is one way left: the formal request of secession.”

### **Widespread opposition**

Bossi’s announcement has provoked a general chorus of rejection by all political forces, and warnings from many institutional and moral authorities. The head of the Italian Catholic bishops, Cardinal Camillo Ruini, spoke at a meeting of the Italian Bishops Conference on May 6. The unity of the nation, Ruini said, “cannot be denied or compromised.” The Catholic Church, he said, is dedicated to national unity, because it is “rooted in the Christian and Catholic faith.” Without mentioning either Bossi or the League by name, Ruini characterized them as “degenerate expressions” of the “Northern Question”—referring to the discontent of the middle class in the most industrially developed part of Italy, because of the fiscal austerity being imposed by the government. “One must take its authentic aspects and contents seriously,” Ruini said, “without surrendering to its degenerate expressions, which unfortunately are not lacking.” Violating national unity, he added, “would mean going against the possibilities of development and the economic interests of our peoples, both in the North and in the South.”

Indicating Bossi’s apparent political isolation, was a reaction from Antonio Maccanico, a former president of Mediobanca, a merchant bank connected to the City of London. He declared that Bossi should be arrested.

However, that reaction should not delude the reader. Although the general consensus is to reject secession, Bossi has succeeded in achieving one goal: Almost everybody is now in favor of a quick reform that gives more fiscal power to local authorities. This is called “fiscal federalism,” and the issue

discussed is whether the regional governments should be given 30% or 50% of the tax money collected in the region. Even the Catholic Church has accepted this idea, as Cardinal Ruini referred to the necessity of “accepting and making the most of the legitimate demands for recognition” of the role of “local autonomies,” and “more direct and effective responsibility on the part of local management.”

The incoming government, led by Romano Prodi, a friend of international speculator George Soros, is going to move in that direction, as we reported last week. Already, a proposal to reorganize several taxes paid by certain categories of people into one single tax, and to give the money to the regions, has been announced by a special committee. The chairman of the committee is Finance Minister Augusto Fantozzi, but the proposal was inspired by Vincenzo Visco, a member of Prodi’s “Olive Tree” coalition and probable successor to Fantozzi.

Contrary to what some political analysts have written, although Bossi’s call for secession sought to achieve such a political result as the “federalist reform,” the monster he has put into motion is not going to be stopped easily. Instead, one can be sure that the Northern League’s jacobin movement will wait for the weakening effects of decentralization on the central government, to launch yet another attack on the nation-state.

## **Is the Bush League financing separatists?**

by Claudio Celani

In the course of investigating one of the largest money-laundering schemes ever, Italian prosecutors have found evidence linking the criminals to “Bush-Baker associates” in Houston, Texas: specifically, to the law firm of former Bush administration Secretary of State James Baker III. Among those profiting from the \$14 billion money-laundering scheme, was Italian separatist Gianmario Ferramonti, manager of the Northern League’s financial holdings until 1993, and presently in jail on charges of “racketeering” for the purpose of “recycling money.” One of Ferramonti’s accomplices is a banker, Alvaro Robelo, now a Nicaraguan Presidential candidate, with high-level connections to George Bush and Oliver North’s “Contra” networks.

Code-named “Operation Phony Money,” the investigation has been led by Italian prosecutor Davide Monti, based in the city of Aosta, and was carried out with the cooperation of American authorities. Praising the active engagement of the Clinton administration in fighting international organized crime, Dr. Monti told *EIR* that his investigation began after

meetings with U.S. officials.

The Clinton administration has been conducting major operations against international drug-trafficking and money-laundering operations. The Phony Money case is no doubt a result of the radiating effects of this effort.

Dr. Monti's operation started through the arrest of an American citizen, whose name has not been revealed, by the Guardia di Finanza, the police body in charge of pursuing financial crimes, as well as protecting Italy's borders. This person was found in possession of counterfeit bonds, deposited at the Rome branch of the Nicaraguan-based Banco Europeo de Centro America, owned by the above-mentioned Alvaro Robelo.

Robelo is a former Nicaraguan ambassador to Rome, a post which he achieved, according to the *Miami Herald* of March 25, on the recommendation of his relative Alfonso Robelo, a former Contra leader and close adviser to Nicaraguan President Violeta Chamorro. As *EIR* readers know, the Contras were armed and financed by Bush and North's drugs-for-weapons operation.

Recently, Alvaro Robelo launched the movement "Arriba Nicaragua" (Up with Nicaragua), in an evident attempt to imitate Silvio Berlusconi's successful 1994 initiative in Italy. While Robelo is not expected to come even close to being elected President, his person and his bank have been accused of involvement in drug trafficking, to the extent that he has had to publicly reject such allegations.

Now, after Operation Phony Money, it will be harder for Robelo to defend himself. His Rome bank office was one of the centers of the \$14 billion money-laundering operation, according to the following scheme: A customer deposits fake bonds or other assets at the Rome branch of the Banco Europeo de Centro America. Then, he gets from the bank a "certificate of ownership" of such assets. He then goes to Switzerland, where, on the basis of this certificate, he is given credit by another bank, presumably a witting accomplice. One of the Swiss banks involved is Banca della Svizzera Italiana. Another bank, whose name has not been revealed, is the Swiss office of a bank based in Munich, Germany. The "clean" money obtained from the Swiss bank is deposited in Italy or Central America, and the Swiss bank is repaid with dirty money.

The assets used as collateral by the Banco Europeo de Centro America included counterfeit U.S. Treasury bonds; nonexistent diamond sets; false Rubens paintings; and German gold bonds, issued under the Weimar Republic (1923), and guaranteed by central bank gold deposits.

### **The Bush-Baker connection**

The German gold bonds, whose authenticity has not yet been proven, bring in the "Bush-Baker associates" who are mentioned, by that name, in a wiretapped telephone conversation of a person arrested in Operation Phony Money. So far, Dr. Monti explained, there is no proof of direct involve-

ment of either Bush or Baker, just a "reference." But he did not exclude that the investigation could bring new developments.

Indeed, the Baker and Botts law firm specializes in assisting owners of German gold bonds who want to cash them with the German government. This fact is explained by the role historically played by George Bush's father, Prescott, in the banking consortium that marketed the first issues of German gold bonds during the Weimar Republic, according to the Versailles agreement for debt repayment, and went on using the same scheme to finance the Hitler regime. The central role in that operation was played by the European branch of the Harriman bank, of which Prescott Bush was the manager, in association with Kuhn Loeb, Morgan, and others.

Today, the German government recognizes gold bonds issued by the Weimar Republic, but not those issued under the Third Reich. According to the German central authority on old German debts, there are only "a few hundreds" such bonds still circulating, in cuts from 1,000 to 10,000 each. But, according to Girolamo Scalesse, one of the key persons arrested in Operation Phony Money, there are at least 180,000 bonds still in circulation. Prosecutor Monti and his associates seized gold bonds worth \$1.4 billion. Some of them are counterfeit, and some are not, investigators believe.

An added complication is that at the end of World War II, gold bonds in the hands of Nazi officials were seized by Russian troops in Berlin. Part of them went to Moscow, part to East Berlin, and were kept in the custody of the East German secret service, the Stasi, until the fall of the Wall. After 1989, the Stasi and Moscow deposits found their way to markets in the West. Investigators do not exclude that the Phony Money gold bonds may be coming from the Stasi or KGB stocks.

### **U.S. backing for the separatists**

The key individual sitting in the Aosta jail is Gianmario Ferramonti, who was the manager of the separatist Northern League holding called Pontida Fin, until 1993. Ferramonti then left the League, joining separatist hard-liner Sen. Gianfranco Miglio, who had split from the League that year (but who rejoined later).

Prosecutor Monti told this writer that Ferramonti "has influential friends in the United States." Monti could not mention names at this stage of his investigation, but added that "international freemasonic circles" are involved in the Phony Money ring. It is either Ferramonti or his buddy Scalesse, who mentioned the "Bush-Baker" firm on the telephone.

What did Ferramonti use the huge amounts of laundered money for? Is the Bush-Baker law firm involved in financing separatism in Italy with dirty money? Future developments in Operation Phony Money could give an answer to that. Politically, Prosecutor Monti has no doubt: "It is absolutely plausible," he told us, "that international circles are supporting forces in Italy that are striving to break up the country."

### Labor challenges austerity drive

*With the Kohl government announcing new budget cuts on a daily basis, some are sounding the alarm.*

**T**he tone of political exchanges between government, banks, and managers on one side, and labor and social welfare organizations on the other, is getting harsher. The deep frustration and outrage in the labor movement about the government's austerity program, is beginning to catalyze a broader mobilization.

Frustration and outrage alone won't suffice, naturally, if not guided by a positive alternative to British free-trade doctrines; but there is a potential now to stir up the normally complacent labor movement in Germany, to achieve something positive.

A senior spokesman for the German construction union told this author on April 30 that the government and its arrogant austerity advisers may think they are winning on all fronts, because they took labor by surprise, breaking off the dialogue with the labor unions in early April and replacing it with a policy of daily pronouncements of new plans for budget cuts, "whether labor likes it or not." But, the source said, this victory may prove shaky, because tearing apart the social consensus, in a country whose entire postwar structure and social stability rests on that consensus, is a very risky undertaking.

It is not only labor that is opposing the planned federal budget cuts of 15 billion deutschemarks (\$9.4 billion) in labor incentives, sick leave benefits, jobless support, and social welfare payments, for FY 1997. On May 3, the management of the German state railway company, the Bundesbahn, resolved not to reduce sick leave benefits for its 280,000 workers and employees, not to do what Chan-

cellor Helmut Kohl is calling for, namely for public sector workers, whose jobs are supposedly "safer" than those of the private sector, to march ahead in the new era of social sacrifices. Kohl is over-confident that nothing will stand in the way of his plans, so it is not even certain that he noticed the slap in the face that he received from the managers of the Bundesbahn.

Indeed, most German managers seem to be loyal to the Conservative Revolution. The main front of resistance is, therefore, the labor movement, with its 15 unions and 9.4 million organized members.

May 1, the traditional Labor Day, featured a number of speeches by union leaders that were quite remarkable, in addressing the world of monetary and financial speculation as a mortal enemy of labor. It is worth noting that the labor union of the 470,000 employees of the German banking sector, HBV (commerce, banking, and insurance), is in the very forefront of the labor mobilization here. This has to do with the fact that the HBV is in the middle of a campaign that was launched last year, against plans of the banking and insurance managers to eliminate 25% or more of the sector's jobs, in the process of "downsizing" their operations in Germany, and "outsourcing" to other, allegedly more profitable markets abroad. This process, which will kill 120-140,000 jobs in the banking and insurance sector within the next few years, has already been pushed through in productive industry, with a net loss there of 560,000 jobs since 1990.

This mobilization of the HBV will be merged now, with the mobilization against the government plans for cuts in the labor budgets. HBV national chairwoman Margaret Moening-Raane delivered bluntly worded statements in the recent period, for example at a protest rally of 50,000 HBV members in Bonn on April 28, where she attacked "the free-market radicals [who] want deregulation, which means lifting speed limits for the so-called 'market forces.' For them, it is not the average citizen that has priority, but big money."

"What we need," she said, "is a policy that really serves the cause of the people; a policy that does not consider social justice as a term in a foreign language; a policy that taxes speculative gains effectively, instead of distributing additional tax benefits. We need a policy that takes efficient measures for the creation of jobs.

"We urgently need perspectives and actions for more jobs. We don't need any liberal-economy loudmouths. We need politicians who are loyal to the people, not to finance capital."

In a speech on May 6, she warned the government and the banks not to underestimate the power of resistance of the labor movement. "If need be, we will carry the resistance over several years, into the next national elections of 1998, and beyond," she warned.

This is a resistance movement that is operating from within the territory of the monetarist enemy—the banks. It is a very interesting constellation. The moment that this movement directly takes up the call for a fundamental reform of the banking system, for the creation of a national bank that would serve productive investments and punish speculation, may come sooner than the bankers and the government think.

## Mass murder in Tasmania

*Why did no one act to prevent the tragedy, when the killer's psychotic profile was well known to authorities?*

On Sunday, April 28, twenty-eight-year-old Martin Bryant entered a cafeteria in Port Arthur in Tasmania, and ordered lunch. After remarking to a patron that "there are a lot of WASPs [white Anglo-Saxon Protestants]. Not a lot of Japs," he picked up his bag and walked toward the entrance. There, he opened the bag, produced a military assault rifle, and walked slowly from table to table shooting people, mostly in the head. Within a minute, he had killed 20 and injured 15 of the 60 patrons in the café. He pursued each person who tried to escape him, and gunned them down systematically. He chased one man onto a bus and killed him, then shot the bus driver. Others tried to hide beneath the bus. He climbed underneath it and killed them all. He fatally wounded a mother holding her baby; the surviving daughter ran and sought protection behind a tree—he chased her and shot her dead.

He finally retreated to a hotel where he holed up overnight, surrounded by hundreds of police. In the early hours of the morning, Bryant set the cottage afire, and emerged screaming, with his clothes alight, into the arms of waiting police. The toll, including three killed in the cottage, was 35 dead, and 19 seriously injured.

This hideous massacre is similar to the recent slaughter in Dunblane, Scotland, where a gunman walked into a primary school and killed 16 five-year-olds and their teacher. The media generally report such incidents as "a lone nut going berserk." The reality, in Dunblane and Tasmania,

is otherwise: In each case, the mass-murderer had a known history of aberrant behavior and propensity for violence, which were repeatedly "overlooked," until the day of the massacre.

