

# EIR

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Soviet economy needs cure, not 'free market'  
Amazon frontier beckons for conquest  
Sir James Goldsmith goes green

**The British-Israeli path  
to holy war in the Mideast**



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Is America still the land of "liberty and justice for all"? Or, are we heading into a totalitarian police state, like Nazi Germany or Soviet Russia? Read this book, and learn the truth about what happened to justice in the United States.

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U.S.A. vs.  
Lyndon LaRouche, et al.

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**"I SHOULD GET A CIGAR. . ." bragged the judge after railroading through the frameup and conviction of presidential candidate Lyndon LaRouche.**

Judge Albert V. Bryan was the judge who finally accomplished what a federal government "Get LaRouche" Strike Force had been attempting to do since 1983. That task force swung into motion using the resources of the FBI, CIA, IRS, and private agencies, at the instigation of Henry Kissinger, who bragged in the summer of 1984 that "we'll take care of LaRouche after the elections."

The first federal case against LaRouche and his associates, held in Boston before Federal Judge Robert Keeton, backfired on the government. A mistrial was declared, and the jury said they would have acquitted everyone on *all* charges.

But in Alexandria federal court, the "rocket docket" did the job. Judge Bryan hand-picked the jury in less than two hours, excluded all evidence of government harassment, and rushed the defense so rapidly that convictions were brought in on all counts in less than two months from the indictment.

LaRouche was sent to jail for 15 years, on January 27, 1989, a political prisoner. The conviction and imprisonment have provoked protests of outrage from around the world. In this book, you'll see why.

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## From the Managing Editor

If, upon perusing the table of contents of this issue, you are tempted to conclude that there is just too much bad news in the world, then please turn to the report filed from Brazil by our correspondent Lorenzo Carrasco Bazúa, on his recent trip to the Amazon (page 18). This article is a real eye-opener for anyone who has been bombarded by environmentalist propaganda about how “those selfish Brazilians” are looting the Amazon rain forest, wrecking the world’s climate, and have to be brought to heel by such self-proclaimed do-gooders as Britain’s Prince Philip. What Carrasco found, was a vigorous group of industrialists and political leaders determined to implement a real solution to the problems of the Amazon: infrastructural development. Their ambitious plan includes construction of a highway through the Amazon to the Peruvian border, providing access to Peru’s Pacific Ocean ports. No wonder the Anglo-American Establishment is upset!

One prominent representative of that Establishment, billionaire corporate raider James Goldsmith (“Sir Jimmy” to his friends), is the subject of a dossier on page 50. He has recently vowed to give up his lucrative career and devote himself to “preserving the rain forests” and winning conservatives over to environmentalism. At least, that is what he says. . . .

Our *Feature* this week, on the crisis in Jerusalem, is an *EIR* exclusive based on years of investigation by an international team of researchers (page 24). Since we first exposed the controllers of the “Temple Mount” conspiracy back in 1983, we have had the names, ranks, and serial numbers of those working to set Jew against Arab through the plot to rebuild Solomon’s Temple on the site of some of Islam’s holiest shrines. Of particular interest is the interview with a distinguished Palestinian commentator, Hanna Siniora (page 26).

In the *Economics* section, Rachel Douglas contributes a comprehensive analysis of the emerging Soviet economic “reforms” (page 8). If you think that the introduction of Adam Smith’s free market economics to the Soviet Union will solve that country’s economic catastrophe, look again. But, there is an alternative.

*Susan Welsh*

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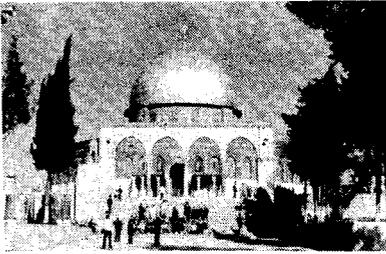
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## Clean air bill slated to become fascist law

by Carol White

The worst bill ever considered for adoption by any of the 101 sessions of the U.S. Congress is now set to become law. This is the 1990 Clean Air Act, which passed out of House-Senate conference procedures on Oct. 22. There is a certain ugly irony in the fact that while Congress has been apparently stumbling from one closure of the government to another since Sept. 30, in its collective wisdom it also agreed on legislation which will effectively shut down the entire economy over the course of the next decade.

The final push for passage of the bill was launched on Sept. 27, in the middle of the first crisis around the budget shutdown of the U.S. government, when President George Bush sent a letter to both houses of Congress, demanding passage of the bill before the recess. Agreements rapidly followed, first on standards for automobile emissions, then on the so-called acid rain matter, and finally on standards to be applied in the emission of up to 191 identified toxic chemicals.

### A phalanx of hoaxes

Since the beginning of this year, *EIR* has documented repeatedly, in the case of this bill, that despite media-generated hysteria about toxic chemicals and cancer, about global warming, ozone holes, and greenhouse effects, the scientific evidence to substantiate any of the plethora of cited scare stories is nonexistent, or dubious at best. It has been found, for example, in the case of the urban smog pollution supposedly caused by auto emissions, that trees emit far more ozone-causing hydrocarbons. Thus, even if all man-made sources

of air pollution in the Los Angeles area were eliminated, there would still be atmospheric pollution, originating from nature's very own "point source emitters"—the Environmental Protection Agency's new term for trees.

So, the problems Congress claims to be addressing in this monstrosity do not exist in the form in which they are alleged to exist. What we have instead is perhaps the biggest change in U.S. law since the Kansas-Nebraska Act, or the related Dred Scott decision. It is a change which threatens the very foundations of the country.

In this sense: The act is constructed so as to establish regional "caps" for emissions of identified toxics or pollutants. The caps are fixed. New capacity cannot be introduced into a region without keeping the total emissions below the cap. This provision strikes at the heart of the scientific and technological progress which makes humans what they are, distinct from and superior to the lower beasts. It embodies in U.S. law the bestial conceptions of Diocletian's imperial code of Rome, which officially banned all technological progress, condemning all subjects to the status of beasts.

### Costs will be astronomical

The bill does not explicitly outlaw introduction of new technology. The "caps" will be reinforced by the costs that have to be paid to implement the monitoring procedures, and certification and compliance features of the bill. Conservative estimates put these figures at about \$104 billion per year—\$1,700 per household per year—which is more than the levy to be imposed through the S&L bailout, reaching

more than \$1 trillion over 10 years. But the country is already in an economic depression. The bill is thus a recipe for disaster on a grand scale in the not-too-distant future. If signed, and of course Bush does still have the option to veto the package, it is the combination of emission caps and charges for compliance which will make new investment impossible. This cost is to be added to the approximately \$90 billion per year which is already spent to meet the standards of the Clean Air and Water Acts of 1970.

Monetary estimates don't do full justice to what is at stake. Estimated job loss from implementation of the provisions of the bill range from 750,000 in manufacturing and materials-processing industries directly affected, such as steel, chemicals, oil refining, synthetic rubber, and pulp and paper, up to 3-4 million jobs in the 1,500 counties where seven out of every eight Americans live. This does not include the knockout effect throughout the economy as a whole. The upper range encompasses about 20% of the 18 million Americans who are still employed in goods production. Agriculture, by way of the restrictions on agricultural chemicals and refrigeration technology, will be returned to the situation which prevailed prior to the 1930s. Food will, of course, become even more expensive. Availability of fresh fruits and vegetables will be curtailed by as much as 20-25%, according to the National Agricultural Chemicals Association.

Small business, especially in the core states of the once-industrial Midwest, will be severely affected. About 44% of the costs of the bill will be borne by five states, according to some estimates: Indiana, Missouri, Ohio, Pennsylvania, and Tennessee. Some 85% of the total costs will be carried by just 15 states. Small businesses, dry cleaners, and bakeries will have to apply for permits to function, seeking certification that they meet standards and have installed monitoring equipment. The costs will run into the billions.

On the larger scale, thermal generation of electricity is going to be subjected to rigorous new controls, which will push up rates for electricity provided by 15-30% per year.

Not just the United States will be affected. Under section 504(a) of the bill, the director of the Environmental Protection Agency is instructed to draw up, within 60 days of enactment, a list of atmosphere- and climate-modifying substances. These substances are to include the chlorofluorocarbons (CFCs), the primary components in refrigerants, which, it is asserted, are responsible for the so-called ozone hole. Substances on the list may not be exported from the United States, nor may the machinery and equipment used to produce those substances.

CFCs are critical in present refrigeration technology. With present technology, an estimated 30% of the food produced worldwide is ruined before it ever gets to the consumer. The replacement chemical for the CFCs costs 15 times more than CFCs. Countries and whole regions of the world will be affected. It is estimated that 40 million worldwide die

from hunger and related causes each year. It is the intention of the designers of the bill, that this number increase.

### **Die for Edgar Bronfman!**

Take the following features of the bill. The patent on CFCs production was held by Edgar Bronfman's Du Pont Corp. The patent expired. Now that the method to produce refrigeration technology is widely available, lo and behold, it is banned, and three companies—Du Pont, Imperial Chemicals Industries, and Allied Signal—step forward with a replacement. The replacement is more expensive and more dangerous.

The same holds true with gasoline emissions. The bill requires 40 cities to provide oxygenated gasoline by 1993, and the auto companies to make cars capable of burning it. Within 10-15 years, 100 cities must have complied with the new standards.

The materials for oxygenation of gasoline are few. Among them the ethanol favored by Bronfman's friend Dwayne Andreas of the Archer Daniels Midland grain cartel company, and the methyl tertiary butyl ether whose availability is controlled to the extent of 40% by the Atlantic Richfield oil company, which was formerly run by Robert O. Anderson. It will cost billions to rebuild refineries to meet the standards. The variant fuels emit more of the nitrogen oxides than the fuels they are supposed to replace.