There is one institution which specializes in the study of such incidents of "blind terror"—the Tavistock Institute in London. An arm of British intelligence since it started its psychological studies on shell-shock victims during World War I, Tavistock has also conducted precisely the kind of experiments necessary to create, and to manipulate, damaged personalities such as Martin Bryant.

Tavistock's studies show that a population struck by sustained terrorist incidents of this sort, is most susceptible to sweeping "paradigm shifts" in its former worldview, as happened in the adoption of the rock-drug-sex counterculture by U.S. youth in the 1960s, under the successive shocks of the assassinations of John F. Kennedy, Martin Luther King, and Robert Kennedy, and the bloody images of the Vietnam War. This counterculture project was itself created by Tavistock, under the code-name "MK-Ultra."

A "sub-routine" of MK-Ultra, was "The Monarch Project," whose purpose was to create programmed assassins—"Manchurian candidates." Monarch, or related conditioning, leaves certain tell-tale signs in its victims: 1) multiple personality disorder, 2) bizarre sexual behavior, and 3) involvement in Satanic cult activity. The normal, healthy human personality could not be "programmed," without such degradation.

These elements, or strong indications of them, were present in the Bryant case; he also had repeatedly visited London—the world's command center for terrorism—and spoke with an English accent.

The following facts are noteworthy in this regard:

- Bryant's neighbor, John Featherstone, reported about him, "We knew in our minds there was something wrong about the fellow. He had three or four different personalities."

- Bryant was known for sleeping with a pet pig. On one of his frequent overseas junkets, according to the Sydney *Herald Sun*, "he brought back videos from Scandinavia featuring animal sex acts and bestiality."

- His favorite video was "Child's Play 2," about a doll that comes to life and commits serial murder.

Bryant was known to law enforcement long before his murder spree. He was suspected of having killed the heir to the Tattersall gambling fortune, Helen Harvey, who had more or less adopted him at age 15, and on whose farm he lived. Then, shortly after Bryant's father moved onto the farm, and started getting rid of Bryant's beloved menagerie, he turned up dead.

Police records show, according to an *EIR* discussion with an Australian law enforcement source familiar with the case, that Bryant had "a multiple killer psychotic profile," and had been arrested at Melbourne Airport at least once on suspicion of being a drug courier.

Since Bryant was known, was even rather notorious, to police and psychiatric sources, as a time bomb waiting to explode, the first questions to be asked are, who maintained the records on him, and why was nothing done about him? Did someone intervene to make sure no actions were taken?

# International Intelligence

## Positive signs in Shubeilat case

The international campaign to free Jordanian political prisoner Laith Shubeilat seems to have begun to bear fruit. Reports from Jordan confirm that King Hussein had visited Shubeilat's mother. Sources close to Shubeilat described this visit as a "prelude to a royal amnesty for Laith Shubeilat," a celebrated engineer and opposition figure, who was framed up on political charges and sentenced to three years in prison this past March. Shubeilat's mother told reporters: "King Hussein hugged me and told me that he considers himself 'as my son.'" She added that the visit was private and not really extraordinary, "since there are strong ties between our family and the royal family." She asserted that she and King Hussein did not discuss Shubeilat's case, and only talked about private family issues.

Meanwhile, *EIR* was told by Shubeilat's friends that "Laith is no longer staying in his solitary confinement cell, and was moved to a larger prison room with other inmates of his own choice." These sources stressed that there is a chance for a royal amnesty for Shubeilat soon. Traditionally, the king issues an amnesty for certain categories of prisoners on May 25 each year, Jordan's Day of Independence.

## Ritalin approved for children in France

Ritalin (methylphenidate) was approved for distribution in France for the first time last summer, according to the February edition of the education magazine *Mutuelle Générale de l'Éducation Nationale*. Despite apparent misgivings about the drug, prominent French pediatric psychiatrists are touting the amphetamine-related stimulant as an acceptable treatment for youngsters diagnosed with "attention deficit hyperactivity disorder."

Despite tremendous opposition to its commercialization in France, methylphenidate was already being obtained from other

European countries where it has been legal for several decades. Ritalin was approved for use in 1956 in Denmark, in 1962 in Belgium, in 1969 in Holland, and in 1972 in the United Kingdom. Its use is also widespread in Canada, though not as much as in the United States, where about 10% of school-age boys are being treated with it.

Dr. Marie-France Le Heuzey, a child psychiatrist at the Robert-Debré Hospital in Paris, told an interviewer that Ritalin can be "very effective" when it is properly prescribed for hyperactive children. The purpose of administering the drug, she says, is to "help the child live, to help the parents and the teachers to tolerate the child," though she warns against "prescribing the drug to please the parents or certain teachers."

A second specialist is also interviewed in the publication, Dr. Paul Messerschmitt, child psychiatrist at the Armand-Trousseau Hospital in Paris. He notes that the French education system, while one of the best in the world, is ill-suited to helping children who are hyperactive: There are few hours of sports activity per week, and long class periods devoted to theoretical subjects. After admitting that the "ideal" would be to design special programs to deal with such children, "this is difficult to envisage in the current context."

## Einaudi defends Peru's laxity in drug war

During the April 26-28 inter-American summit of defense ministers in Miami, sponsored by the U.S. Southern Command and the National Defense University, Assistant Secretary of State for Narcotics Affairs Robert Gelbard criticized Peru's Alberto Fujimori government for its retreat in the war on drugs.

Speaking before the continent's defense ministers and a large group of diplomats and others, a visibly angry Gelbard said that Fujimori's government was not showing the political will to eradicate the drug trade.

Congresswoman Luz Salgado, who chairs the Peruvian Congress's Human Rights Commission, insisted in reply that

Peru was busy fighting terrorism and poverty, and that anyway, what the Peruvian peasantry needed was coca leaves, not herbicides which could make them sick.

Gelbard took back the microphone and said that Fujimori had told him to his face that eradicating coca crops was "not a priority" for his government. "That is unacceptable," said Gelbard, who pointed out that Peru was the only country whose coca crops increased in size last year.

Congresswoman Salgado stormed out of the event and did not return. She was later approached by State Department special envoy Luigi Einaudi, who apologized for Gelbard's "off-the-cuff" remarks, and said they did not reflect the opinion of the U.S. government. Salgado later complained to *El Nuevo Herald* (April 27) that Gelbard had shown "bad taste in sharing a comment that could have taken place in a private conversation" with President Fujimori.

## Anti-nuclear campaign stepped up in Germany

According to a report in the May 3 issue of German engineers weekly *VDI-Nachrichten*, a newly formed "Energy Alliance" has called for the shutdown of all nuclear power plants in Germany. It consists of 22 organizations, among them the Evangelical Church, several managers associations, the trade union Bau-Agrar-Umwelt, the municipalities of Hanover and Leipzig, and the Club of Rome. It is headed by the Alliance for Environmental and Nature Protection (BUND).

*VDI-Nachrichten* quoted the head of the German association of power producers (VDEW) Joachim Grawe, who says that due to the worldwide population growth, "nuclear energy is indispensable." Grawe said he was "shocked to see that serious people, the Evangelical Church, trade unions and the Club of Rome have signed this memorandum."

On the darker band of the ecologist spectrum, terrorist incidents are stepping up. On April 27 about 10,000 people demonstrated at the marketplace of Dannenberg,

## Briefly

**SINN FEIN**, the leading party of Irish republicans, announced April 30 that it will participate in the May 30 elections in Northern Ireland. Voters will choose delegates to all-party Northern Ireland peace talks scheduled to occur in June. The Sinn Fein slate will include Sinn Fein president Gerry Adams and Martin McGuinness, both from Northern Ireland, as well as candidates from the 26 counties in the Irish Republic.

**QUEBEC CITY** was the scene of a three-hour riot by 1,500 youths on May 4, when police tried to arrest several people for starting a small campfire in a street in the city's historic Old Town. An eyewitness described it as a police provocation in an atmosphere of tension over independence from Canada.

**SUDAN'S** President Al-Bashir was quoted in the London-based Arabic newspaper *Al-Hayat*, saying the UN sanctions against his country "are in the first place a political issue which we will fight and at the end will win. . . . Despite all the evidence showing Sudan's innocence, they say 'you are guilty until proven innocent.'"

**THE TORIES** got trounced in local elections across Britain on May 2. It was only the second time in party's history it has polled below 30% in such polls. John Major's Conservatives lost about half the seats they were defending in the biggest test of voter opinion before a general election due within a year.

**POLAND** now has its own Schiller Institute. On April 20, 1996 in Warsaw, a founding meeting was held of the republican policy think-tank initiated in 1984 by Helga Zepp LaRouche. It elected a board, which is chaired by Anna Kaczor-Wei.

**CHILD LABOR** should replace "utopian" universal education, was the brazen message of a special television program which aired in Peru May 5. It was put together by Guido Lombardi, a top Mont Pelerin Society operative.

near the Gorleben nuclear waste facility, protesting against nuclear waste transports, among them 600 militant activists, who tried to destroy the rail lines. About 150 people were arrested by the police, but later 200 activists tried to storm the police buses to free their collaborators. Another 300 militants were trying simultaneously to destroy the rail lines in Rosdorf, near Göttingen. According to the daily *Die Welt*, there were more than 100 sabotage attempts against railway installations since spring 1995 in Lower Saxony alone. All over Germany, there were 76 sabotage attempts against railway infrastructure since mid-April 1996.

### **Sharon mobilizes against Hebron army withdrawal**

The crazies in Israel are on a full mobilization to block government plans to withdraw military units from Hebron, the most populous Arab city on the West Bank. The city is the site of the Tomb of the Patriarchs, the supposed burial place of Abraham. The nearby Jewish settlement of Kiryat Arba, is the Jewish Defense League headquarters, and was the residence of Baruch Goldstein, who killed 50 Muslim worshippers at the tomb in February 1994.

On May 3, Gen. Ariel Sharon wrote an op-ed for the *Jerusalem Post* entitled, "Hebron, Now and Forever." Says Sharon: "Hebron is next. 'You can't rule 160,000 Palestinians for the sake of 400 Jews,' is how the prime minister put it to the Torah sages and scholars. . . . But what matters is not whether there are 400 Jews in Hebron, but the 4,000 years of Jewish history. What other people has such a monument, where the patriarchs and matriarchs of the nation rest in a single place? . . .

"Deliberately, the government is creating a situation intended to force the Jews of the city to abandon their homes. But the government is wrong in its expectations. The Jews of Hebron will not depart. They are deeply dedicated individuals who know that without their presence no Jews will ever again visit Hebron and its holy sites. The *haredi* [ultra-religious Jews] world is up in

arms; the National Camp in Israel is stirred. The reaction of the Torah sages has surprised this government. The sages sense great danger for the very existence of the Jewish people. And they, with the Jewish residents of Hebron, will save the city. . . . The Jewish sector, including the cemeteries, the Tel Rumeida road, the Hadassah building complex, Beit Romano, the Mystics' Yeshiva, the 'Jewish Courtyard,' the Avraham Avinu Synagogue, the Machpela Cave area and the eastern casbah should be attached to Kiryat Arba."

### **Keating quits Parliament in Australia**

Paul Keating ended his 27-year Australian parliamentary career on April 23 when he resigned from the House of Representatives, in the wake of his leading Labor to its worst ever electoral defeat on March 2, *The Age* reported on April 24. His disastrous "reforms" included:

- deregulating the banks and allowing international banks into Australia;
- floating the Australian dollar, so "speculators can speculate against themselves," he said;
- overhauling the tax system, though he failed in his bid to introduce a consumption tax;
- presiding over the Native Title legislation to give indigenous people sovereignty over the land mass;
- setting up APEC, and the push for Australia to be a "part of Asia" on behalf of British empire interests;
- the push for an Australian "republic," a fraudulent operation that is expected to go on hold under the new monarchist prime minister.

Although only 52, after 27 years in Parliament, Keating will receive a pension of \$130,000 a year. However, he is expected to earn much more than that if, as expected, he becomes a consultant to international companies in the Asian region. Keating's secretary for the next 12 months will be his former foreign affairs adviser, Allan Gyngell.

## Federal courts proclaim assisted-suicide 'right'

by Linda Everett

In a stunning renunciation of the concept of the sacredness of individual human life, two federal appeals courts, in a matter of weeks, have struck down century-old laws in Washington State and New York State that prohibit aiding or causing suicides, claiming that terminally ill patients have a constitutionally protected right to receive a doctor's help in "hastening" their deaths.

On March 6, the Ninth U.S. Circuit Court of Appeals in San Francisco ruled that terminally ill patients—as well as physically or mentally ill or unconscious patients—have a fundamental right to be murdered by their doctors. While the 8-3 decision guarantees the right of "mentally competent, terminally ill individuals" to commit suicide with lethal drugs prescribed by doctors for that purpose, Judge Stephen Reinhardt, who wrote the opinion, delineates a far broader application of that suicide right by extending to legal guardians, family members, and third parties—such as doctors, ethics committees, hospitals, and other institutions—the right to murder a whole spectrum of mentally or physically disabled individuals who are incapable of "choosing" suicide for themselves!

On different constitutional grounds, the U.S. Circuit Court of Appeals for the Second Circuit in New York ruled on April 2, that physicians have the right to prescribe lethal drugs "to be self-administered by mentally competent patients who seek to end their lives during the final stages of a terminal illness." The unanimous decision, binding in three states, claims that "Physicians do not fulfill the role of 'killer' by prescribing drugs to hasten death."