### **The sane alternative**

Environmentally, the bill is a complete fraud. Economically it is a disaster. It would be better to simply say, "Let's rebuild the nuclear energy industry; let's move into the age of coherent high-energy physics-based technologies, epitomized by the laser and plasma processes, while at the same time rebuilding the country's basic economic infrastructure, such as fresh-water management systems. That way there would be environmental benefits, as well as an end to the present deepening depression."

Most congressmen have no idea of the implications of the bill for the economy. Actually, most don't have much idea of what is in the bill at all (it is over 5,000 pages long). Various of the provisions were elaborated by staff without any oversight from the elected officials.

There is another feature to the bill which is as deadly as the attempt to stop scientific and technological progress cold. This is the so-called enforcement provisions of the bill. Under these sections, the EPA is established as court and prosecutor. Criminal and civil proceedings can be brought against those who violate EPA procedures or standards, as defined in the bill; fines of up to \$25,000, or sentences of one year in jail can be imposed per violation *per day* as the violation is committed. Proceedings can be brought, penalties imposed, without going near the court system. Alleged violators can appeal to the courts only after they have been through the EPA administrative process.

# Thatcher's 'golden scenario' backfires

by William Engdahl

On Oct. 5, just two days following German unification, Britain's Thatcher government made a surprise announcement that it had reversed its 11-year-long refusal to link the pound sterling to the discipline of the European Monetary System (EMS), the currency bloc of 10 European nations. Britain joined the continental currency stabilization regime, established in 1979 by France and West Germany to insulate European currencies from the wild fluctuations of the dollar.

"The move is at one and the same time being done for domestic and foreign reasons," said City of London economist Stephen Lewis. According to reports from London, Thatcher was persuaded to join the EMS by Conservative Party strategist Kenneth Baker and other close advisers, who convinced her it would create a "golden scenario" in the runup to the anticipated 1991 U.K. general elections, in which Thatcher intends to run for a fourth term. Under this scenario, international capital would flood into sterling, attracted by its relatively astronomical interest rates—15% bank base rates at time of joining—and the new prospect of German-style anti-inflation discipline within the EMS.

Within minutes of the announcement, sterling shot up above DM 3.04, from DM 2.93 the day before. The "golden scenario" said that with such a flood of new funds, Thatcher could begin to steadily lower U.K. interest rates into next summer, prior to new elections, ensuring another Tory victory.

But the strategy has already backfired. On Oct. 23, the House of Commons began an official inquiry into the rushed circumstances leading to Thatcher's decision to link sterling to the EMS. In the intervening three weeks of entry status, far from being a "strong" currency, sterling dropped steadily, down close to the maximum 6% divergence from the weighted EMS currency basket allowed under the rules of the game, until it stood at DM 2.94—just where it was before entry.

## Industry is hurting

"If the fall of the pound continues, the Bank of England will be forced, under strict EMS membership rules, to take measures which would ultimately lead to raising British interest rates again," said Lewis. With U.K. inflation hovering at just under 11%, and interest rates at a staggering 14%, it is no wonder that the productive economy is in very bad shape indeed.

Even industrial giants such as Imperial Chemicals (ICI) are upset at the sudden decision by Thatcher to join. ICI chairman Sir Denys Henderson has made no secret of his anger at Thatcher's timing, which he argues locks British industrial exports to an artificially high exchange rate. "We should have joined . . . six months ago, when the pound was DM 2.75-2.80," he argues. "The pound is seriously overvalued at the moment."

This means that British industrial exports, already suffering against German and French competitors, are hampered even more. Already in August, the Confederation of British Industry warned that were present economic and interest rate trends to continue, "manufacturing output will decline significantly and job losses will increase . . . a clear warning of the possibility of a recession in the second half of this year."

As of September, the U.K. business failure rate jumped an eye-popping 83% compared with the same period a year earlier. Engineering, metals, building, and construction were the worst hit. Major British banks are in horrible shape, with blue-chip names such as Midland Bank or National Westminster running up staggering losses on domestic real estate lending, as well as earlier Ibero-American debt exposure. Cuts in defense budgets are forcing layoffs at Rolls Royce, a prime maker of military engines. Machine tool orders had fallen 18% by July over the previous year, and in the last three months, the rate of exports has been cut in half.

## Strategic manipulations

Why, then, make such a risky gamble, even after German Bundesbank chief Karl-Otto Poehl urged Britain to wait until correcting its inflation problem, before entering the EMS? The answer, as with most major British policy decisions of the postwar period, lies not in the realm of the economic interest of British industry or the working population. It is political and strategic.

"The majority of the British Establishment is determined that it will tie Britain's future course to continental Europe," said one analyst. "They view their postwar 'Atlantic alliance' with America as of declining usefulness. The elites of the City have little concern for rising unemployment and such. Their concern is to enter Europe in order to dominate it to their benefit. They used whatever argument worked to convince Mrs. Thatcher to go along. They will make it more difficult now for the Bundesbank, just at a time when its burdens with East Germany weigh heavy. That's the real reason."

But the British financial elites may have hesitated too long, allowing Europe to consolidate its policy. One thing is certain to all: Thatcher's "free market revolution," which was sold on the argument that her policies would squeeze inflation out of the economy, is a colossal failure even on her terms. Britain's inflation rate today is back exactly where it was in 1979 when she took office: 11%!

# IMF holds knife to Pakistan's jugular

by Ramtanu Maitra

Pakistan's English-language daily *The Dawn* leaked a report in early October, warning authorities to immediately implement the International Monetary Fund's Structural Adjustment Facility (SAF), lest the additional financial resources Pakistan is seeking be difficult to come by, and the IMF cut off the \$248 million balance of assistance under the 1988 agreement.

The report by the IMF's henchmen demands a vicious austerity program:

- Pakistan must forthwith increase the imported oil and locally explored natural gas prices by 41%, in order to rake in \$450 million as additional revenues. This, says the Fund, will reduce the current budget deficit to the acceptable level of 5.5% of the GNP. Simultaneous price rises in electricity, public transportation, and railways are also demanded.

- The government must give full consideration to additional resource mobilization—unspecified. One possibility for the authorities, not mentioned in public by IMF officials, is to exploit the full export potential of Pakistan's ever-growing stock of heroin and hashish.

- Pakistan must immediately impose general sales taxes, except on basic food and export items, and implement "reformed" income tax measures beginning July 1991. The IMF wants the government to auction off public debt and establish markets in government securities.

- The government must implement a "flexible" pricing policy for the country's 600,000 tons of rice stock, so that it can be dumped or exported before the new crop is harvested in November or early December, to earn additional income and reduce agricultural loans.

- Finally, Pakistan must station a permanent Fund representative in the country.

Besides the fact that the economy has been managed by the IMF for the last two years—and the IMF's austerity policy with regard to developmental expenditures is in full force—the latest threat could not have come at a worse time. With Pakistan's general elections Oct. 24, the IMF warning is a reminder that the new government will have to comply with its murderous policies, or else.

## Tighter and tighter squeeze

The IMF has been warning Pakistan of a possible aid cutoff since last October, when it reached an agreement in

principle with the Bhutto government to let the implementation of reform be extended from three to four years, because trade had so deteriorated that Pakistan had lost a half-billion dollars of expected income during the first year of reform. The third tranche of nearly \$300 million, due in July 1989, was delayed for four months, while the Fund forced Pakistan to dump its cotton stock at a reduced price.

The fourth and final tranche, which is now threatened with cutoff, was due in June 1990. The Bhutto government had repeatedly requested the Fund to release the last tranche at an earlier date, in view of its good record in implementing the IMF-prescribed reforms. When the IMF refused to comply, Prime Minister Benazir Bhutto's high-profile, foreign-trained economic adviser V.A. Jaffrey told the Finance Ministry to undertake a fresh study for carrying out structural reforms. Under the guise of disciplined economic management, Jaffrey angled for cutting subsidies, notwithstanding the fact that a large section of the poor, the political backbone of Bhutto's Pakistan People's Party, was up in arms because of her failure to implement the promised poverty alleviation program to the full, due to the IMF's fiscal austerity requirements.

Having acquired a \$20 billion foreign debt, depending on oil imports, and fostering an economy which depends upon cotton products for more than 70% of its exports, Pakistan, like other South Asian nations, has been hit right between the eyes by the Thatcher-Bush Gulf crisis. Pakistan will have to come up with an additional \$2 billion to buy expensive Gulf oil, and face an annual foreign exchange shortfall of about \$500 million in lost remittances from repatriated workers in the Gulf.

All these factors have led to a dramatic shortfall in Pakistan's foreign exchange reserves. The cabinet recently decided to roll over the short-term commercial credit of \$250 million of one-year maturity due in 1990-91. Meanwhile, Finance Minister Sartaj Aziz, went abroad seeking cash deposits from Saudi Arabia, United Arab Emirates, Qatar, and Iran, to be kept in the State Bank of Pakistan in order to strengthen the foreign exchange reserves.

## Beware the World Bank bureaucrats

The 1988 IMF Structural Adjustment Facility agreement, signed in October 1988 by Mahbubul Haq, then caretaker finance minister, a Harvard-trained economist and former World Bank director for Policy Planning, is now threatening the nation's sovereignty. With Washington pulling its aid strings and demanding payments for the deployment of troops in the Gulf, Pakistan is caught between a rock and a hard place.

As it takes the helm, Pakistan's new government should steer clear of such foreign-trained bureaucrats and economists as V.A. Jaffrey, Iqbal Akhund, Feroz Qaiser (all three had forced Bhutto to make disastrous economic decisions), Mahbubul Haq, and Sartaj Aziz.

# In need of economic cure, Soviets choke on 'free market' poison

by Rachel Douglas

On Sept. 24, after passage of the U.S.S.R. Supreme Soviet resolution "On urgent measures to stabilize the national economy and the program of transition to a market economy," German Chancellor Helmut Kohl welcomed the vote, saying that "the decision for the market economy creates the right preconditions for Western economic aid."

Anybody who has understood that economic development is the basis for war-avoidance must hope for the transformation of the Soviet Russian empire, ultimately, into a constellation of prospering, sovereign nation-states, and, in the short term, for investment from newly reunified Germany to help prevent the empire's collapse from exploding into civil war. The question is how the Soviets can receive and assimilate such Western input. In its current state of breakdown, the Soviet economy has a horrific record of annihilating foreign goods without a trace: As much as one-third of the DM220 million worth of food aid, arranged by Kohl for the Soviets in February, had failed to reach consumers as of June, due to lack of transportation. In industry, a November 1989 government inventory of imported equipment found millions of dollars worth of light industry, food-processing, and metal-cutting equipment that had never been put to use, much of which had been sitting in warehouses or at open-air depots since before 1983.

## Friedrich List vs. Adam Smith

Just as in Germany itself, and in Poland and Czechoslovakia, the fight for successful economic reform in the wake of the Bolshevik devastation of the Soviet Union can be posed as a contest of "List vs. Smith." Will the formerly communist countries exchange one failed doctrine for another, by swallowing the prescriptions of free marketeers who trace themselves from Adam Smith, author of *The Wealth of Nations* and propagandist for the British East India Company? Or, can they adopt the nation-building methods of Friedrich List's *Outlines of National Economy* and other works?

The draft of a modern Listian, "American System" solution is circulating in Eastern Europe today. It is Lyndon LaRouche's concept of the economic development of Eastern Europe, as far as the Ural Mountains, along growth corridors, spiraling out from a hub of intense industrial and scientific

work in the Paris-Berlin-Vienna triangle.

Inside the Soviet Union, individual voices have been raised in favor of a Listian revival. In July, the Soviet Foreign Ministry's journal carried one writer's appeal to reflect on the wisdom of a strong Russian relationship with Germany, advocated in the late 19th century by Count Sergei Witte (whose economic advisers were close students of List). Others have cited the importance of the 1906 agrarian reform of Prime Minister Pyotr Stolypin, who fostered the formation of small, independent farms in Russia.

At the state leadership level, however, the Soviet economic policy fight has been nearly devoid of such promising ideas. The Sept. 24 Supreme Soviet resolution, welcomed by Kohl, was no decision. It set a deadline of Oct. 15, for President Mikhail Gorbachov to present the "transition to market" plan by reconciliation of proposals that officials frankly admitted were incompatible. The hybrid plan, unveiled by Gorbachov a day late and approved by the Supreme Soviet on Oct. 19, portends more stormy confrontations in the immediate future.

In the meantime, chaos reigns. Speaking at the Sept. 17 Supreme Soviet session, although negotiations were almost complete for a new 20-year Soviet-German economic cooperation agreement to be initialed Sept. 28, economist Abel Aganbegyan reported, "Because of the hold-up in credits provided by Western banks, we are threatened with a 20% reduction in the volume of production next year. Just because of this factor we can be put back five to seven years, as far as levels of output are concerned, with general disorganization of the whole economy. *Credits are not being granted because there is no unity in the country; it is not known to whom to give them!*"

## The '500 Days'

At the center of the Supreme Soviet battle over the "transition to the market" was a recipe known as the 500 Days plan or, since late summer, the Shatalin Plan. It was drafted chiefly by economists attached to the government of the largest Soviet republic, the Russian Republic (R.S.F.S.R.), whose President is Boris Yeltsin.

This scheme is not what the Supreme Soviet has approved

as of Oct. 19, but the Shatalin Plan's stature as the most radical option has contaminated the entire Soviet debate on economic policy. With it as the reference point, all other proposals were constantly assessed as being closer or further away from the Shatalin group's vision of what makes for a "market."

The Shatalin Plan, as outlined in the Soviet press and circulated in draft, is unadulterated monetarist hocus-pocus.

Back in June, Yeltsin-supporter Mikhail Bocharov of the Interregional Group of deputies in the Supreme Soviet outlined an earlier version—President Yeltsin's 500-day plan for the Russian Republic, which had just asserted its "sovereignty" with respect to economic and other policy areas. It would comprise four phases: preparation, privatization, introduction of a market, and stabilization. The first would be a 100-day period of publicizing the plan, taking inventory, and warning economic enterprises that their subsidies were about to be terminated. During the five-month second phase, the equivalent of \$320 billion worth of government-owned industry would be sold off through share issues and other means. In the next period, to create a "market," prices would be decontrolled. Heavy industry production would be expected to plummet. The last 100 days would entail targeted government investment to resolve remaining "structural problems," and the reduction of prices on consumer goods. Subsequent refinement of the plan, including by the Shatalin group, preserved these main elements.

An executive summary of the Shatalin Plan, carried in *Izvestia* Sept. 4 under the headline, "Man, freedom, market," laid bare more of the scheme.

As a fundamental principle of the reform, the Shatalin group asserted something that presumes a radical transformation of the Russian ideology, the state of mind of average people after centuries of oppression: In this reform, "people should not wait for somebody's permission or orders, but should act in accordance with their interests. . . . Nobody imposes on anybody else his type of activity; each is free to choose, guided by his wishes and capabilities: to become an entrepreneur, a hired worker in the state structures, or a manager at a joint-stock company, or to engage in individual labor activity or become a cooperative member. The reform offers people the right to economic self-determination. . . . Precisely the freedom of choice is the basis of the personal freedom of people, the basis for bringing out the creative potential of the individual."

An American reading this might think he were being served up a plate of advice from Milton Friedman's *Free to Choose*, but what is the Soviet peasant, or urban worker who spends half his time scavenging for food, supposed to make of it? Perhaps the only echo in the Soviet period would be Nikolai Bukharin's ill-fated exhortation to the peasantry in 1925: "Enrich yourselves, accumulate, develop your economy." Peasants who did well were slaughtered by the millions a decade later, and Bukharin was executed in 1938.



"Forward—to the market!" says the billboard, in this cartoon from the front page of *Izvestia*, Aug. 20, 1990.

When the Soviet regime moves "to take everything possible from the state and give it to the people," according to the Shatalin draft, everybody is supposed to get the same chance. "Almost anyone, even somebody having no initial capital of any size, will be able, if he wishes, to get his share of the national wealth. The equality of opportunity will be ensured by the diversity of forms of privatization, which will give the possibility either to lease property, or buy it on credit, or obtain it on a share basis, etc." Of course, the state can't give away property for free; it will have to be earned. But some items will be deemed already earned, and therefore granted free or for a nominal fee—small garden plots, or small apartments occupied for a long time.

Immediately after the first wave of privatization, "work should begin on creating . . . 50 to 60 joint-stock companies, on the basis of major state enterprises." Inventory should be taken of all the national wealth of the country, starting with gold and financial reserves, strategic reserves, property of public organizations, unfinished construction projects, property of the Armed Forces, and other state property. The inventory of the unfinished construction will set the stage for these piles of unexploited materials to be transferred to the population, to individuals and cooperatives.

The draft included legalization of much black market activity. With the privatization of small enterprises and the conversion of big ones to joint-stock companies, also "amnesty is declared for those convicted under the articles [of the Criminal Code] on entrepreneurial activity," which made it a crime to profit from the sale of the fruits of others' labor.



*Peasants in the village of Ozero, Nizhnegorod Oblast, wait for bread at their rural store. The economy is in a state of utter breakdown, for which "free market" schemes are no cure.*

The Shatalin group would "normalize the consumer market" through "the liberalization of price formation." During the transitional period, it would use "the formation of commodity reserves, including through imported supplies," and freeze prices on some staples so as to avoid drastic inflation. There will be free trade of currency, banks can carry out currency operations, and citizens can keep hard currency in their bank accounts.

Under "the right of citizens to the growth of income and social guarantees," the Shatalin group forecast monetarist forms of enrichment: "An ever greater role in the composition of the population's income will be played by income from property: getting higher interest rates than now on deposits in banks and government obligations, and getting interest from stock shares."

Not just individuals, but also firms are supposed to acquire "freedom of economic activity." The Shatalin draft suggested that members of a collective, i.e., the work force of an enterprise, could select privatization, becoming a joint-stock company, or some other flavor of ownership. Then they could fire their directors and hire competent ones. After existing economic contracts were unfrozen in July 1991, the enterprises would be able to pick their own product mix, suppliers, customers, and what part of the country they want to market to. While they got a lot of freedom, enterprises would have to consider the new limitations: "higher cost of credit, reduction of budget subsidies to zero, sharp reduction of state capital investment, reduction of state purchases, foreign competition."

### **Bad foreign advice**

The authors of the draft summarized above were Stanislav Shatalin, Nikolai Petrakov, G. Yavlinsky, S. Aleksashenko, A. Vavilov, L. Grigoryev, M. Zadornov, V. Martynov, V. Mashchits, A. Mikhailov, Boris Fyodorov, T. Yarygina, and Ye. Yasin—collectively known as the Shatalin group, or the presidential team. The initiative originated last spring, with those of the authors who worked at Yeltsin's government of the Russian Republic.

The March 4 elections in the Russian Republic brought candidates from the non-communist Democratic Russia slates to power in local and regional *soviets* (councils) and the republic's Supreme Soviet. Many of them espoused the late Academician Andrei Sakharov's ideas of personal liberty and social justice, but lacked knowledge of economics.