The rulings are barbaric, given that it was this nation, as a leader of the civilized world, that stood alone in its insistence that Nazi doctors be brought to justice at Nuremberg for their

abhorrent crimes of euthanasia against German civilians. Now, two generations later, just beneath the veneer of the many U.S. policymakers, clinicians, attorneys, ethicists, and others who cheer this ruling as a "celebration of basic civil and personal rights," we see a nation enforcing the same malthusian economic solutions that Adolf Hitler used (consider Newt Gingrich's Medicare and Medicaid cuts). We see a population brainwashed enough to believe that their "dignity" lies in their personal "choice" of the horrors behind the official motto of the Nazi Tiergarten 4 euthanasia program: "The syringe belongs in the hand of a physician."

In October 1939, Hitler charged Reichsleiter Philip Bouhler and Dr. Karl Brandt "with the responsibility for expanding the authority of physicians . . . so that patients considered incurable according to the best available human judgment of their state of health, can be granted a mercy death." Nazi doctors, nurses, and panels of psychiatrists (just like today's hospital ethics committees) responded by systematically murdering over 100,000 mentally and physically ill German children and elderly citizens by lethal injections, drugs, poisonous gas, and starvation—all judged at Nuremberg to be crimes against humanity.

The Ninth and Second Circuit Court decisions locate the "right" to suicide assistance in two clauses of the Fourteenth Amendment to the U.S. Constitution. Section One of the Fourteenth Amendment reads, in part: 1) "that no State shall deprive any person of life, liberty, or property without due process of law; nor 2) deny to any person within its jurisdiction the equal protection of the laws. . . ." While the Ninth Circuit discovered the guarantee of doctor-assisted suicide within the right to due process, the Second Circuit located it within the equal protection clause.





A demonstration by the National Democratic Policy Committee against euthanasia legislation in New Jersey in 1985. Federal appeals courts have now affirmed that it is legal for doctors to “help” their patients commit suicide—even if the patient is mentally or physically incapable of “choosing” suicide for himself.

We give first the background to each of the suits—the first ever “right to die” cases to be argued before federal appeals courts—and then analyze the arguments.

## The Washington State case

The March 6 ruling of the Ninth Circuit Court of Appeals grew out of a January 1994 challenge to an 1854 Washington State law that prohibits anyone who “knowingly aids another person to attempt suicide.” The suit was brought by a Seattle-based group called “Compassion in Dying,” which “facilitates” suicides, on behalf of three (now deceased) patients and four doctors. They argue 1) that the state ban violates the Due Process clause of the Fourteenth Amendment, because it bars a terminally ill patient’s constitutionally protected liberty interest to “end their suffering”; and 2) that the law violates the Equal Protection rights of these patients, because it distinguishes between those terminally ill patients who have a right “to end a painful and futile life” by letting doctors “remove life-support,” and those patients who are not dependent on life-support, and therefore must depend on a doctor to prescribe a “life-ending drug.”

U.S. Circuit Court Judge Barbara Rothstein agreed with the suicide facilitators in her May 1994 decision, and declared Washington’s law unconstitutional. The state, along with several organizations, including the U.S. Catholic Conference, appealed her decision to the Ninth Circuit Court of Appeals. In March 1995, a three-judge panel of the Ninth Circuit shot

down Rothstein’s ruling in a 2-1 decision. The majority found that assisted-suicide has no basis in the “traditions of our nation,” and, in a moment of sanity for that court, ruled that assisted-suicide is “antithetical to the defense of human life that has been a chief responsibility of our constitutional government.” The suicide facilitators appealed for a rehearing of the issue before the 11-member Ninth Circuit Court of Appeals (en banc). Joining “Compassion in Dying” in their appeal for an en banc hearing were: the American Civil Liberties Union of Washington, the Hemlock Society of Washington, the National Organization for Women of Seattle, Americans for Death with Dignity, various AIDS advocacy groups, the Lambda Legal Defense and Education Fund, Inc., the American Humanists Association, and the Unitarian Universalist Association of Seattle.

The Ninth Circuit responded with a 154-page ruling on March 6. The majority declared that the segment of Washington’s law that prohibits “the prescription of life-ending medication for use by terminally ill, mentally competent adults who wish to hasten their deaths, violates the Due Process clause of the Fourteenth Amendment.” The court did not address the Equal Protection issue.

### Reinhardt: suicide is an American ‘tradition’

When the Supreme Court determines the existence of important rights or liberty interests, Judge Reinhardt argues, it examines whether those liberty interests are part of our history, experience, and societal attitudes. But, even if there once were a prohibition, or lack of support, for a claimed liberty

interest, like the right to assisted suicide claimed by the patients in this suit, Reinhardt says, that's not reason enough to reject the claim before the court. The court has also defined "fundamental" due process liberty rights as those rights that are "deeply rooted in this Nation's history and tradition." So, the question is: Was physician-assisted suicide ever part of our American tradition? Reinhardt determines that suicide is considered "commendable in literature, mythology and practice" and *is* part of our history. That's an assertion the Second Circuit Court flat-out denies, and it's a lie.

To bolster his belief that assisted suicide is part of the American "tradition" and "current societal attitudes," Reinhardt claims that the numerous public opinion polls on assisted suicide demonstrate "increasingly widespread support for allowing terminally ill patients to hasten their deaths and to avoid painful, undignified, and inhuman endings to their life." The only thing such polls really demonstrate is that Americans are, along with most of the Ninth Circuit Court, about as brainwashed as any pagan death cult on the issue. Is that cause for revamping the fundamental laws of our nation?

### **A liberty interest in death on demand?**

Judge Reinhardt examines whether there exists a liberty interest in "determining the time and manner of one's death,"

## **Selling Americans on the 'right to die'**

Who pays for all those polls that purport to show how the population "believes" assisted suicide is a right. Would it make a difference, if Americans knew that health insurance companies such as Blue Cross and Blue Shield use your premium dollars to pay for such studies?

In some cases, the rigged surveys are conducted by the same groups, like the Robert Wood Johnson Foundation, that are interested in profiling the population's acceptance of euthanasia and assisted suicide—as a prelude to getting you to accept rationing and limits on health care. The Robert Wood Johnson Foundation has also spent millions on developing guidelines that deny the elderly, sick, and disabled life-saving medical treatment. Judge Reinhardt's philosophy fits right in with that "post-industrial" perspective. Instead of promoting great science projects to conquer the scourge of AIDS or diseases of aging, he blames modern medicine and technology, and concludes that there is now an "exponential . . . need and capability to assist individuals to end their lives."

by reviewing how the Supreme Court dealt with liberty interests in its *Planned Parenthood v. Casey* abortion ruling (1992), and its *Cruzan v. State of Missouri* "right to die" ruling (1990).

On *Casey*, Reinhardt writes: "The Court surveyed its prior decisions affording 'constitutional protection to personal decisions relating to marriage, procreation, contraception . . .' and [the court] then said 'That these matters, involving the most intimate and personal choices a person may make in a lifetime, choices central to personal dignity and autonomy, are central to the liberty protected by the Fourteenth Amendment. . . .' " Reinhardt adds what can only be called the Supreme Court's "New Age" quote from *Casey*: "At the heart of liberty is the right to define one's own concept of existence, of meaning, of the universe, and of the mystery of human life. Beliefs about these matters could not define the attributes of personhood were they formed under the compulsion by the State."

Reinhardt finds that that ruling applies directly to making decisions about "how and when to die." He writes: "Prohibiting a terminally ill patient from hastening his death may have even more profound impact on a person's life than forcing a woman to carry a pregnancy to term. . . . For such patients, wracked with pain and deprived of all pleasure, a state-enforced prohibition on hastening their deaths condemns them to unrelieved misery or torture. Surely, a person's decision whether to endure or avoid such an existence constitutes one of the most, if not the most, 'intimate and personal choices a person may make in a life-time' . . ."

Reinhardt then reviews the Supreme Court's *Cruzan* ruling to determine whether choosing assisted suicide exists as a liberty right, as part of a whole spectrum of "right to die" acts, such as ending medical treatment. The court ruled in *Cruzan* that "a competent person has a constitutionally protected liberty interest in refusing unwanted medical treatment." Reinhardt cites Justice Sandra Day O'Connor, in her concurring opinion: "That a liberty interest in refusing medical treatment extends to all types of medical treatment from dialysis or artificial respiration to the provision of food or water by tube or other artificial means." Reinhardt concludes that *Cruzan*, "by recognizing a liberty interest that includes the refusal of artificial provision of life-sustaining food and water, necessarily recognizes a liberty interest in hastening one's death."

### **The abortion issue**

In his attempt to determine whether Washington's ban "unconstitutionally infringes" on the liberty right to "hasten one's death," Reinhardt cites what he says are "compelling similarities" between right-to-die and abortion issues. "In the former as in the latter, the relative strength of the competing interests changes as physical, medical or related circumstances vary. In right to die cases, the outcome of the balancing test may differ at different points along the life cycle as a

person's physical or medical condition deteriorates, just as in abortion cases the permissibility of restrictive legislation may vary with the progression of the pregnancy."

For instance, in the Supreme Court's *Roe v. Wade* (1973) abortion ruling, a mother's abortion "right" lessens as the child reaches viability. The closer to full term the pregnancy, the greater the state interest in protecting the life of the child. In *Casey*, the Supreme Court examined whether a Pennsylvania abortion provision "posed an undue burden on the exercise of that liberty interest" of choosing abortion. And, in *Cruzan*, Reinhardt says the Supreme Court crafted a "continuum approach," in which the court balanced the weight of the individual's liberty right-to-refuse treatment interests, against the state's interests in limiting or regulating those rights to protect its citizens.

Reinhardt writes, "The more important the individual's right or interest, the more persuasive the justification for [the state's] infringement would have to be." So, what, if any, state interests does the Ninth Circuit recognize when sick patients choose to "hasten death"? The more important question is, how could a state possibly protect vulnerable citizens, once suicidal mayhem is unleashed by a federal court fixated on death?

Reinhardt writes: "*Casey* and *Cruzan* provide persuasive evidence that the Constitution encompasses a due process liberty interest in controlling the time and manner of one's death—that there is, in short, a constitutionally recognized 'right to die.' Our conclusion is strongly influenced by, but not limited to, the plight of the mentally competent, terminally ill adults. *We are influenced as well by the plight of others such as those whose existence is reduced to a vegetative state or a permanent and irreversible state of unconsciousness*" (emphasis added).

He writes that "laws in state after state demonstrate" that the state's interest in protecting its citizens' lives nearly evaporates, if the individual whom the state seeks to protect is "terminally ill or permanently comatose and has expressed a wish that he be permitted to die (or, if a representative has done so on his behalf)." Simply put, since the right to end a patient's treatment extends to the patient's court-appointed legal guardian, those same guardians now have the right to request a lethal injection for the incompetent and/or unconscious patient!

Again, we ask: Does the court not recognize any state protection of such vulnerable patients? There are an estimated 15,000 severely brain injured, comatose, or unconscious patients now cared for in U.S. nursing homes and institutions.

Can Reinhardt's decree be judged any different from Hitler's order to his Nazi doctors?

Reinhardt claims that assisted suicide is not an act of euthanasia, which he defines as "painlessly putting to death persons suffering from incurable and distressing disease . . . as an act of mercy, but not at the person's request." He explains: "[W]e should make it clear that a decision of a duly

## The Cruzan case

In the *Cruzan* case (*Cruzan v. Webster*, 1990), the family of the brain-injured patient, Nancy Cruzan, asked the Supreme Court to overrule a Missouri law that barred them from ending Nancy's feeding. Missouri, as do the states of New York and Michigan, requires "clear and convincing evidence" of what an incompetent patient's medical treatment wishes would be.

The U.S. Supreme Court ruled that a state, in its interest to protect life, may legitimately require "heightened evidence" of a mentally incompetent patient's treatment wishes, before allowing a family to remove life-sustaining treatment or food and water.

The Cruzans subsequently discovered an off-the-cuff remark allegedly made by Nancy some years earlier, which provided them with the state-mandated "evidence" that Nancy would have wanted to be starved to death.

appointed surrogate decision-maker is for all legal purposes the decision of the patient himself." So, since the courts can appoint guardians to starve an unconscious patient, or, in fact, any patient deemed to be in a "permanent vegetative state" (PVS), the courts can appoint a guardian to inflict "suicide" on them.

While the Ninth Circuit rescinds all state protections of incompetent or unconscious patients, it extends protection to all those involved in carrying out their murder, including: "the pharmacist who fills the prescription; the health care worker who facilitates the process; the family member or loved one who opens the bottle, places the pills in the patient's hands, advises him on how many pills to take and provides the necessary tea."

If such patients do not have the right to state protection, how soon will it be before society will see fit to use unconscious or comatose patients, also labeled as existing in persistent vegetative states, in medical experiments like the Nazi doctors carried out? In early April, a British bioethics professor from Birmingham University, David Morton, proposed at the Edinburgh International Science Festival that PVS patients be used in medical research, instead of using chimpanzees. Morton says a debate has arisen as to whether these people could be called "people" any more.

### Who qualifies as 'terminal'

The Ninth Circuit, along with the euthanasia mob, claims there is no danger of a "slippery slope" with this ruling, because it *only* applies to "terminally ill" patients. The problem

is, that term, and this decision, are so elastic, that most of the population is a ready target for physician-induced suicide. Reinhardt develops the term according to existing laws—but, in reality, as we show below, far, far more Americans will increasingly fall into this category, as the country's economic crisis deepens. Note what the American Bar Association Commission on Legal Problems of the Elderly reported in 1992: "Seventeen years of experience with state living will statutes that have used terminal condition as a prerequisite to patient directives, have demonstrated that [the term] terminal lacks any truly objective operational definition. The terminal requirement is arbitrary and unworkable. . . ."