Knowing that the Soviet planned economy was a disaster, these democrats were vulnerable to the hoax, that a monetarist "free market" approach would be the antidote. Western free marketeers, from Harvard, Wall Street, the City of London, and the International Monetary Fund (IMF), swarmed all over the Russian reformers, just as they have parasitized on every freedom movement in Eastern Europe. The "shock therapy" of plant closings and mass unemployment, prescribed by Harvard's Jeffrey Sachs as adviser to the Mazowiecki government in Poland, is only the most notorious case. In Austria, the International Institute of Applied Systems Analysis (jointly founded by Soviet globalists and McGeorge Bundy of the U.S. Establishment in the late 1960s) is in the midst of one of its biggest projects ever, a

comparative study of privatization in economies all over the world. At an Aug. 17 Soviet government session on the reform, this IIASA study was mentioned as something that "must, of course, be used by our country as well."

Boris Fyodorov, the Russian Republic's finance minister and a member of the Shatalin group, is a 31-year-old economist who says he got his reform ideas from studying Great Britain during Margaret Thatcher's rule. "As a young graduate at the Soviet state bank," the *Wall Street Journal* wrote about Fyodorov in July, "part of his job was to monitor Mrs. Thatcher's moves. 'It was a good school. I learned a lot,' he says," adding, " 'I want to create an infrastructure that will enable any three people to get together and form a corporation. . . . The spirit of enterprise should be as free as possible.' He wants to turn Russia into a budding nation of stock owners and private entrepreneurs, legalize the black market in foreign exchange and introduce a new concept into Soviet economics: strict monetary and fiscal discipline. He says 'We can and will use lots of elements from the British economy.' "

Stanislav Shatalin, pleading before the Supreme Soviet for the 500 Days agenda, has acknowledged the role of foreign free market ideologues: "If we want to save our country, we have to believe in this system. It is correct from a professional point of view. *It has really been looked at by people who understand the market economy better than we do.* It is correct."

In June, the British-Soviet Association of Lawyers was formed for the included purpose of helping Soviet lawyers and economists "study the legal infrastructure of a market economy, and market laws," according to *Pravda*. In September, Fyodorov, Yavlinsky, Yasin, and three other Russian Republic members of the Shatalin group were flown to Washington, at the expense of Hungarian-American financier George Soros, to attend the annual conference of the International Monetary Fund.

With such inputs, it is no wonder that the Shatalin Plan sounded like a monetarist think tank's computer printout, and not at all like a program to rescue a nearly dead economy.

### **Free market by decree?**

Modification of the Shatalin Plan took place under the twin pressures of the breakdown of production and distribution of goods throughout the Soviet Union, and the impending breakup of the empire itself. From the beginning, the nature of the economic reform has been linked to the question of who will rule.

Back in April, U.S.S.R. Deputy Prime Minister Leonid Abalkin said that it would take "10 years" to form a market economy in the Soviet Union, since no "social consensus" existed on how to do it. In the intervening months, it became clear that no consensus existed on keeping the Soviet Union in existence for that long, either. Gorbachov and his new Presidential Council, in uneasy parallel with the government

of Prime Minister Nikolai Ryzhkov, which still has the task of running the Soviet economy day-to-day, worked under the gun of massive labor unrest, political ferment, and ethnic rebellions against the empire and local enemies. The miners' strike of summer 1989 and labor stoppages at the giant Uralmash machine tool plant in Sverdlovsk at the outset of 1990, served notice that people not only in the "captive nations" republics of the periphery, but in Ukraine and Russia, were rebellious. One after another of the 15 republics declared "sovereignty" or, in the case of Lithuania, attempted to establish outright independence. Non-communist movements swept into the Supreme Soviets of each republic, including Russia.

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*With inputs from Western free-marketeters from Harvard, Wall Street, London, and the IMF, it is no wonder that the Shatalin Plan sounded like a monetarist think tank's computer printout, and not at all like a program to rescue a nearly dead economy.*

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With the Communist Party of the Soviet Union losing its clout by the day, Gorbachov struggled to put in place the new presidential system. Yavlinsky and the other Russian Republic economists hitched their 500 Days plan to that wagon. The transition was to a "free market," they said, but it would take presidential rule by a strong hand to carry it out. Only "the high concentration of power and the U.S.S.R. President's prestige [would] make it possible to effect a dynamic comprehensive transition to the market within a short period," *Izvestia* later summarized their views.

In April, Gorbachov said that because the economic crisis brooked no delay, the "market" transformations slated for 1992-93 would have to be carried out this year. But the Presidential Council sessions on what the measures should be were deadlocked, and while scads of Soviet economists publicly warned about the dire necessity and coming brutal impact of a "sharp turn," the schedule for presentation of the relevant legislation, by the government to the Supreme Soviet, was delayed until autumn.

### **No 'Polish model'**

Loose talk about the liberation of prices from state supports fed a furious controversy. Accusations flew about the "Polish model," as a plot to wreck the Soviet economy. Already on March 13, the daily *Sovetskaya Rossiya* (voicing

the views of Russian communists, not Yeltsin's team) indicted the measures Jeffrey Sachs had foisted on the Mazowiecki government in Poland, the first non-communist government there in four decades, to introduce "market" relations on a crash basis, starting with the complete deregulation of prices, mass unemployment, and factory closings. "To be honest," jibed author V. Runov, Polish Finance Minister "Balcerowicz's plan could with every justification be given the name of the IMF. . . . The program of reorganization of the Polish economy was created under its pressure and with its direct participation. And the assistance was made directly dependent on the fulfillment of two main conditions—a lowering of the living standard of the working people and a weakening of their social protection. Judging by everything, the West has chosen Poland for the implementation of a large-scale socioeconomic experiment."

The insinuation was that anybody who advocated the same for the Soviet Union was a traitor. The unfettering of prices became the stumbling block for any plan.

The free-marketeers from the Russian Republic, however, cloaked themselves in the garb of moderation in this regard. Yavlinsky's 500 Days draft called for freezing prices on some basic necessities, for part of the transition period, while Prime Minister Ryzhkov's economists were insisting on immediate price hikes on previously subsidized goods. The government's announcement of food price increases for July 1 was denounced as "shock without therapy," and hastily withdrawn in the face of threatened strikes.

Acting through the Interregional Group of deputies in the U.S.S.R. Supreme Soviet, the Russian Republic leaders seized this moment of political failure of the government measures, to push for adoption of the 500 Days schedule for transition to a "free market." Gennadi Filshin, IRG leader and R.S.F.S.R. deputy prime minister, raised a vote of no confidence in Ryzhkov's government.

### Post-Shatalin compromise

At the end of July, Gorbachov and Yeltsin commissioned the Shatalin group of economists, answering to them as Presidents of the U.S.S.R. and the R.S.F.S.R., to draft new measures. At the core of the group were Yavlinsky, Fyodorov, and the other whiz kids from the Russian Republic, authors of the early 500 Days drafts. To them were added the two economists from Gorbachov's Presidential Council, Nikolai Petrakov and Stanislav Shatalin. Both are former staffers of the Central Mathematical Economics Institute; both are long-time advocates of deregulation and privatization. Shatalin, according to himself, is also a devotee of astrology.

U.S.S.R. Deputy Prime Minister Leonid Abalkin was announced as a member of the group at the outset, but evidently attended only some of its meetings and did not sign the draft that was circulated in September. He and Ryzhkov, meanwhile, went to work on an alternate package, and on measures to get the Soviet economy through next year.

Reconciling the Shatalin Plan with Ryzhkov's measures would be like mating a hedgehog with a snake, Yeltsin complained, but Gorbachov and the Supreme Soviet assigned Abel Aganbegyan to do just that during September and October. Gorbachov's instruction was to "take the path of removing state control and setting up a mixed economy in which state and joint-stock enterprises, cooperatives, and enterprises operating on leasehold principles—but also, on a certain scale, private enterprises—will operate as subjects with equal rights."

In the hybrid, approved Oct. 19, the 500 Days timetable has disappeared. Many areas are exempted from immediate privatization: Gorbachov told the Supreme Soviet that the defense industry, energy, rail and all other transport, the space program, and telecommunications would remain wholly owned by the state. (This was also provided for by Shatalin's group, which said that the defense industry, a unified power system, the railways, long-distance communications, and the postal service would remain in government hands; but Petrakov had spoken earlier this year of restricting state investment to defense, space, education, health care, and aid to orphans and disabled people.)

The politically sensitive question of privatization of land is deferred, pending a national referendum. The Shatalin Plan had anticipated the sale of land to 150,000 independent farmers, but Gorbachov merely reasserts his policy of long-term leases for farmers, implementation of which has been blocked by collective farm and state farm managers in many regions.

Prices will be raised gradually, by government decree.

### Breakdown and breakup

These measures are for a country where—on top of worse shortages than at any time since the aftermath of World War II, and public health emergencies ranging from diphtheria in Moscow to cholera in the south—there is a profound collapse of infrastructure and power generation, which give an economy the ability to activate its other capacities. As much as one-third of what should have been the harvest of the century went to waste in the fields of Russia and Ukraine this fall, due to shortages of fuel, manpower, and means of storage and transport. One after another heavy industry machine-building plant has been idled for want of rolled metal.

*Pravda* of Aug. 11 reported on the dire situation in the electric power industry, after numerous nuclear plant shut-downs in the wake of the 1986 explosion at Chernobyl. It cited industrial specialists at the Soviet Academy of Sciences who warned, "Soviet power generation is on the threshold of a very acute crisis, whose equal it has not experienced for many decades. The pace of development of power generation has fallen by at least a factor of three." They forecast that this decline will force a 20% reduction in electricity consumption by the mid-1990s.

Abel Aganbegyan, the man charged with synthesizing

the economic plans, told the Supreme Soviet in September, that the economic situation had become "catastrophic." In 1988, he said, there were severe shortages of consumer goods and a reduction in living standards. In 1989, came a crisis of payments on the foreign debt, which slashed imports. And in 1990, "the direct collapse of economic ties has begun, a sharp decline in the value of money, a shift toward barter, and a spontaneous, uncontrolled fall, at an ever accelerating rate, in public-sector production." He reported that 400 factories had already ground to a halt, with "several thousand more on the brink of stopping." Thus, "We are close to the limit beyond which disintegration of our economy, chaos, disorder, and social shocks start."

By the beginning of September, fewer than 10% of 1991 delivery contracts among companies had been concluded, instead of the process being completed by the end of that month, as had been the rule in the past. Unable to wait for agreement on the market transition, Gorbachov on Sept. 4 put Deputy Prime Minister Lev Voronin in charge of "questions to do with completion of the economic year" respecting supply, and assigned State Planning chief Yuri Maslyukov to supervise next year's supply contracts.

On Sept. 24, having packed Aganbegyan off to edit the market drafts, Gorbachov also obtained from the Supreme Soviet the authority to rule national economic policy by presidential decree (*ukaz*) until March 1992. He pressed his case,

"We are in a position of extreme danger, and we must act. We are suffering from a crisis of executive power. There is vandalism at work. . . . I ask you for the authority to act, and we will act."

His first *ukaz*, still before the market transition was voted up, was to command republics and local governments, with the threat of heavy fines, to honor 1990 delivery contracts, since "the actions of government bodies and management, leading to the disruption of industrial links among enterprises, is deemed unacceptable." The second decree allowed some wholesale prices to rise. Petrakov told reporters that the next pronouncements from the President will be to create incentives for capital investment from abroad, and to establish a banking system modeled on the U.S. Federal Reserve!

Will the republics now obey Gorbachov? A big selling point of the Shatalin Plan was that it had been accepted by most of them. Aganbegyan commented in September, that the presidential group had "done what was almost impossible—achieved a consensus of the positions of the President of the U.S.S.R. and the leadership of 14 republics." (Estonia withheld endorsement.) Shatalin points out that his original assignment was to find a concept for "transition to a market economy as the foundation of a Union treaty," i.e., a new political foundation for what has been the Soviet Union. The political heart of the Shatalin draft was its allocation to the republics of the authority to carry out privatization, at what-

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ever rates they pleased. With central authority over taxation and other key areas restored, their support is uncertain.

All summer, the Russian Republic and Union governments sparred over who should control banking and natural resources. The R.S.F.S.R. declared its right to approve or veto deals involving raw materials located on its territory, which would have applied to the recent Soviet diamond marketing deal with DeBeers. Gorbachov issued a decree to override this claim. But in late August, Russia's Foreign Economic Relations Minister Viktor Yaroshchenko was making noises about observer status and then membership in OPEC for the Russian Republic, which produces 80% of Soviet oil.

On Sept. 21, when Gorbachov sent the Shatalin Plan back for further hybridization with the government's proposals, Filshin declared that the Russian Republic would begin to implement the 500 Days agenda on Nov. 1, with or without support from the U.S.S.R. central government, and the R.S.F.S.R. Supreme Soviet passed a resolution to that effect. Later, Yeltsin tempered the threat with hints about waiting six months until the new central efforts failed.

An official like A.I. Volsky, president of the Scientific Industrial Union of the U.S.S.R., could see the handwriting on the wall, as he pleaded for private property and ruble convertibility, only in the setting of an all-Union market. "There is a universal trend now toward separatism and disintegration," Volsky told a government meeting in August. "We cannot fail to see this. The republics are beginning to adopt decisions that are totally humiliating for the Union, for the ministries and industries. For example, the Ukrainian Gosplan [state planning agency] has apparently issued instructions prohibiting Union enterprises from signing contracts with other republics."

In the Baltic states, as well as Ukraine, there is talk about setting up separate currencies.

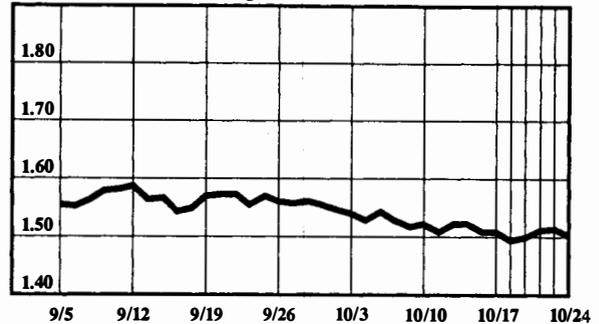
Further complicating matters is the outbreak of demands for economic sovereignty, from dozens of Autonomous Soviet Socialist Republics that are juridically within the R.S.F.S.R. Several would bolt from the R.S.F.S.R. if the government went through with price hikes, *Izvestia's* Mikhail Berger predicted in August, adding that "the actions of the central authorities are intensifying the already powerful centrifugal tendencies." Soon, he said, people would be worrying about non-aggression treaties, not economic treaties, among the republics and autonomous republics.

When the Supreme Soviet convened, *Izvestia* reported Sept. 16 that "first place in terms of the number and persistence of the questioners there came, utterly unexpectedly for us and, it seems, to the authors of the programs, the problem of the participation of autonomous republics and oblasts in the process of transition to the market. . . . To what does this attest? To the growth of national self-consciousness? Probably. But even more probably, to how badly we are all living, if we are prepared to rush in all directions."

## Currency Rates

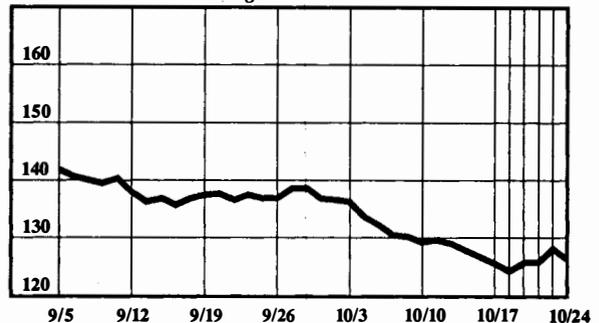
### The dollar in deutschemarks

New York late afternoon fixing



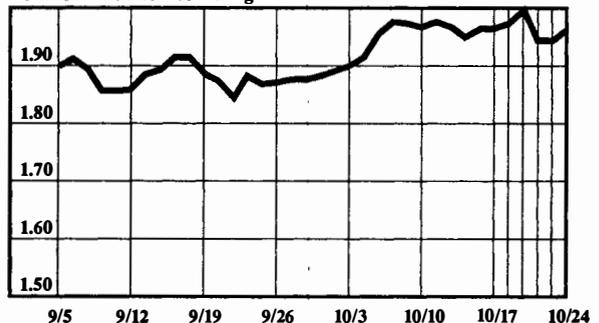
### The dollar in yen

New York late afternoon fixing



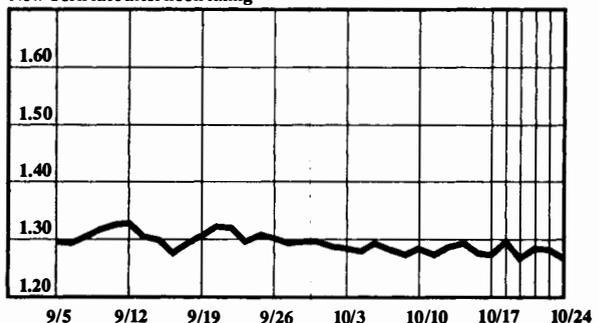
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Gonzalez fumbles BNL probe, setup of Iraq

by Scott Thompson

House Banking Committee chairman Rep. Henry Gonzalez (D-Tex.) has made clear his laudable opposition to President George Bush's suicidal course of sending American soldiers to die for British Petroleum in the Persian Gulf. It was disappointing, therefore, when his Oct. 16 House Banking Committee hearings on loans to Iraq by the Atlanta branch of Banca Nazionale del Lavoro (BNL), failed to get at how the Persian Gulf crisis was triggered.

As *EIR* first documented (Sept. 21, 1990, "British economic warfare against Iraq triggered invasion against Kuwait"), it was British-orchestrated economic warfare culminating with a faked scandal around \$3 billion in loans from the Atlanta BNL, that shut off any hope for Iraqi post-war development. Combined with Kuwait's refusal of new development loans to Iraq and its plot to drive down oil prices, Iraq's invasion of Kuwait was the predictable outcome.

For a moment, it seemed as though Gonzalez would lift the lid off the Bush administration's complicity in this British-run BNL shutoff of development credit to Iraq, a faked scandal which reached its highpoint in October-November 1989. On Sept. 26, Attorney General Richard Thornburgh wrote Gonzalez urging that he cancel the hearings, because they might jeopardize "national security." On Oct. 6, FBI Director William Sessions seconded this view in a letter stressing that "ongoing criminal investigations" of the BNL might be jeopardized. These letters clearly indicate that the Bush administration is stonewalling on something; perhaps it is Bush's role in the economic warfare.

But instead of digging for this truth, Representative Gonzalez adopted an angle of inquiry based on the story put out in the London *Financial Times* last fall, that the BNL loans had gone to buy weapons, not to fund peaceful development projects.

"This is a sensational case," said Gonzalez. "Press reports and the Italian government have linked BNL financing to companies that sold armaments to Iraq over the past several years. At this time the Committee has no proof of that assertion, but at a minimum, the secret loans mentioned above increased Iraq's credit capacity and permitted Iraq to spend their scant hard currency on some of the very weapons that

are now aimed at our children."