Reinhardt uses the term "terminally ill" as it is defined in a model statute, called the Uniform Rights of the Terminally Ill Act. He states: "The Uniform Rights of the Terminally Ill Act and in more than 40 state natural death statutes, including Washington's . . . defined the term without reference to a fixed time period. . . . [T]he Washington Act, like some others, includes persons who are permanently unconscious, that is in an irreversible coma or a persistent vegetative state (PVS).

. . . Indeed, all of the persons described in the various statutes would appear to fall within an appropriate definition of the term."

Does it matter that because of the results of recent studies, several U.S. and European experts now warn that a diagnosis of PVS is unscientific, that these patients can and do recover? These researchers found the cynical prognosis of "permanently unconscious" to be a self-fulfilling prophecy, because once a prognosis of PVS or a label of "permanently unconscious" is given, patients are denied the time, treatment, and aggressive rehabilitation they would need to recover. Too often, it is the pessimism and malthusian economic perspective of hospitals, doctors, and ethicists, that kill these patients—not a "terminal" medical condition.

Another problem for those who are diagnosed as "terminally ill," is the fact that health insurers and the Medicare program are promoting hospice care or "end of life" care—not curative medical treatment for them. How often do doctors give an incorrect terminal prognosis? Hospices, which provide only palliative care for terminally ill patients, complain

## Robert Wendland: one case of a 'PVS' patient

Robert Wendland, 43, sustained head injuries in a 1993 auto accident that left him in a coma for 16 months. He awoke in January 1995 and steadily improved, through rehabilitation. He is now paralyzed on one side, but zips about the halls of the Lodi Memorial Hospital in California in an electric wheelchair. He communicates with nods, and therapists think he could soon be talking and eating on his own—except for the fact that his wife decided to end all his treatment, therapy, food, and water. Robert has significant cognitive difficulties, and is considered to be mentally incompetent, but he has communicated repeatedly that he wants to live and wants more rehabilitation.

Robert's wife is his duly appointed surrogate, decision-maker and fiduciary. The Lodi Memorial Hospital Ethics Committee is ready to accede to her request. Already, without consulting other family members or the hospital staff who worked daily with Robert, they have unanimously decided that it is "ethically and medically appropriate" to starve Robert. The committee made their decision after viewing a video of Robert carrying out complex tasks and responding appropriately to questions. They never observed him touring the hospital parking lot

in his wheelchair,

An ombudsman, whose specific job it is to advocate Robert's interest, agreed with the starvation plan.

Robert's mother and sister have challenged his wife for conservatorship, as well as her starvation plans, in court.

Robert has been repeatedly moved to different wings of the hospital, isolating him from anyone he knew—a course of action known to be disorienting to people with cognitive disabilities, causing them to regress and withdraw.

How could the state protect the right to life of Robert, who is labelled as being in a "permanent vegetative state" (PVS), or near-PVS?

A June hearing is scheduled in the Superior Court of California to determine whether Robert will be starved to death or not. Judge Bob W. McNatt, who will hear the matter, repeatedly refuses to appoint an attorney to represent Robert's interests in court. Despite the fact that Robert can and does communicate, McNatt asserts that "Robert's inability to speak mitigated against providing him his own counsel because he would not be able to participate in his representation in a meaningful fashion."

Although the California Supreme Court has been petitioned on the issue of Robert's right to an attorney, that court routinely refuses to hear 96% of the appeals before it.

An attorney for the family told *EIR* that under the Ninth Circuit Court's ruling, Robert's wife, as his duly appointed surrogate, would be permitted to request, on Robert's behalf, that "suicide drugs" be administered to him.

of a “failure to die” syndrome, in which “substantial numbers” of so-called terminally ill patients live beyond their doctors’ expectations of six months or less to live. Should Reinhardt’s ruling stand, those patients, with their incorrect terminal prognosis, may soon be shuffled into the use of lethal prescriptions.

But, there’s more. Reinhardt notes that the same model statute also declares a patient to be in a terminal condition “if the condition is incurable and irreversible, that is, *without* administering life-sustaining treatment, the condition, will, in the opinion of the attending physician, result in death in a relatively short time” (emphasis added). So, is the Ninth Circuit backing suicide as the only option for the millions who have asthma but can’t afford treatment, or, for diabetics who can’t afford insulin because of Medicaid cuts, or because insurers won’t provide them coverage due to their preexisting condition?

What about those people with a severe but treatable illness or condition, who refuse treatment because they are depressed, and their depression has not been diagnosed and/or treated? They, too, would be considered terminally ill, and thus would qualify for suicide assistance. This is not an inconsiderable problem. Depression is typical when a person first learns that he or she has a serious or life-threatening disease or condition. The problem needs attentiveness, while the patient takes on the battle for life.

### **Court rules patients are better off dead**

Despite massive evidence to the contrary, the Ninth Circuit claims that the poor, handicapped, elderly, and minorities would not be pressured more heavily into requesting physician-assisted suicide than any other part of society. However, the court says, “Faced with the prospect of astronomical medical bills, terminally ill patients may decide that it is better for them to die before their health care expenses consume the life savings they planned to leave for their families, or worse yet, burden their families with debts.” The court assures us that the same state governments that are in a frenzy today to slash Medicaid, welfare, and other health care programs, will make sure that such patients “do not make rash decisions”!

Of course, most states won’t have the resources to implement such guidelines. And, the court admits, “we are reluctant to say that, in a society in which the costs of protracted health care can be so exorbitant, it is improper for competent, terminally ill adults to take the economic welfare of their families and loved ones into consideration.”

The judges are endorsing the same malthusian policy that led Hitler to order the murder of Germany’s elderly and infirm, in order to shift those resources to the war effort. The only difference today is that Newt Gingrich’s Conservative Revolution has targetted the same populations for the alleged purpose of deficit reduction. Indeed, the Gingrich-Arme y demands to “reform” Medicaid nursing home regulations, to eliminate national standards of care for elderly and disabled

residents, and to gut federal laws that assure “reasonable” Medicaid reimbursement rates to nursing homes—are universally recognized as transforming these vital facilities into “warehouses for the dying.”

Reinhardt admits that the state has an interest in preventing anyone from taking his own life out of depression, desperation, or “as a result of any other problem, physical or psychological, which can be significantly ameliorated.” Is the court saying that state protection is unwarranted for those whose mental or physical difficulties cannot, yet, be “ameliorated”? And, how does the state protect vulnerable patients when the value of life is cheapened by the notion that it is permissible to eliminate it in any instance? During the lengthy public debate on assisted suicide in Oregon, before and during the campaign to promote a voter initiative to legalize assisted suicide there, the suicide rate among Oregon teens and others increased dramatically.

The Ninth Circuit claims that states would want to prevent deaths that might occur in error, once assisted suicide were legal; but, they add, “Should an error actually occur it is likely to *benefit* the individual by permitting the victim of unmanageable pain and suffering to end his life peacefully and with dignity at the time he deems most desirable” (emphasis added).

How will doctors be affected by suicide requests? Will they be forced to give lethal injections when patients fail to die after taking the prescribed suicide drugs? Will pharmacists have to study to find out the most lethal dosages—as doctors in the Netherlands did a decade ago—to satisfy a patient’s requests for euthanasia?

The Ninth Circuit claims that, since doctors are already playing a much more active role in causing the deaths of patients—by doing everything from clamping feeding tubes so as to cause starvation, to turning off ventilators—there is “no threat at all to the integrity of the medical profession” by making it legal for doctors to prescribe lethal medication. Reinhardt writes: “[S]ince doctors are highly-regulated professionals, it should not be difficult for the state or the profession itself to establish rules and procedures that will ensure that the occasional negligent or careless recommendation by a licensed physician will not result in an uninformed or erroneous decision by a patient or his family.”

### **‘Do your dying relatively early’**

Reinhardt manages to ignore the fact that medical leaders in the U.S. euthanasia/suicide movement flaunt their role in breaking existing laws by assisting in “suicide” deaths of their patients. In fact, a recent study of Washington doctors claims that U.S. physicians provide as much “aid-in-dying” to patients in the United States, where the practice is illegal, as Dutch doctors do in the Netherlands, where the practice is allowed.

Instead of reversing that situation, suicide proponents,

such as Margaret Pabst-Battin, are on national television with the claim that such studies demonstrate the “need” to legalize and regulate the practice—to protect patients from renegade doctors! Battin, who is enthralled with the Dutch system of death, told a Hemlock Society conference that with legalized euthanasia, “the normal, ordinary, expected thing to do, is to do your dying relatively early, relatively easily, in a way in which you won’t impose a burden on others.” In her writings, she asks if suicide can be morally correct, even obligatory. If it is, the philosophical claim “that the very old have ‘had their time’ or ‘had their share’ may be valid.”

Reinhardt brazenly dismisses the crisis in the Netherlands, where the practice of euthanasia is heavily regulated, but where tens of thousands of abuses were found by the government’s own 1991 “Rommelink Report.” The report detailed how physicians and hospitals routinely killed thousands of patients without their knowledge or consent. Legalized killing *does* erode the integrity of doctors, such that the Royal Dutch medical association requires that physicians no longer directly kill patients with lethal injections, but only provide the deadly drugs which the patient, himself, administers.

The majority in the Ninth Circuit’s ruling are so fixated on selling suicide as the alternative to “debilitating pain and . . . humiliating death,” that they completely ignore the factor of compassion in medical science. Many, many doctors and researchers are so moved by their suffering patients, that they created a whole arsenal of pharmaceutical breakthroughs, sophisticated pain relief modalities, and adaptive technologies to help patients live and defeat many of their diseases or disabling conditions, even as we continue to search for a cure for them (see *EIR*, July 7, 1995, “Kevorkian’s Victims Needed Medical Science, Not Suicide”).

### **A dissenting opinion**

In his dissent, Judge Robert R. Beezer holds that there is no fundamental liberty interest in physician-assisted suicide, because, as the lower court found, “there is no history or tradition supporting suicide,” and because, however compelling the suicidal wishes of a patient, “it cannot honestly be said that neither liberty nor justice will exist if access to physician-assisted suicide is proscribed.”

Beezer also finds that the Washington law does not violate the fundamental rights of the terminally ill, because it “rationally advances four legitimate government purposes”: preserving life, protecting the interest of innocent third parties, preventing suicide, and protecting the ethical integrity of the medical profession—all state interests which the Supreme Court recognizes.

He notes that suicide is a leading cause of death in Washington State, and warns that “people at the margins”—“the poor, elderly, the disabled, and minorities are all at risk from undue pressure to commit physician-assisted suicide, either through direct pressure or through inadequate treatment of

their pain and suffering.”

Quoting the 1994 New York State Task Force on Life and the Law study on assisted suicide, Beezer writes: “[I]t must be recognized that assisted suicide and euthanasia will be practiced through the prism of social inequity and prejudice that characterizes the delivery of services in all segments of society, including health care. Those who will be most vulnerable to abuse, error, or indifference, are the poor, minorities, and those who are least educated and least empowered. . . . [M]any patients in large overburdened facilities serving the urban and rural poor . . . will not have the benefit of skilled pain management and comfort care. Indeed, a recent study found that patients treated for cancer at centers that care predominantly for minority individuals were three times more likely to receive inadequate therapy to relieve pain. Many patients also lack access to psychiatric services.”

Furthermore, Beezer says these patients cannot be protected by any amount of procedural safeguards, “if the Dutch experience is any indication. The only way to achieve adequate protection for these groups is to maintain a bright-line rule against physician-assisted suicide.” For all that, Beezer then claims that terminally ill, mentally competent adults have a nonfundamental right to assisted suicide, “rooted in the liberty to make intensely private choices,” as is protected in *Casey*.

Circuit Judge Ferdinand F. Fernandez joins in Judge Beezer’s dissent with one caveat: “Nothing in his opinion, or in that of the majority, convinces me that there is any constitutional right whatever to commit suicide. In my view, no one has an even nonfundamental constitutional right to become what our ancestors pithily denominated a *felo de se*”—a felonious, malicious act against oneself.

Circuit Judge Andrew J. Kleinfeld also joins in Beezer’s dissent, finding that he doubts “that there is a constitutional right to commit suicide,” because no substantive Due Process claim can be maintained “unless a claimant demonstrates that the state has deprived him of a right historically and traditionally protected against state interference”—which is not the case with suicide. He writes: “That a question is important does not imply that it is constitutional. The Founding Fathers did not establish the United States so that elected officials would decide trivia, while all the great questions would be decided by the judiciary.”

Kleinfeld finds the majority opinion “exactly wrong,” when it holds that there is no difference between providing pain medication for the purpose of relieving pain, knowing that at some dosage it could cause death, and providing medication for the specific purpose of causing death. “Knowledge of an undesired result does not imply that the actor intends that consequence,” he states.

### **State promises to appeal**

Washington Attorney General Christine Gregoire announced that the state of Washington would appeal this hid-

eous ruling to the U.S. Supreme Court, saying, "This is a significant issue for the nation. It is a watershed issue of public policy that requires the review and analysis of our nation's highest court." At least one Ninth Circuit judge agrees, since the court took the unusual step of asking both sides in the case to submit briefs on whether the full Ninth Circuit Court—all 25 judges—should review the case: The ruling is binding in Washington, Oregon, Idaho, California, Arizona, Alaska, Hawaii, Nevada, Montana, and Guam. However, the prohibition against assisting in suicide continues, until all appeals are resolved.