Committee staffers said Gonzalez raised the issue in this way because he wanted to show that the Bush administration had backed the loans that bought Iraq the arms that might now kill American boys.

But the reality is that the Bush administration did something worse. Under British direction, it pulled the plug on Iraqi economic development, thereby putting tremendous pressure upon Iraq. And, through U.S. Ambassador to Iraq April Glaspie, the administration appeared to signal that it would treat an invasion of Kuwait as an internal affair among Arab nations.

One substantive issue Gonzalez hit upon, is that foreign banks operating on U.S. soil must meet all U.S. banking regulations. But if reregulation of U.S. banking is the issue, there are dozens of foreign banks running drug money laundromats here which should be investigated.

## Iraq was squeezed

A glimmer of truth at the hearings was provided by Amb. Marshall Wiley, who is now president of the U.S.-Iraqi Business Forum. He described how Iraq was squeezed by economic warfare, triggered by the BNL scandal:

"In 1990, Iraq's cash flow situation worsened as oil prices dropped and Western governments became increasingly reluctant to provide credit guarantees for loans to Iraq. The Iraqi leadership apparently began to believe that Kuwait was conspiring with the United States and other Western governments to damage the Iraqi economy. They could not understand why a rich country like Kuwait would exceed its OPEC quota and drive down the price of oil unless it had a hostile intent towards Iraq. . . .

"The U.S. decision to suspend the issuance of CCC credit guarantees [food loans shut off by Congress after the BNL scandal surfaced] in January 1990, probably added to their suspicions of a hostile conspiracy. These suspicions were probably a factor in their final decision to invade Kuwait."

Wiley concluded by saying that the crisis need not end militarily and that regardless of how it is resolved, Iraq will be "an important economic factor in the Middle East. It has the land, the water, the resources, and the infrastructure required for rapid development, and has oil reserves needed to pay bills. . . . In brief, there is a natural 'fit' between the U.S. and Iraqi economies . . . if we decide such a relationship should be resumed."

It is too bad that Gonzalez, who has stated his opposition to a Persian Gulf War, did not explore how it was rigged by economic warfare, since an economic development program is the essential component of any lasting diplomatic solution in the Middle East. At present the Anglo-American Establishment is talking openly about North-South wars to loot raw materials and to reduce the darker-skinned populations—malthusian policies. Gonzalez should have challenged this insanity so that more wars do not result.

## The lull before the storm

*Consolidation, turning bankrupt institutions into fewer bankrupts, is just another word for nothing left to lose.*

Were it not a matter of life and death for the population, the present spectacle of whining and buck-passing among politicians, regulators, and financial institutions would be quite amusing. Especially now, when there aren't nearly enough bucks to pass around.

It is finally beginning to dawn on some that the pyramid scheme known as the "Great Reagan-Bush Recovery" has collapsed. That's the good news. The bad news is that they have neither the morality nor the brains to recognize, much less devise and implement, a solution.

Take the American Bankers Association, for example. One would expect, given the bankruptcy of the banking system, that the ABA would have devoted considerable time at their just-concluded annual conference to discussions of how to save the banks. Not so.

In his address, outgoing ABA president Kelly Holthus warned the group that "The temptation for Congress to take drastic measures in the current political environment is strong. All of us will have to work hard to make sure that commercial banks are not tarnished by the S&Ls' record. Otherwise, we'll surely find ourselves the victim of misguided legislation. . . . It's up to us to make sure that in politicians' zeal to correct a wrong, the banking industry doesn't end up battered instead."

So, in the midst of the catastrophe, the head of the ABA is leading a charge against . . . Congress. Maybe it's not coincidental that the conference was held in Orlando, Florida, the home of Walt Disney World.

"I'm not trying to paint over the problems, because they're out there," Holthus implored the press. "But there's a tremendous difference between our problems and the S&L industry. We're constantly painted with the S&L brush."

True, there is a tremendous difference between the problems of the commercial banks and those of the S&Ls: The banks are even more bankrupt than the thrifts, and the cost to the taxpayers of the banking blowout will easily be an order of magnitude greater than that of the thrift blowout.

After helping fan the flames of persecution of the thrift officials, the bankers fear that the police state apparatus will turn on them next.

Alex Sheshunoff, head of a Texas banking consulting and research firm bearing his name, told the assemblage that the cost of the thrift bailout could exceed \$1 trillion. Sheshunoff said his company will release new bailout cost estimates in a few weeks. "I've been reluctant to do it because the numbers are so devastating," he said.

Turning his attention to the commercial banks, Sheshunoff warned that "Confidence in the banking system has been badly shaken and it will be shaken even more, particularly in the northeast. That's where most of the nation's media are located so there will be a lot of bad news." He urged bankers to stress the "safety and soundness" issues with consumers. "Banking is no longer an industry in which earnings should go up every year. If you keep lending money, even in a soft economy, you run the risk of losing the bank."

Rather than change the economic

policies which have bankrupted the nation, the money-center titans are preparing for an orgy of consolidation under the theory that combining two insolvent institutions will somehow produce a solvent one.

"The 1990's are going to be an era of consolidation," Chase Manhattan's new chairman Thomas Labrecque recently remarked. Chemical chairman Walter Shipley has called mergers of big banks "a natural development." Both banks are prime candidates for mergers, along with Manufacturers Hanover.

"We may not see some of the big banks move until their condition becomes so unpalatable that they don't have much other choice," Salomon Brothers investment banker Richard Barrett told the *New York Times*. "The lack of capital to make their own acquisitions could force a lot of banks to seek partners as the best last recourse."

By drastically cutting back personnel, equipment, and branches, the story goes, the newly created bank would be able to survive and even expand by buying other troubled banks across the country.

But the productive sector of the economy, which provides the wealth that the banks feed upon, has collapsed. The fleas have killed the dog, and none of the sophisticated management theories in the flea market can change that.

Economics is based in reality. The bubble has burst, and there's nowhere near enough money to cover all the IOUs in the system. Trillions of dollars of paper wealth are evaporating, sending chain reactions of defaults and bankruptcies through the economy. The banks can lie about their third quarter losses, so as to postpone the worst news until after the November elections, but such fraud won't make the problem go away.

## **Bush cuts off food aid to Sudan**

*Still reeling from the effects of the 1984-85 famine, Sudan is now being denied the most basic means of survival.*

**O**n Oct. 2, the United States government ordered a ship to alter its course en route to Africa. The ship was carrying 45,000 tons of wheat destined for Khartoum, the capital of Sudan. Under the desperate circumstances of food shortages in the region, this order is tantamount to genocide.

The Bush administration is using food as a weapon in its Mideast war policy. Bush denied food to starving Sudanese because Sudan's President, Gen. Omar Hassan Ahmed al-Bashir, has sided with Iraq against Bush and Thatcher's wishes. As of mid-October, European food donors have also denied food to Sudan in deference to Bush's dictates. Saudi Arabia and Kuwait, previous sources of financing for Sudan, have also cut off aid.

The situation is one of the gravest hunger crises anywhere in the world. U.S. Ambassador to Sudan James R. Cheek said, "The obstacles to be overcome here actually loom far more formidable than anything we ever faced in Ethiopia. Literally millions of people are at risk."

Cheek, who served as a senior U.S. diplomat in Ethiopia in 1984-85, was referring to the combined effects then of the famine in Ethiopia, and the cholera epidemic which swept through 22 African nations.

The region has never recovered. Today, hundreds of thousands are desperate for food. This crop season, the rains came either too little or too late. The lack of rain has forced 10,000 people to move from Obeid, a provincial center where food is normally plentiful, to the outskirts of Khartoum. This autumn, food riots occurred in Baha-

nusa, south of Obeid.

The United Nations September report on global food crops and shortages reported that exceptional and emergency food assistance was required for Sudan, Ethiopia, and Somalia, along with logistical assistance.

The U.N. estimated that for the past year, Sudan had an import requirement of 460,000 tons of cereal grains, none of which might be expected to come from commercial purchases, and only 318,400 tons of which had been shipped or committed to be shipped before the recent interruption.

There was a poor 1989 harvest in Sudan, which resulted in food supply problems in drought-prone western regions of Darfur and Kordofan. Prices of millet and sorghum shot up from 1989 to 1990 in local markets.

In the south, a U.N.-related rescue mission called Operation Lifeline Sudan II had been in effect, until Bush's intervention. Pledges of food aid from international donor nations, in the range of 100,000 tons, had been made, to help narrow the "donations gap." Some of this food aid was already delivered as of September this year. However, now the remaining food flows may be stopped.

The government had set a target for planting 7.5 million hectares of sorghum and millet this year, but in view of the rainfall problems, it is unlikely that this goal will be met, despite replanting. The coarse grain harvest occurs from November to December in Sudan, and the winter wheat harvest will take place around next March. None of the prospects are good.

The geography of Sudan—soils,

climate, and rainfall patterns—ranks it as potentially one of the world's richest breadbasket areas, if simple water and land improvements were made. Agronomists report that all of Africa could be fed from the fertile Sudanese prairies, if properly developed.

Engineering plans were completed for constructing a canal to serve as a straight channel for the upper White Nile, which rises in southern Sudan. This is a fabulously rich agricultural area, once the marshland is drained.

French construction crews started on the project, called the Yonglei Canal. However, after being almost one-third of the way finished, the project was shut down by pressure from the anti-development World Bank, International Monetary Fund, and environmentalist lobby. The wildlife advocates insisted that the canal would ruin the marshy habitat for swamp life. Now Bush is prepared to kill off the human population.

The Bush administration is throwing up a curtain of excuses for its genocide edict in terms of Sudan's being in arrears on debt payments to the international banking community. Since the famine of 1984 in Sudan and Ethiopia, Sudan has been unable to meet the bankers' demands. In September, the IMF declared Sudan a "non-cooperative member."