While it is uncertain whether Washington State will proceed with an appeal to the U.S. Supreme Court, there is little doubt that at least one of the three outstanding federal court challenges to state laws prohibiting assistance in suicide, will reach the country's highest court. Besides the Washington suit, an appeal concerning Oregon's new assisted-suicide law, known as Ballot Measure 16, is also before the Ninth Circuit Court. In a third case, New York State's Attorney General has already announced that he is prepared to go to the Supreme Court to appeal the April 2 decision by U.S. Circuit Court of Appeals for the Second District to overturn the state's criminal ban on assisting in suicide.

All of these challenges are proceeding against a backdrop of over a dozen state legislative proposals to decriminalize assisted suicide. In at least one state, Florida, a pro-suicide group is suing in state court to overturn that state's law against assisting or promoting suicides.

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## The New York State case

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The suit challenging New York's two suicide statutes makes similar claims to those filed in the Washington suit, but the Second Circuit's response is significantly different.

Under New York law, a person is guilty of second degree manslaughter when "he intentionally . . . aids another to commit suicide"; he is guilty of a Class E felony "when he intentionally . . . aids another person to attempt suicide."

In July 1994, three New York physicians and several terminally ill patients sued the state of New York because, they claimed, the state's statutes that penalize suicide assistance prevent physicians from providing their patients with the help they request "in hastening death" (*Timothy E. Quill, M.D. et al. v. Dennis C. Vacco, Attorney General of the State of New York*). They contend that the Fourteenth Amendment guarantees 1) "the liberty of mentally competent, terminally ill adults with no chance of recovery to make decisions about the end of their lives," and 2) "the liberty of physicians to practice medicine consistent with their best professional judgment." This includes "hastening death with life-ending medication for the patient to self-administer for that purpose."

They also claim that New York's ban violates patients' rights to equal protection as guaranteed under the Fourteenth

Amendment, because New York law recognizes a patient's right to choose to "hasten death" by "directing a physician to remove life-support equipment and take the additional steps necessary to bring about death," yet, it makes it a crime for doctors to comply with the request by patients not dependent on life-support, who need a lethal prescription to hasten their deaths.

In its December 1994 ruling, the U.S. District Court found no "fundamental" right to assisted suicide, because, the court said, "Such rights must be implicit in the concept of ordered liberty so that neither liberty nor justice would exist if they were sacrificed." It explained, "The Supreme Court . . . characterized such rights as those liberties that are deeply rooted in the nation's history and traditions"—but, the plaintiffs, Quill and company, made no attempt to substantiate that "physician-assisted suicide, even in the case of terminally ill patients, has any historic recognition as a legal right."

The District Court also found "a reasonable and rational basis for the distinction drawn by New York law between the refusal of treatment at the hands of physicians and physician-

## Oregon's Measure 16

In November 1994, Oregon voters narrowly passed a physician-assisted-suicide law. But, before the law went into effect, several doctors and terminally ill and chronically ill patients sued to stop the state from enforcing the law because, they charged, it would deprive the sick of basic protections that the state would otherwise provide to the rest of its people (*Gary Lee v. State of Oregon, et al.*).

In August 1995, U.S. District Court Judge Michael Hogan found plenty of defects in the law, and ruled that it deprived terminally ill patients of their rights guaranteed under the Due Process clause of the Fourteenth Amendment. He urged Oregon voters to recognize the "deeply imbedded constitutional principle that certain fundamental rights may not be dispensed with by a majority vote."

The Attorney General of Oregon, along with Oregon Right to Die, the organization that ran the Measure 16 suicide campaign, appealed the decision to the Ninth Circuit Court of Appeals.

Although the Ninth Circuit has already voiced its opposition to Judge Hogan's decision in its March 6 Washington ruling, it is expected to issue a separate decision on Oregon soon. Either side in the Oregon case is likely to appeal an unfavorable decision to the U.S. Supreme Court.

assisted suicide. The finding states: “[I]t is hardly unreasonable or irrational for the State to recognize a difference between allowing nature to take its course, even in the most severe situations, and intentionally using an artificial death-producing device. The State has an obvious legitimate interest in preserving life and in protecting vulnerable persons. . . .” The court concludes that New York’s laws do not violate patients’ rights under the Fourteenth Amendment’s Equal Protection clause.

Quill and company appealed the ruling to the U.S. Court of Appeals for the Second Circuit. That court agreed, in part, with the lower court ruling, but nevertheless, its April 2 decision largely handed the euthanasia mob the right to prescribe lethal drugs.

The Second Circuit found that New York’s two statutes that prohibit suicide aid do not infringe unconstitutionally “upon any fundamental right or liberty.” In fact, the three-judge panel arrived at a completely opposing judgment to that of the majority in the Ninth Circuit’s Washington decision. They ruled that the right to suicide assistance “cannot be considered so implicit in our understanding of ordered liberty that neither justice nor liberty would exist if it were sacrificed.

Nor can it be said that the right to assisted suicide claimed by plaintiffs is deeply rooted in the nation’s traditions and history. Indeed, the very opposite is true. The Common Law of England, as received by the American colonies, prohibited suicide and attempted suicide. Although neither suicide nor attempted suicide is any longer considered a crime in the United States, 32 states, including New York, continue to make assisted suicide an offense. Clearly, no ‘right’ to assisted suicide ever has been recognized in any state in the United States.”

With regards to a fundamental right, the court concludes: “The right to assisted suicide finds no cognizable basis in the Constitution’s language or design, even in the very limited case of these competent persons who, in the final stages of terminal illness, seek the right to hasten death. We . . . decline the invitation to identify a new fundamental right.”

### Argument by Judge Miner

The unanimous Second Circuit ruling of the three-judge panel was written by Judge Roger J. Miner (with Justice Guido Calabresi concurring in a separate opinion).

The Second Circuit overruled the lower court in finding

## Behind the New York suit

The three physicians who filed the challenge to New York’s ban on aiding in suicide are Timothy Quill, M.D.; Samuel Klagsbrun, M.D.; and Howard A. Grossman, M.D.

**Timothy Quill** is the Rochester, New York physician whose main claim to fame is the publication of his article describing how he provided suicide aid to a depressed, suicidal, alcoholic patient who refused treatment to fight her leukemia (*New England Journal of Medicine*, March 7, 1991). Behind Quill’s acclaimed “sensitivity” to the needs of dying patients, is his stated insistence that patients who are diagnosed as “dying” be accorded only palliative or hospice care. Too bad for them, should they want life-saving or life-sustaining medical treatment!

New York psychiatrist **Samuel C. Klagsbrun** was a long-time medical consultant to the Euthanasia Educational Council (EEC), a spin-off of the British-spawned Euthanasia Society of America, which promoted eugenics and the killing of “imbeciles” for the public good—years before Hitler ever did.

It was the EEC that charted out a strategy to have the United States embrace euthanasia. In its 1971 conference in New York, the EEC planned to use what it called “tactics of emotional graduation.” Just as the legalization of as-

sisted suicide today is promoted only for “the end stage terminally ill patient,” the Euthanasia Educational Council proposed a game plan in which they would first establish state laws that would permit euthanasia through the use of living wills “only” for the elderly and terminally ill, whose deaths the public would readily accept. Once that was accepted, the EEC would push on to “emotionally harder” cases, such as ending treatment for sick children (which they did), and eventually, as we see today, to murdering whole categories of vulnerable patients who never asked to be murdered.

Klagsbrun makes annual trips as a consultant to St. Christopher’s Hospice in England, which, modeled in the tradition of the Hospitaller Knights of St. John, promotes death and dying as the practical answer to life-threatening diseases in a post-industrial economy such as England’s. He says that with adequate pain treatment, very few patients (1-2%) would need physician-assisted suicide.

Why not, then, campaign for greater research in pain management—and not for usurping a nation’s laws and the state protections of its citizenry?

“Compassion in Dying,” the Seattle group behind the effort to invalidate Washington’s ban on assisted suicide, also spearheaded and financed the challenge to New York’s assisted-suicide ban. The suit, *Quill et al. v Vacco*, was written by Kathryn Tucker, the same Seattle-based attorney who argued the Washington case.



that New York's laws do violate the rights of terminally ill patients to Equal Protection. The Equal Protection clause of the Fourteenth Amendment simply requires that states treat in a similar manner all individuals who "are similarly situated." Where a distinction does exist, state law is required to meet various levels of scrutiny, proving that the distinction "rationally furthers" a legitimate state interest or a government's purpose. The Second Circuit Court finds that New York's statute 1) "does not treat equally all terminally ill patients who are in the final stages of fatal illness and wish to hasten their deaths"; and 2) the distinctions New York law makes among these patients "do not further any legitimate state purpose." Therefore, the laws violate the patients' right to Equal Protection.

Miner builds the case that New York, over a period of decades, steadily expanded the rights of patients to "hasten their deaths" by withdrawing or refusing life-support, all the while denying the same "rights" to patients not on life-support. According to Supreme Court Justice Antonin Scalia (in *Cruzan*), Miner says, there is no distinction between assisted suicide and withholding medical treatment: "[T]he cause of death in both cases is the suicide's conscious decision to 'pu[t] an end to his own existence.'"

Miner adds: "Indeed, there is nothing 'natural' about causing death by means other than the original illness. . . . The withdrawal of nutrition brings about death by starvation, the withdrawal of hydration brings about death by dehydration, and the withdrawal of ventilation brings about respiratory failure."

By ending or refusing life-support, the patient "hastens his death by means that are not natural in any sense," Miner writes. "The ending of life by these means is nothing more nor less than assisted suicide. It simply cannot be said that those mentally competent, terminally ill persons who seek to hasten death but whose treatment does not include life-support are treated equally."

### **When physicians are killers**

Miner reiterates the Ninth Circuit Court's dismissal of any legitimate state concerns about suicide pressures and abuses of the elderly, handicapped, or others. It asks: "What interest can a state possibly have in requiring the prolongation of a life that has all but ended? . . . And what business is it of the state to require the continuation of agony when the result is imminent and inevitable?" Like Reinhardt before him, Miner reduces the value of individual human life to an amalgam of physical sensibilities.

He asserts: "Physicians do not fulfill the role of 'killer' by prescribing drugs to hasten death any more than they do by disconnecting life-support." But, that's exactly the role doctors do fulfill in both instances—no matter how much judicial support the courts or the euthanasia lobby provides for either. The Second Circuit claims that a few state regulations are all

that is needed to protect the vulnerable from abuses, but they specify none.

The problem is that, despite existing regulations, laws, and patient safeguards, patients who are not "terminally ill" or "PVS" are murdered daily (and, many against their will). In fact, attorney Kathryn Tucker, who argued both the New York and Washington State cases, has represented patients who, although severely brain injured, have expressed their wish to live and to receive full treatment and rehabilitation—but, whose families are hell-bent on killing them because doctors and euthanasia attorneys convince them that the patient is now nothing but a "shell," a "vegetable."

These are the patients who are targeted to have their life-sustaining treatment ended, or food and water removed. As one group of genocidal doctors and social planners around former Colorado Gov. Richard Lamm explain it: Society can make better use of these costly resources by providing preventive care, like immunizations to poor children.

This is exactly the argument that Hitler and his economists used.

Miner recognizes that there have been serious abuses in the Netherlands euthanasia policies, noting, "It seems clear that some physicians there practice involuntary euthanasia, although it is not legal to do so." But, that won't happen here, he claims, because the plaintiff doctors are not asking for euthanasia, but for assisted suicide for terminally ill patients to self-administer lethal drugs.

So, he claims, there is little chance for abuses such as those Dutch patients face.

The Second Circuit ends: "The New York statutes criminalizing assisted suicide violate the Equal Protection Clause because, to the extent that they prohibit a physician from prescribing medications to be self-administered by a mentally competent terminally ill person . . . they are not rationally related to any legitimate state interest."

The New York Attorney General is prepared to go to the U.S. Supreme Court to appeal the ruling.

That action, alone, will not turn the tide of crisis facing the country today, caused by both these recent murderous rulings by the federal courts, and the malthusian economics behind them. Western civilization as we know it, will not continue, should we allow these rulings to stand—no matter what alleged patient safeguards are guaranteed in them. They deny the very notion of the republican nation-state—that the citizen, made in the image of God, is worthy of being protected through the nation's economic, social, and infrastructure development policies; that the citizen's creative efforts will further advance our capabilities over nature's limitations. Should we endorse these rulings, we condemn ourselves to a new Dark Age. The issues raised here can only be resolved when this nation returns to its senses, does battle against malthusian Nazism—in all its modern-day economic incarnations.

## U.S. blows the whistle on Lloyd's of London scam

by John Hoefle

Lawsuits filed against Lloyd's of London by the U.S. Securities and Exchange Commission, along with a number of state commissions, are blowing the whistle on a multibillion-dollar fraud scheme perpetrated by the crumbling insurance flagship of the British Empire. In the first week in May, the SEC filed an *amicus* brief in Los Angeles, in the case of *Richards v. Lloyd's of London*, which is one of the suits that have been brought against Lloyd's. All told, 11 states have filed civil actions against the company, on behalf of a large group of Americans who were swindled by Lloyd's out of billions of dollars. The counterattack against Lloyd's could develop into a serious political challenge to the British oligarchy, and it is seen that way by some of those involved.

In its brief to the Ninth Circuit Court of Appeals in Los Angeles, which is hearing the appeal of the case, the SEC contended that lower courts have erred in ruling that suits by investors against Lloyd's must be adjudicated in England. U.S. law, wrote SEC General Counsel Richard Walker, does not permit U.S. citizens to waive their rights to be protected against fraud and other violations of securities law.

The issue revolves around a "forum selection" clause in the contracts that U.S. investors, called "Names" in Lloyd's parlance, signed when joining Lloyd's. Hundreds of American Names have joined suits against the company, claiming that the insurance firm and its agents defrauded them, in violation of U.S. law. Several courts, including three other courts of appeal, have ruled that the Names waived their rights to sue in the United States, by signing contracts which stipulated that all suits against Lloyd's must be filed in English courts, under English law (which, it must be noted, gives Lloyd's virtual immunity from suit under the Lloyd's Act of 1982). Should the appeals court agree with the SEC's position and overturn the lower court's ruling, it would be a victory for the

Names, as well as a victory for U.S. national sovereignty.

The decision by the SEC to intervene in the case is "an awesome development," said Jeffrey C. Peterson, the executive director of the American Names Association. "On this *amicus* will pivot the destiny of the Names and the destiny of their legal actions against Lloyd's. Lloyd's has tried to stop this for 20 years. . . . This is a very, very significant event."

The Names are not the only ones charging Lloyd's with illegal action. Eleven states—Arizona, California, Colorado, Illinois, Missouri, Ohio, Pennsylvania, Tennessee, Utah, Virginia, and West Virginia—have filed suits charging Lloyd's with securities fraud and selling unregistered securities, and more suits are expected; an attorney familiar with the cases says an additional 20 states are actively pursuing actions against Lloyd's.

"Lloyd's of London knowingly and consistently ignored Illinois securities law," Illinois Secretary of State George Ryan declared on Oct. 2, 1995, in announcing the suit filed by the state's Department of Securities. The suit charged that Lloyd's sold investments without registering them as securities and without registering to sell securities in the state; that Lloyd's representatives knew of, but failed to disclose, the extremely high risks of those securities, and failed to disclose to investors that these extremely high risks had been knowingly concentrated in certain syndicates within Lloyd's.

"This large and prestigious company clearly took advantage of Missouri investors by leading them to believe that it was on sound financial footing and that over a period of time sustained losses could never occur," charged Missouri Secretary of State Rebecca Cook on Feb. 28, 1996, in announcing that a cease and desist order had been issued to Lloyd's for possible securities fraud. Cook said that Lloyd's had engaged in the process of "conning Missourians out of their money"

to make up for losses that were expected in asbestos and pollution cases.

Peterson characterizes Lloyd's actions as "the largest fraud in world history," and suggests that some day, college textbooks might refer to such pyramid schemes as "Lloyd's schemes" instead of "Ponzi schemes."

## A vital part of the British Empire

What is Lloyd's of London, and what has it done to elicit such strong charges?

Founded in 1688 as a coffee house where merchants, bankers, and seafarers gathered to make deals, Lloyd's sits at the heart of the British Empire. In the days when Britannia ruled the waves, Lloyd's insured the ships and their cargoes. In the mid-1800s, for example, Lloyd's insured the shipment of slave-grown Confederate cotton to the mills in England, where women and children working in sweatshops spun it into textile products. Lloyd's insured the shipment of large quantities of those textiles to Britain's colonies, including to India, where textiles were exchanged for slave-grown opium, which was then shipped, insured by Lloyd's, to China, where it was imposed upon the population at gunpoint, and exchanged for tea, which was then shipped across the Empire.

Lloyd's is now hemorrhaging money. Between 1988 and 1992, the latest year for which figures are available, Lloyd's has lost, officially, either \$13.2 billion or \$14.9 billion (the lower figure supposedly eliminates the double-counting of some losses due to stop-loss and excess of loss policies), but the true losses are probably much higher—higher, perhaps, than Lloyd's ability to pay. But these losses are not being borne equally by all the Names, thanks to a series of deceptive and illegal acts.

After World War II, Lloyd's took steps to strengthen its foothold in the U.S. market. To attract business, it sold insurance policies at a discount, and wrote policies on a "claims incurred" rather than a "claims made" basis. There is a crucial distinction between the two: when a "claims made" policy expires, the insurance company is liable only for those claims already made against the policy; whereas, with a "claims incurred" policy, the exposure continues long after the policy expires. For example, a person exposed to sufficient quantities of certain types of asbestos for a sufficiently long period, might develop asbestosis decades later. A claims incurred policy in effect at the time of the exposure, would still be liable for the claim, decades later. Lloyd's syndicates wrote a lot of claims incurred policies, many of them covering asbestos and petrochemical companies which would later be hit with huge lawsuits.

While Lloyd's was busy writing these "long-tailed" insurance exposures, elements of the same British Empire apparatus were organizing an environmentalist movement as a weapon against the United States and emerging economies globally. One effect of the phony "scare" campaigns, was a rapid rise in lawsuits against real and supposed polluters,

many of whom were insured by Lloyd's.

Faced with the certainty of huge, mostly self-induced losses in coming years, the British oligarchy took steps to shift those losses to the "common people."

## Luring in the suckers

In 1969, Lord Cromer issued a secret report, which called for a dramatic increase in the number of Lloyd's Names. Cromer, head of the Barings clan, bankers to the Queen, and a governor of the Bank of England, was reorganizing Lloyd's to adapt to the shift in imperial policy. The Empire was preparing to lure in the suckers.

The Cromer report, while hiding the geopolitical reasons for the shift, also called for dramatic reductions of the financial standards a prospective Name must meet to qualify for membership, coupled with similar reductions in the amounts of money Names must have on deposit with Lloyd's—all to make it easier to recruit new Names.

Under the Lloyd's market system, numerous syndicates of Names function as insurance companies which underwrite the policies. In return for membership in this club, the Names pledge the entirety of their worldly assets, if necessary, to pay off the claims on the policies they underwrite. The syndicates are formed on a yearly basis, and close by passing off their liabilities to successor syndicates through reinsurance. As the new Names came in, many of the old Names quietly stepped aside, leaving the new Names stuck with their liabilities.

At the time Cromer issued his report, there were just over 6,000 Names. Then, Lloyd's began actively recruiting Names in the United States, Canada, Britain, and elsewhere, with promises of easy money and—even more important for many Anglophiles—the honor of being a Lloyd's Name. The number of Names rose rapidly throughout the 1970s and 1980s, peaking at over 32,000 in 1988, the year the losses began to surface. Naturally, these new Names, and their unlimited liability, wound up in the syndicates in which the extremely high risks had been concentrated.

Once the losses began and the new Names began to realize how badly they had been swindled, they demanded redress. Lloyd's denied any responsibility whatsoever. Said Lloyd's Deputy Chairman Robert Hiscox: "I have no sympathy for Names who regularly get lousy returns from their syndicates. . . . If God had not meant them to be sheared he would not have made them sheep."

The American Names turned to the U.S. courts for help, but their suits were rejected, under the forum selection clauses in their contracts. Now that the SEC has finally taken action, perhaps the courts will recognize the validity of their claims.

Meanwhile, Lloyd's continues to demand money from the Names. The British Department of Trade has prepared legislation to classify the Names' outstanding insurance liabilities as statutory liabilities, to outflank legal defenses. As Jeffrey Peterson puts it, the bill would make Lloyd's "judge, jury, and executioner by statute."

# LaRouche, NOI hold forum against ADL

by Dennis Speed

At a forum in Washington, D.C. on May 6, Democratic Presidential pre-candidate Lyndon LaRouche, Nation of Islam leader Dr. Abdul Alim Muhammad, the Rev. James Bevel, and David Muhammad, a student leader at Howard University, briefed some 200 community activists on the theme, "Who Will Stop the Racist ADL from Destroying Washington, D.C.?" The meeting, sponsored by the Schiller Institute and the Stop the Attack Coalition, also heard a report from LaRouche on his recent visit to Russia.

Nation of Islam member David Muhammad, who is the editorial page editor of the Howard University school newspaper, *The Hilltop*, recounted the battle fought by the newspaper to print, and expose, the "ugly truth" about the Anti-Defamation League (ADL). He introduced Dr. Muhammad, national spokesman for the Nation of Islam (NOI), who pointed out that the destruction of Washington, D.C. by financial forces, was not a local, but an international problem, and that the same forces that are attacking Minister Louis Farrakhan for his Day of Atonement and Million Man March, are attacking the very right to live of D.C. citizens, through the destruction of health care and other essential services. Dr. Muhammad was followed by the Rev. James Bevel, the acting coordinator for the World Wide Day of Atonement 1996. Reverend Bevel introduced LaRouche, whose 1992 vice-presidential running mate he was, by saying, "LaRouche has brought us back to the American System of economics."

## The economic crisis

LaRouche began his presentation by reporting: "I was just in Russia. Every year now, there are a million fewer Russians than there were the year before. And this is because of a great, generous thing that Mrs. Thatcher, who soon moved on to something else, and George Bush, her pet cat who ran around on her broom, passed. It was called the reform. And it's been killing Russians at the rate of 1 million net a year. One million more Russians die than are born every year. . . ."

"In the United States, people talk about prosperity, but I'm an economist. And I don't measure things in money, because I know what's happened to money recently. I measure it in terms of what we consume and what we produce, in terms of physical things that are necessary, in terms of health care, in terms of quality of education, in terms of science and technology services. And I can tell you that the average

American today, per capita, has an income in these terms, per capita of labor force, which is about *half* that of the average American 25 years ago. We are in a depression. We have been sliding into a depression for years."

## Not a racial issue

As a way of answering the question how the ADL could get away with intimidating Howard University, its administrators and faculty, LaRouche stated that the problem posed "was not racial, but generational." The children of the baby-boomers, Generation X, "are worse educated than their parents, who were worse educated than us." They know that something is wrong, but they are too ill-educated to know what it is.

As for the ADL, it is "a branch of B'nai B'rith. B'nai B'rith was founded by a slave-trading organization, by the De Leon family. It was actually an arm of the Confederacy. It was a section of nominal Jews in the United States who were totally controlled by British Intelligence, and who were working on behalf of the Confederacy. The way to understand that with respect to Israel, is to remember that the ADL was one of the organizations that—politically, if not directly—one of the organizations that had the intellectual responsibility for the assassination of the prime minister of Israel, Yitzhak Rabin," LaRouche said.

"There are no racial issues in life, there is only the illegitimacy of racial issues. . . . All human beings have the same potential. I know that. Anyone else who looks at this thing, *knows* that. It's just that somebody came up with a trick a long time ago, and we haven't gotten rid of it yet. . . ."

"Some people in the culture have represented the cause of oligarchy, of keeping other people in subjugation. Take the attack on the NOI. Take the Dinnerstein report, which is the basis of the ADL policy, in which they state why they singled out the NOI and Minister Farrakhan, as their target. They didn't single out Farrakhan because of anything that he *did*, that in particular offended them. He was just too *uppity*. What they singled him out for was, they said, 'We need an initial *target* to go along with our cooperation with the FBI and the Justice Department in our continuing operation set up by the racist friends of the Ku Klux Klan organization, the Kappa Alpha Society, of which Gay Edgar Hoover was a part.' They set that up, to target every elected, or quasi-elected, African-American official in the United States, for a sting operation, on the basis of the argument, that African-Americans had no business, and no genetic qualifications for, meddling in politics. . . ."

"They're trying to eliminate influential African-Americans, not only from elected office, but every other function in life. And since the largest and most militant organization in existence on this question today, is the Nation of Islam, if you can break the NOI, eliminate Farrakhan, you can terrorize the rest . . . and bring them all down to their heels," LaRouche concluded.

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## Reviews

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# Oliver North: Less than 'A Perfect Candidate'

by Edward Spannaus

"The whole thing was a media game . . . and we were part of that game." That is probably the most telling statement uttered by one of the directors of the new film *A Perfect Candidate*, which was screened for the Washington, D.C. 10th Annual International Film Festival on May 1.

The film purports to be a documentary on the 1994 race for the U.S. Senate in Virginia between Oliver North and the incumbent, Charles Robb (D). While the film has its occasionally insightful moments, it utterly fails to convey the reality of why Oliver North, initially considered a shoo-in over the scandal-ridden Robb, ended up losing the race.

The source of the film's inability to give its audience any understanding of what actually happened in the 1994 race is not mysterious. First, the filmmakers spent much of the campaign riding around the state in North's campaign van. Anyone familiar with that campaign knows that North's handlers only allowed him to appear in public at well-prepared events, where he would be surrounded by adulatory crowds. On those occasions when North came face-to-face with opponents, or in which he had to talk spontaneously, he invariably blundered, so that by the end of the campaign, his handlers refused to even give his schedule out to the press. Riding around in the North RV was no way to get a real picture of the campaign.

Second, and worse, the film views the campaign through the eyes of the *Washington Post's* Richmond reporter, Don Baker. Baker is a cynical, contemptuous individual, writing for a paper which serves as the establishment censor of what citizens are allowed to know and not know. Baker and the *Post* consistently lied throughout the 1994 campaign; so, to view Baker as an "authority" on North, Virginia politics, or anything else, is a fatal blunder.

By cutting out the role of the LaRouche movement and, specifically, of the Defeat-that-Son-of-a-Bush committee headed by LaRouche Democrat Nancy Spannaus, the film cannot possibly explain what happened to North. It was the "SOB" committee which saturated the state with material exposing North as a drug-runner, a liar, and as a would-be destroyer of Social Security. When the Democratic Party was moribund, and no one else would do the job, the SOB committee catalyzed opposition to North throughout the summer of 1994.