In addition, Washington officials are making excuses for Bush's decision in terms of accusations that President al-Bashir is disrupting the arrival of food to needy people in southern Sudan, in order to thwart rebels in the region. Al-Bashir, who came to power in a coup 14 months ago, denies that he is preventing flows of food, though he, in turn, accuses some church organizations and others of contributing arms and assistance to rebels who have been active in the southern areas for seven years.

# Business Briefs

## Transportation

### Airlines headed for a disaster in U.S.

A report by the Transportation Research Board, an arm of the National Academy of Sciences, foresees a "bleak" future for the country's air transport system, according to the Oct. 15 *Wall Street Journal*. The group predicts that the number of airports with "significant delay problems" will increase from 21 in 1987 to 39 by 1997, as passenger traffic, now running at 1.3 million per day, heads toward 2.5 million by early in the next century.

The group recommends construction of major new airports; expansion of existing secondary airports into new hubs; investment in more modern air traffic control equipment; development of a new aircraft, capable of carrying twice the passenger load of current models; and continued "investigation" of high-speed rail lines for intercity passenger traffic.

The report notes that the system's infrastructure has not been substantially improved in 20 years and could cost into the hundreds of billions to upgrade.

In the current budget fracas in Washington, proposals to increase the gas tax and the airline ticket tax specifically avoid earmarking the funds for maintenance and improvement of the highway and aviation systems, as was originally intended.

## Poland

### Walesa calls for debt moratorium

Polish Solidarnosc leader Lech Walesa called for a 50-year debt moratorium for Poland in remarks to the Oct. 13 London *Financial Times*, clearly indicating what he hopes to win from the West if elected President on Nov. 25.

"I understand the West doesn't want to forgive Poland's debts because that would create a precedent, so let's agree: I give it all back starting 50 years from now," he told the *Financial Times*.

Officials of the International Monetary Fund and are worried over Walesa's recent

campaign statements that he won't hew to the IMF's austerity policy for Poland. That policy, adopted by the government of Prime Minister Tadeusz Mazowiecki last year, has cut Polish industrial output by 30% and sent unemployment skyrocketing.

Walesa told a campaign rally that if elected, he would keep open factories otherwise slated to close under an IMF-dictated privatization policy, until ways could be found to create new jobs. Such statements by Walesa are "raising fears in the West that Poland may put off crucial parts of its economic reform program, endangering the backing of Western banks and similar reform movements throughout Eastern Europe," a *Journal of Commerce* report threatened.

The reaction of "international bankers to Walesa's statements, has been swift," says the report. Said an IMF official, "Obviously," what Walesa is proposing "would slow down the so far impressive program of Poland's economic reform effort. . . . Any slackening of the reform program would adversely affect the progress that has been achieved. . . . The program is in place . . . and we have every expectation that it would be carried through."

Walesa's statements are the "clearest break yet" with the Mazowiecki capitulation, and the "first explicit operational difference between the two presidential candidates," opined the report.

## Economic Policy

### A liberal calls for 'World War II' recovery

Robert Kuttner, economics editor of the liberal *New Republic*, says that a World War II-type recovery program, "without the bloodshed," may be the only way out of a self-feeding spiral of deflation and contraction for the United States. His article, entitled "The abyss," in the magazine's mid-October issue, offers a comparatively realistic assessment of how deep a depression the U.S. economy is in.

Kuttner highlights the unprecedented levels of debt that make the financial system sensitive to dislocations whose shock effects could normally be contained.

Kuttner holds out little hope that such a

scenario can be averted. He says that a concentrated federal effort to restart the economy like that of the early 1940s (which he oddly calls a "public works" program) is probably the only viable option for the U.S., but is "beyond what, for the present, is politically imaginable."

Only "Dr. Win-the-War" solved the depression of the 1930s, he says, and created technological advances that propelled the economy for decades to follow. Kuttner says the U.S. needs an "anti-laissez faire coalition," including realistic businessmen, to bring about such a policy.

## Soviet Union

### Russian priest blesses first commodity exchange

A Russian Orthodox Church priest blessed the opening of the new commodity exchange in Moscow Oct. 16, in what is evidently the revival of an ancient Russian tradition: welcoming the money-changers to the temple.

The blessing took place in a hall that was formerly the headquarters for Comecon transactions.

The room had an altar with candles and an icon to the Virgin Mary, as the priest engaged in liturgical singing before exchange members and priests, and exclaimed, "Pray to the Lord."

## Irrigation

### Water discovered under Egyptian desert

Northern Egypt has enough water in underground aquifers to irrigate 200,000 acres for the next 200 years, from only one exploratory well dug so far, according to estimates published in the London-based *New African* magazine.

The article, "Egypt finds water beneath its sea of sand," reports on research out of Boston University's Center for Remote Sensing, un-

der the direction of Dr. Farouk al Baz. Satellite images show that there might be eight distinct aquifers in the region. Archaeological evidence indicates that ancient irrigation systems fed as much as 1 million acres of land from these aquifers via deep wells.

*New African* points out, "With civil wars also raging in the two Nile Basin partners [Sudan and Ethiopia], Egypt became acutely aware of its vulnerability to events at the distant sources of the river. . . . In 1984, satellite overflights . . . and use of the 'Big Camera' remote sensing confirmed the location of significant bodies of underground water."

## Labor

### Number of 'hyper-poor' skyrocketing in U.S.

The number of "hyper-poor" has mushroomed in the United States during the Reagan-Bush "recovery," according to a feature article in the Oct. 15 *U.S. News and World Report*.

Twelve million Americans, 4.9 million of them children, are considered hyper-poor, meaning they subsist on a cash income amounting to less than half the official poverty level, which is set at \$12,675 for a family of four. A hyper-poor family of three makes do on less than \$4,945 a year, the cost of a moderately priced used car.

The percentage of hyper-poor has risen astronomically over the last decade. In 1989, the 12 million people—one of out every 20 Americans—who lived below half the poverty line, represented an increase of nearly 45% from 1979, when unemployment was roughly the same as today. The incidence of extreme poverty grew most rapidly among blacks, 1 in 7 of whom fit this category.

The hyper-poor live in unbelievable destitution, and account for much of the skyrocketing number of homeless Americans. *U.S. News and World Report* cites the case of Chuck Davis, a middle-aged man who was permanently injured in an industrial accident, and whose total income is now a monthly \$165 relief check. Davis has lived for the last three years in an 8×5 foot cubicle in Chicago, with just a chicken-wire ceiling and plywood walls

to separate him from the 30 men who sleep in adjoining compartments.

## Development

### German minister proposes 'peace corps'

Young Germans should work in a German "Peace Corps" for Third World development, proposed Jürgen Warnke, Minister of Third World Affairs, at a political event of his Christian Social Union party in Augsburg, Bavaria Oct. 9. The CSU is part of Chancellor Helmut Kohl's governing coalition in Germany.

Warnke said that because of the plans for a reduced German military in the 1990s, young people should be given a meaningful perspective of service in civilian projects. Such a perspective exists in respect to developing nations.

Warnke also recommended that a debt moratorium be granted to the poorest of the Third World nations, which should, he said, be given new credit at no interest—in fact, a subsidy, which never need be repaid. Recipient nations, as they develop, become developing markets for export of German goods. Nothing is therefore lost by not charging them interest or even principal for trade credits. On the contrary, much more than chargeable interest rates is gained by taking this approach, he said.

## Energy

### Japanese launch pro-nuclear campaign

A "Nuclear Energy Public Understanding Campaign," financed in part by a \$74 million grant from the Ministry of International Trade and Industry, has been launched in Japan.

On Oct. 26, Japan's official Nuclear Power Day, power plants will take visitors, conferences will be held, and special television programs aired. MITI has allocated virtually all the tax money set aside for alternative energy development to nuclear power.

# Briefly

● **AN OPTICAL FIBER** communications cable connecting Frankfurt with Moscow via Berlin and Warsaw will be laid in the 1990s if proven feasible by a commission of experts now studying the project. An agreement was signed between German and Soviet officials Oct. 8.

● **'THE DEEPEST** recession since the depression of the 1930s," is the way economist Philip Braverman of DKB Securities, an arm of the Japanese Dai-Ichi bank, described the current situation at a recent luncheon. Braverman warned that the U.S. was in a disastrous process which would "sooner or later become a global disease."

● **THE U.S. SENATE** has adopted a bill to curb the use of drift nets of more than one and one-half miles in length in all U.S. waters, and prohibits their use by U.S. fishing fleets anywhere on the high seas, under the rationale that it is destructive to dolphins and other marine life. Some 50% of animal protein in the Third World is from fish, and the bulk of this is obtained through drift netting.

● **JAPAN** will ask Germany to begin talks on establishing a fixed airline route between Berlin and Tokyo. Lufthansa airlines has submitted a petition calling for the opening of a direct flight service between the two cities, and Japan Airlines Co. has informed their ministry of a desire to extend services to Berlin.

● **MATSUSHITA ELECTRIC** and Mitsubishi Corp. have announced that they have established a subsidiary in Warsaw, Poland, to manage after-sale services for Matsushita's consumer electric products.

● **THE WHARTON** School of Business at the University of Pennsylvania still has a portrait of bankrupt graduate Donald Trump in its lobby, as well as a portrait of the chairman of the indictment ridden Drexel Burnham company. Its most-prized graduate locally is Wilson Goode, mayor of bankrupt Philadelphia.