The SOB committee put out a pamphlet detailing North's service to the "secret government" apparatus created by George Bush in the early 1980s, telling how he got his start in Central America from Henry Kissinger, and documenting his role in creating and protecting the Contra guns-for-drugs apparatus which was flooding the United States with illegal drugs in the mid-1980s. Twice, the SOB committee sponsored tours by former U.S. Drug Enforcement Administration agent Celerino Castillo, who had first-hand knowledge of massive drug-smuggling by North's pilots in Central America. This material had two main areas of impact: It gave others the courage and ability to go after North on the drug-running issue, and it peeled off a lot of support from North among the so-called "Christian right" community, which had been dominated by Pat Robertson and his Christian Coalition.

In the closing weeks of the campaign, the SOB committee saturated northern Virginia and the Tidewater area with leaflets, and livened up the airwaves with radio ads featuring the "Good-bye Ollie" song. Except for one article covering the "Good-bye Ollie" ads (written by a local reporter, not Don Baker), readers of the *Washington Post* didn't get a clue as to what was going on in the streets. SOB organizers could sense the growing popular antagonism to North, and were not surprised by his defeat. Others, especially those who got their news from the media, were.

Only once does the drug issue come into prominence in the film: This is in a segment from the Sept. 6, 1994 four-way candidates debate, in which former Gov. Doug Wilder brought up the fact that people around the state were worried about drugs, and he asked North, "How could you ride on a plane with drugs being on the plane?"

North responded angrily. "The fact is, governor, only you and Lyndon LaRouche are raising the issue of drugs," he said, claiming that this had all been already investigated. Wilder replied: "Well, I don't know about Lyndon LaRouche, but I can tell you, if there had been an investigation, I have not seen it. The people of Virginia have not seen the results."

North repeated that it was only Wilder and LaRouche who were making these charges, and added, "I'm the most investigated man on this planet." Wilder shot back: "There might be very good reasons for that to be the case." That exchange, reflecting the key issue, is the high-point of the film.

Otherwise, despite its glaring deficiencies, the film at times provides a useful glimpse behind the public mask of the North campaign, portraying the depravity of North's campaign manager Mark Goodin, and Goodin's cynical manipulation of North's public image. For every speech that North delivered with the patina of boyish sincerity, there was Goodin coldly preparing the script, and deliberately playing upon the susceptibilities of the public and the gullibility of the news media. But while occasionally savaging his handlers, the film puts a gloss on North himself, while portraying Robb in the most unfavorable light.

"A Perfect Candidate" is a perfect coverup.

## **D**ole announces return of **Balanced Budget Amendment**

Senate Majority Leader Bob Dole (R-Kan.) suggested on May 3 that the Balanced Budget Amendment to the Constitution, which was narrowly defeated in the Senate last year, will be returned to the floor of the Senate. He said he hoped to start the process during the week of May 7.

Dole was optimistic that there would be 8-10 more Democratic votes than last year, and referred to one of the issues that generated opposition to the amendment. "I think there are ways to add a provision to the Balanced Budget Amendment that will ensure that Social Security surpluses can never again be used to mask deficit spending," he said.

## **W**ellstone defends **working families**

On May 2, Sen. Paul Wellstone (D-Minn.) introduced the Working Families Economic Security Act, the third major piece of legislation along the lines of proposals put forward by Sens. Jeff Bingaman (D-N.M.) and Tom Daschle (D-S.D.) in their high wage task force. Wellstone said that his bill is needed to ensure "that bread and butter economic issues are brought back front and center to the attention of this Congress, which so far has all but ignored them." The bill "contributes significantly to efforts within the Democratic caucus . . . on improving the paycheck security, health security, and retirement security of all Americans."

Wellstone took issue with recent economic reports coming out of the Clinton administration. "Underneath the numbers which reflect record highs in the stock market, low unemploy-

ment, and slow growth in the economy," he said, "a time bomb is ticking for American families. Many workers are in fact being left behind, with only dim hope for a brighter future. They are working more and earning less. . . . For many, especially low and moderate income working people, the economic recovery is spotty, partial, and has failed to increase their real take-home pay."

The bill includes a minimum wage increase, protection for striking workers, a streamlined job training program, and corporate accountability with regard to employee layoffs.

## **F**DA reform said to **benefit companies**

The Health and Environment Subcommittee of the House Commerce Committee heard testimony on May 1 on proposed legislation ostensibly designed to speed up the approval process for new drugs and medical devices, and to make the functioning of the Food and Drug Administration more efficient. However, several witnesses attacked the legislation for unduly benefitting the interests of pharmaceutical companies.

The lead witness, FDA Administrator David Kessler, attacked the provision for third-party review of new drug applications. "By essentially privatizing the review of new drugs, medical devices, and food and color additives, the public will be deprived of having an independent sentinel looking out for the public's health and safety," he said. This "privatization approach weakens the standards for the approval of drugs and food and color additives."

Joe Barton (R-Tex.), one of the architects of the legislation, in an inter-

view on the CNBC cable TV program "Capital Gains" prior to the hearing, argued, "We're not privatizing the FDA. We're not taking their power away. We're taking common sense ideas that have been tested in Europe and Japan and applying them here in the United States."

Kessler rejected this argument. If a manufacturer is allowed to choose its reviewer, and "if you have a system that has multiple forums, we need to be very careful that there's not forum shopping and that we don't allow people to 'buy' their reviews," he said.

## **B**ill to control illegal **immigration clears Senate**

After eight days of debate, the Senate, in a vote of 97-3 on May 2, passed a reform of illegal immigration laws. At one point early in the debate, the bill was yanked off the floor by Majority Leader Bob Dole (R-Kan.), in order to prevent a vote on an amendment sponsored by Edward Kennedy (D-Mass.) to increase the minimum wage.

Among the amendments passed was one sponsored by Alan Simpson (R-Wyo.), to bring state-issued documents, such as birth certificates and drivers' licenses, into closer conformity with federal standards. Another, sponsored by Barbara Boxer (D-Calif.) and Dianne Feinstein (D-Calif.), provides funds for the construction of physical barriers along the border between Mexico and San Diego County, California.

An effort by Spencer Abraham (R-Mich.), to strip from the bill provisions establishing a national worker identification system, failed. Abraham said that other provisions in the bill already address the problem of hiring illegal aliens, and that a national identifica-

tion system "is not going to do much to address that problem . . . if the employer's objective is to hire a lower-priced employee who happens to be an illegal alien, because the system will be circumvented intentionally."

Russell Feingold (D-Wisc.) blasted the sponsors of the bill for not dealing with half of the illegal alien problem, those who overstay their visas. "Instead," he said, "the bill supporters proposed a massive new national worker verification system, complete with uniform federal identification documents. So, rather than targeting the individuals who break our laws and are here illegally, the premise of the proposal was to ensure the identity of every worker in America—U.S. citizens, legal permanent residents, and so on—[who] had to be verified by a government agency in Washington."

## **H** Health bill for newborns addressed on Senate floor

Bill Bradley (D-N.J.) motivated the "Newborns and Mothers' Health Protection Act of 1996," sponsored by Bradley, Nancy Kassebaum (R-Kan.), and Bill Frist (R-Tenn.), on the Senate floor on May 2. The bill was passed out of the Education and Labor Committee by a vote of 14-2 on April 17. It requires insurance companies to pay for hospital stays of at least 48 hours for women giving birth.

Bradley said that what prompted the bill was stories that doctors were no longer making the decisions about when women who have given birth should leave the hospital. "Instead," he said, "the decision forcing women to leave the hospital in less than 24 hours after childbirth was being made by a clerk at an insurance company shaving costs and shortening lives."

Bradley said the bill "respects the authority of doctors and other health care practitioners, in consultation with mothers, to make health-care decisions about the length of time their patient should stay in the hospital following childbirth." While the bill allows shorter stays if the doctor and the patient agree to it, "in no event can an insurance company require that she leave in less than 48 hours," or 96 hours in the case of a caesarean section.

Jay Rockefeller (D-W.V.) said that the bill will shift "the decision-making power of when a mother and her baby would be leaving a hospital, from an insurance company or an HMO . . . back to the doctor and to the patient. . . . That is where it should be, not an insurance company driven by other considerations, including those of their stockholders."

## **V** veto sustained on State Department reorganization

The House failed, by a vote of 234-188 on April 30, to override President Clinton's veto of the State Department reorganization bill. Lee Hamilton (D-Ind.) called the bill "flawed," and said that "it would undermine the foreign policy powers of the Presidency and force the adoption of policies that would harm U.S. national interests." He said that the reorganization mandated by the bill "has no connection to the real problems of foreign policy," and charged that the proponents of eliminating one of the foreign affairs agencies "have never demonstrated the need for this reorganization."

Bill Richardson (D-N.M.) said that the bill "micro-manages foreign policy. It basically tells the President that he has to eliminate agencies to

conduct foreign policy."

International Relations Committee Chairman Ben Gilman (R-N.Y.) said the bill "delivered on the President's pledge to reduce the size of government," and that he was "stunned" by Clinton's assessment that the bill was "unacceptably restrictive."

## **O**il firm profits targeted by Pryor

On May 3, seven Republicans took to the Senate floor to complain about the burden of the Clinton-supported 1993 tax increases, including the 4.3¢ per gallon increase in the gas tax. The only mention of the recent runup in gasoline prices at the pump was by Frank Murkowski (R-Alaska), who attributed it to "market forces," although he conceded that the tax had little to do with the price hikes.

David Pryor (D-Ark.) attacked the oil companies for their reported skyrocketing first-quarter profits, and said that "that is where some relief can be given because that is where the price is determined, not with the 4.3¢-a-gallon deficit reduction tax." Pryor, who had just participated in a Finance Committee hearing on repealing the 4.3¢ gas tax, characterized that hearing as "very, very partisan." It "sounded like a political convention," he said.

Minority Leader Tom Daschle (D-S.D.) pointed out that most Republicans had supported the increases in gas taxes in the 1980s and early 1990s, including "our distinguished majority leader," who "was one of those who supported the increase in gasoline taxes of 10¢."

However, Democrats have so far failed to point out that Republicans are covering for the oil multinationals' economic warfare against the United States.

# National News

## Dems recall Dole vote against JFK wage bill

At a May 3 press conference, marking the 35th anniversary of the passage of the minimum-wage hike sought by President John F. Kennedy in 1961, Sen. Edward Kennedy (D-Mass.) recalled that Sen. Bob Dole (R-Kan.) had voted against an increase even then.

A tape was played of one of JFK's political ads, during his 1960 Presidential campaign against Richard Nixon, in which Kennedy declared, "Mr. Nixon has said that a \$1.25 minimum wage is extreme. . . . What's extreme about that? . . . Americans must be paid enough to live." As a freshman Republican in the House of Representatives in 1961, Dole voted against President Kennedy's proposal to raise the minimum wage from \$1.00 to \$1.25 an hour.

Secretary of Labor Robert Reich, echoing Yogi Berra's old joke, said Dole's current opposition was "*déjà vu* all over again. Here we are in 1996, trying to make sure that Americans are paid enough to live, and Senator Dole is saying no." Dole, the apparent Republican Presidential nominee in the coming election, replied by saying, "I don't know what that has to do with 1996. That was 35 years ago."

## Fed chairman warns of 'financial implosion'

Speaking at the "Eighth Frankfurt International Banking Event" on May 7, Federal Reserve Chairman Alan Greenspan felt compelled to mention the unmentionable: The entire world financial system could collapse overnight. He offered no solutions, other than arming central banks "with unlimited power to create money." But even his technocratic discussion of a global collapse provided significant public confirmation, of what the world's top financial players have been privately discussing for some time.

"The changing dynamics of modern global financial systems require that central

banks address the inevitable increase of potential systemic risk," Greenspan declared. "It is probably fair to say that the very efficiency of global financial markets, engendered by the rapid proliferation of financial products, also has the capability of transmitting mistakes at a far faster pace throughout the financial system in ways that were unknown a generation ago, and not even remotely imagined in the 19th century."

Greenspan avoided all reference to the cancerous speculative bubble which has doomed the current financial system, and rejected any efforts to "bar or contain the expansion of global finance by capital controls, transaction taxes, or other market-inhibiting initiatives. . . . We cannot turn back the clock, and we should not try to do so."

Nonetheless, Greenspan declared, "With leveraging there will always exist a remote possibility of a chain reaction, a cascading sequence of defaults that will culminate in financial implosion if it proceeds unchecked. Only a central bank, with unlimited power to create money, can with a high probability thwart such a process before it becomes destructive. Hence, central banks will of necessity be drawn into becoming lenders of last resort. . . . Such a public subsidy should be reserved for only the rarest of disasters, triggered, at most, a handful of times per century."

## Lester Brown compares mankind to 'amoebae'

Lester Brown, the Worldwatch Institute genocidalist who wants to eliminate most of the people on this planet, compared the human race to "amoebae in a Petri dish," during a May 1 press briefing in Washington, D.C.

After ranting that today's food shortages and high commodities prices prove that the world is overpopulated, Brown declared, "Any biology student knows" about the "S-shaped curve," and proceeded with his abominable amoeba comparison—a flat denial of human history and mankind's creative powers. In the early stages, Brown said, the population can rise; but then, it exceeds the physical basis for its contin-

ued growth.

Topping off his deranged argument, Brown said, "You can use rats in a cage" to see this. When the resources are exhausted in the cage, rats turn to aberrant sexual behavior; there are spontaneous abortions. He also lied that the decline in wheat production per hectare is governed by finite biology.

The occasion for Brown's recycling his garbage was to release the latest Worldwatch "Vital Signs Brief," urging the World Bank and the UN Food and Agriculture Organization to cease "overestimating food production and misleading political leaders." Even though world grain output tripled from 1950 to 1990, Brown claimed there has been no growth for the past five years—and there is unlikely to be any more.

## LaRouche wins 40,000 votes in North Carolina

Despite the blackout by major media, and ongoing sabotage of his campaign by the Democratic National Committee, Lyndon LaRouche continues to receive significant vote totals in the Democratic Presidential primaries. On May 7, LaRouche scored more than 40,000 votes (7.3%) in the North Carolina primary, in a two-way race against President Clinton. In the District of Columbia, LaRouche received 2% of the vote in a primary that had been threatened with cancellation by the city's Financial Control Board.

In the D.C. primary, Democratic National Committee Chairman Don Fowler even refused to allow LaRouche's delegates to appear on the ballot. In addition, the local media did next to nothing to inform voters that the election was still on. As a result, fewer than 8% of the District's Democrats turned out to vote—the lowest turnout in the city's history.

In a statement released May 8, LaRouche presented the following evaluation of the vote: "Yesterday's Democratic primary results, in the District of Columbia and North Carolina, reflect the continuing policy of the national print and television-news media, to run a total blackout of my



## Briefly

**BANKRUPTCY** filings skyrocketed 27% in the first four months of this year, compared to the same period a year ago, to a record 318,893, according to MasterCard International. One investment bank's chief economist told the *Wall Street Journal* May 8, that the news is "a danger sign for the economy, that may well reflect the growing disparities between the haves and the have-nots."

**SEN. PHIL GRAMM** (R-Tex.), the free-market privateer, has rushed to endorse price-rigging by the oil multinationals. He told ABC News May 5 that it was "kind of unseemly" that President Clinton, "without giving a single thought . . . orders the Attorney General to investigate a major industry in America, with no evidence whatsoever to substantiate that anybody did or could have engaged in a conspiracy against the public."

**DWAYNE ANDREAS**, head of the Archer Daniels Midland grain cartel, which the FBI has been investigating for the past year, has contributed \$1 million to Don Fowler's Democratic National Committee, CBS Evening News claimed May 7. The only previous contribution steered by Andreas which hit the million-dollar mark, went to the Anti-Defamation League, the racist, right-wing hate-group.

**DAVID LASSER**, 94, first president of the American Interplanetary Society, founded in 1930, died recently. In 1931, he wrote the first English-language work on space exploration. A consultant to President Roosevelt's World War II War Production Board, Lasser was denounced in Congress during the McCarthy period as "a crackpot with mental delusions who thinks we can travel to the Moon."

**REP. DICK ARMEY** (R-Tex.), now guiding Newt Gingrich's sinking ship in Congress, said May 5, "If you took the words 'greed' and 'extremism' out of our vocabulary, there's a lot of people around this country who couldn't conduct political discourse at all."

campaign. This blackout has succeeded in minimizing the turnout of my supporters to the polls. Once that 'blackout' factor is taken into account, the results so far indicate that I represent, currently, more than 10% of the potential Democratic vote in the November 1996 general election.

"Also, many of those who vote for the President's renomination, either support or tend to support my emphasis on the importance of the President's supporting those policies for which I am campaigning.

"In addition to these two implications of the vote for my candidacy, my campaign addresses the most important issue facing the next President, an issue which no other candidate has addressed to the present time.

"With those three considerations in view, it should be understood, that, crooked news media notwithstanding, the campaign for my candidacy will continue, successfully, into the middle of the August Democratic Party Convention."

### Ex-Texas prison chief under investigation

The Texas official who expanded the state's prison system, into what was officially described last year as the largest "in the free world," is now under criminal investigation. According to the May issue of *Texas Monthly*, the Texas Rangers and the FBI are looking into "sweetheart contracts" allegedly made with private prison companies, by Andy Collins, former head of the state's Department of Criminal Justice.

Collins resigned in December 1995, reportedly under pressure from Texas Gov. George W. Bush, son of the benighted ex-President of the United States, Sir George Bush. Apparently, Governor Bush decided to step away from the spotlight on "the tawdriest [state] government spectacle" in 25 years, which was focussing on Collins. While Collins ran his model for the "free world," private prison companies reaped more profits in Texas than anywhere else in the nation.

Following an orgy of construction during the past five years, the Texas prison system has established itself as the "gulag" of

America, with 129,000 inmates behind bars. It holds thousands of inmates—for a price—shipped in from other states with overcrowded facilities. But now, Texas prisons are running at a "deficit" of 17,000 potential inmates; and eight new facilities remain closed.

Collins himself is whistling a different tune. In an interview with *Texas Monthly*, he now says that the prison buildup "was the stupidest thing the state of Texas has ever done. . . . I mean, look who was behind it all. Prosecutors, cops, politicians—all of them with a self-serving agenda."

### Eco-freaks mount benefit for accused 'Unabomber'

Earth First! and other radical-environmentalist swamp creatures are organizing "benefit concerts" for suspected "Unabomber" terrorist Ted Kaczynski. The first of a planned series of events was scheduled for Eugene, Oregon, at "Icky's Teahouse," a popular New-Age hangout, according to the *Eugene Register Guard* of May 1.

The advertised attractions featured two punk-rock bands, and an address by anarchist John Zerzan, one of the leading movers behind the event. Zerzan's book, *Future Primitive*, is reportedly widely used in courses taught at U.S. universities. The benefit's promotional posters, issued in the name of "the Antipathy Collective and the Eugene Cultural Defense Militia," portrayed Kaczynski placing a bomb with a lit fuse beside a building.

Next to that crazed graphic, the poster listed detailed instructions and diagrams, for making four varieties of "molotov cocktails" and a simple pipe bomb, around the slogan "Go unabomber!!!" The *Register Guard* also reported that Richard Mosher, one of the members of the collective that runs Icky's, said that Kaczynski should not be tried as a "serial killer," because he is really "a political activist, whether you agree with his tactics or not." Mosher claimed this was a "war-type situation," because corporations are poisoning the food, water, and air, and "people are dying as a result."

## Editorial

### *Again, the Triple Entente*

Ninety years ago, an infamous de facto alliance among Britain, France, and Russia, which came to be known as the Triple Entente, grew out of the Entente Cordiale between Britain and France. Foolishly, the French and the Russians allied with the British to destroy Germany. Ironically, both France and Russia were equally targets of British perfidy—as the tragic losses of World War I and World War II demonstrated.

This policy went counter to the earlier, positive thrust by Gabriel Hanotaux, who was French foreign minister in the 1894 government of President Sadi Carnot. That French government also had a policy for building a Franco-Russian alliance, but one aimed at détente with Germany.

Hanotaux proposed a series of great projects which would develop Africa and the Middle East. This was counter to the British policy of colonizing the world. To further his policy, for example, Hanotaux called for the building of railroads. In a speech in 1902 to a Geographical Society, he explained, “Is not a global program to methodically trace, through an international entente throughout Africa, the directions of a transcontinental railroad, utilizing the great rivers . . . uniting the Nile and Congo rivers . . . is this not the most obvious and imminent of possibilities?” It did not turn out to be so: The Carnot-Hanotaux government fell, and with it, the policy of global development, rather than the geopolitical, British-inspired Triple Entente.

Now, once again, it appears that France is rejecting the great vision of Hanotaux. President Jacques Chirac is in grave danger of falling into the same British trap which caused two world wars already in this century.

This was apparent in the role which President Chirac played in opposing the negotiations for a ceasefire in Lebanon, which were initiated by President Clinton. The French government played directly into British hands.

Spokesmen for the Triple Entente policy, such as Washington correspondent for the London *Sunday Telegraph* Ambrose Evans-Pritchard, have been quite open on the subject. In November 1994, in response to President Clinton’s increasingly independent foreign

policy, Evans-Pritchard wrote: “Britain will have to find solace in a tentative Triple Entente with France and Russia.”

As dangerous as is this Anglo-French attempt to resurrect the Triple Entente in the Middle East, it is even more dangerous in the case of their efforts to bring Russia into the fold, and to destroy Russian relations with the United States and Germany. For example, both the British and the French are trying to shift the blame for the destruction of the economy of the former Soviet Union onto the United States, while ignoring the role of former British Prime Minister Margaret Thatcher, and the Thatcher-Bush combination which has been perpetuated by British Prime Minister John Major on behalf of the House of Windsor.

The major problem in U.S. and German policy, is both governments’ continued defense of the so-called free-market reforms. These British-inspired policies have been imposed in the former East bloc, under threat of removal of all International Monetary Fund and World Bank credits if they are not implemented.

The moves by Chirac and Major to ensnare the Russians into a Devil’s alliance against the United States and Germany, are most dangerous. The world cannot afford to go back to a new version of what relations were before the Iron Curtain came down.

It is not that we would face the threat of a repeat of world war, or an immediate threat of nuclear war. But the Russians could resurrect former terrorist capabilities. Such a combination of British- and Russian-controlled irregular warfare could make the world a true Hell.

Still, President Chirac did not initiate the pro-British policy which he is implementing. This policy was set in motion by his predecessor, the late President of France, François Mitterrand, who played the despicable role of British puppet during his years in office. There is still time for the French to repudiate this treason to their own traditions and to their nation’s best interest. The British goal, after all, is not to forge an alliance with France or Russia, but to resurrect the British Empire in the form of a one-world government.

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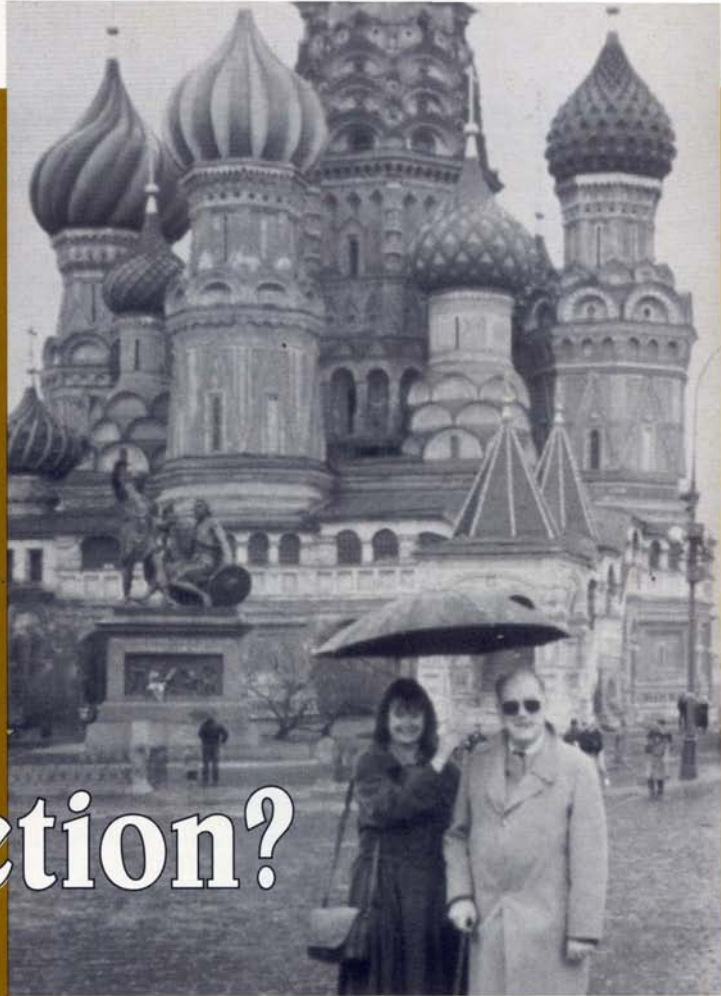
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# Russia's future: dictatorship, chaos, or reconstruction?



**“There exists no possible solution to this crisis, either for Russia or for the world within the bounds of the previously accepted terms of dominant international economic and financial institutions.”**

**—Lyndon LaRouche**

in “Prospects for Russian Economic Revival,” prepared for Feb. 20, 1995 hearings at the Russian State Duma.

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## What is LaRouche’s authority on Russia?

- **On Oct. 12, 1988**, in Berlin, LaRouche issued his famous Food for Peace proposal, which included collaboration between the Soviet Union and a free, re-united Germany to overcome the growing economic crisis.
- **In November 1989**, LaRouche enunciated his Paris-Berlin-Vienna Productive Triangle, an infrastructure program for the economic reconstruction of post-communist Eurasia.
- **In October 1993**, LaRouche was elected to the Universal Ecological Academy for his contributions to the science of physical economy. The Academy was founded in May 1989 by a group

of scientists many of them veterans of the Soviet space program

- **In April 1994**, LaRouche, paroled in January after five years in prison, made his first visit to Russia, at the invitation of the Universal Ecological Academy.

**WHY YOU NEED THIS REPORT:** *EIR*’s Special Report, issued in August 1994, includes “**Russia’s Future: The Three Alternatives**”: Lyndon LaRouche’s account of his six-day trip to Russia. “**A Reconstruction Strategy for Russia—And the World Economy**” by Lyndon H. LaRouche, Jr. “**Whither Russia: A Situation Report**,” by Brig. Gen. Paul-Albert Scherer (ret.) “**The Military in Post-Bolshevik Russia**,” by Konstantin George “**Have We Already Lost Eastern Europe and Russia?**” by William Engdahl

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