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## The conquest of the Amazon frontier

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*Infrastructure development will link the Amazon to the Pacific, bring it out of backwardness, and integrate Ibero-America. Lorenzo Carrasco Bazúa, who recently toured the region, reports.*

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President George Bush's heavy-handed diplomatic maneuvers during Emperor Hirohito's funeral ceremonies in Tokyo at the beginning of 1989, in which he demanded an end to Japanese financial aid for extending Brazilian route BR-364 to the Peruvian border, revealed, behind his feigned ecological concerns, the strategic importance of the connection between Brazil's western Amazon region—through the Brazilian states of Rondônia and Acre—and northern Bolivia, with Peru's Pacific Ocean ports.

"George Bush's opposition" to this link to the Pacific Ocean "shows the importance of this road and the urgency of building it," an important Brazilian industrial leader told this author during the Sept. 20 seminar on "Brazil's Exit to the Pacific" which took place in Pôrto Velho, Brazil, 1,800 miles northwest of Rio de Janeiro.

The author was invited there by its organizers, the National Confederation of Industries (CNI). During this meeting, which included a major delegation of Peruvian officials and industrialists and many political representatives from the Amazon, including several state governors, we verified that Brazil's economic integration with its neighboring countries through this Pacific connection is not only a popular cause, but also the only way to achieve the survival and economic progress of several million inhabitants who find themselves isolated, 1,800 miles from Brazil's major cities, and, at the same time, incommunicado from their neighbors in Bolivia and Peru.

Although the seminar was of strategic interest to Brazil,

Infrastructure Minister Osiris Silva and Agriculture Minister Antônio Cabrera canceled their appearances at the last minute. The press later reported they did so because Presidential Environmental Secretary José Lutzemberger, a crazed ecologist, threatened to resign should the federal government openly support the building of the road to the Pacific.

Lutzemberger alleges that his opposition is based on the highway's facilitating settlement of a large swath of jungle. His true motive, however, is that a Pacific-Atlantic connection would make possible rapid economic development of what we could call the "heart" of the physical integration of the Ibero-American continent, which is today in a state of abandonment.

### The river is the road

Nowhere do ecologist ideologies so clearly confront the need for survival and economic progress than in the western Amazon region, especially in Rondônia, where this seminar took place. Here, more than 1,800 miles from the Atlantic coast, the population lives practically under the law of the jungle, with the government almost totally absent. Rondônia had scarcely 100,000 inhabitants in 1971. Today it has 2 million, with 400,000 in Pôrto Velho, its capital, alone. Thousands of Brazilians arrive every day to seek their fortune, attracted by the image of a new El Dorado.

In just a few years, the work of thousands of *garimpeiros*, as unregistered and unregulated miners are known in Brazil, turned Rondônia's Rio Madeira into the world's top tin pro-



*Brazilian children playing in the town located at the great Carajás infrastructural project. Survival and economic development for millions of Brazilians depends on such projects—which is why the environmentalists hysterically oppose them.*

Uwe Pajpart

ducer. The diggers at Bom Futuro alone were responsible for more than one-third of Brazil's tin production last year. Some 20% of Brazil's production goes out as contraband to the United States, Europe, and Asia. The *garimpeiros* on Rio Madeira produce 50 tons of gold, half the country's annual production. More than 4,600 totally unregulated dredges are panning gold on the river, making it into a floating city, as we could see during a seven-hour trip on the Rio Madeira. Here the river becomes a roadway, on which one can find anything, from stores to gas stations to restaurants and barracks.

But, the majority of the population lives in misery, suffering the world's highest malaria rates and having to burn gigantic areas of the Amazon jungle every year to survive. The sky is continuously clouded over by the smoke from "the burnings," which *do* cause major ecological damage. But this is the result of the *lack* of development, from the use of backward technologies. A large part of the population was attracted to the area by World Bank plans to settle the area with what it calls "appropriate" technologies. Today, their survival is at risk.

Many people, especially in the state of Acre, the country's most isolated region, live in the jungle, surviving from such products as natural rubber and chestnuts which they harvest from the jungle. Thousands of people spend days on

the river or the road to reach the nearest city. In Acre, for example, finishing the road to the Peruvian border would be the only way to connect the headwaters of the several rivers which cross the state, and to rescue the people who live from the jungle and who die by the hundreds from malaria for lack of access to hospitals and health centers.

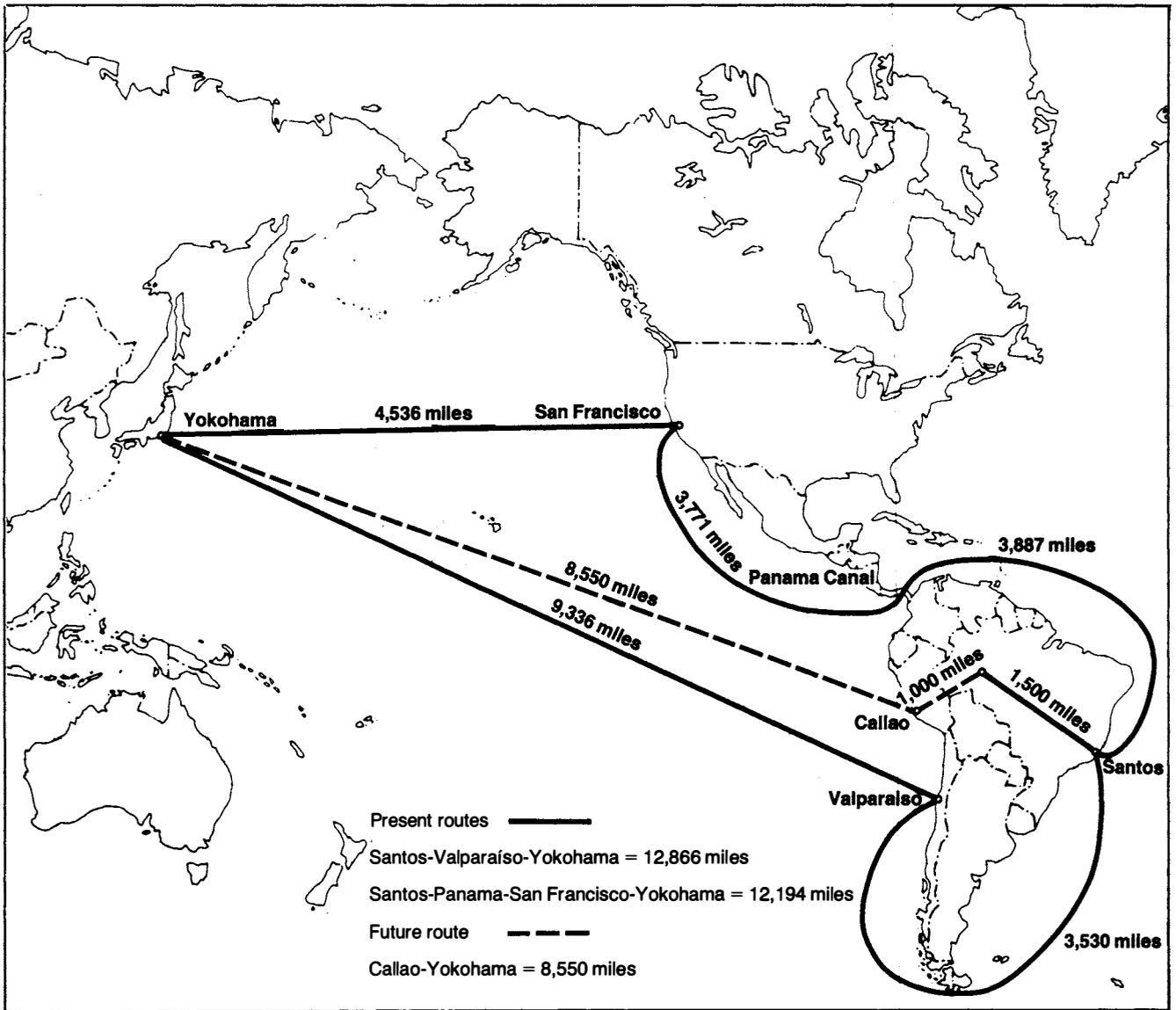
Despite the devastation of great areas, it is a myth, spread by the ecologists, that there is no fertile land in these regions. Rondônia and Acre have one of the world's most fertile stretches of land. They have great grain-producing potential. More than 24 million acres could be used to grow food, without harming the preservation of the region's rain forest. On top of this is added the agricultural potential of more than 2 million acres of immense floodplains which emerge when the water levels go down several yards for several months of the year.

The jungle's devastation is destroying its immense forestry potential which could be promoted by tree rotation in poorer soil areas. The surplus production could rationally be exported.

But the agricultural and mineral use of this immense frontier of civilization requires great infrastructure works, especially transport and communications. That should begin with roads to the Pacific, the first step toward technological and industrial development of the region on the basis of a

FIGURE 1

**Shipping routes between South America and Japan**



network of new small- and medium-sized cities.

To prevent their construction, as President Bush and the Brazilian ecologists headed by Lutzemberger intend, would force millions of desperate inhabitants to seek their survival by deforesting millions of acres of virgin jungle or by growing drugs. Thus, the best way to preserve the Amazon is to protect it from the irrational ecologist mobs and to provide the financing necessary to develop this frontier.

**In the heart of the continent**

In reality, we are not talking just about building a new highway. We are discussing starting to link up two of South

America's great river systems—the Amazon and the Río de la Plata—by means of a transverse network of river, road, and railroad transport. That would not only physically integrate an enormous economic region, but would provide an area now isolated in the heart of the continent with an exit to the Pacific.

This area has mining, industrial, and agricultural-forestry potential unequaled anywhere in the world. It has about 140 million acres of arable land found in Bolivia, Peru, and in Brazil's Center-West states of Mato Grosso, Mato Grosso del Sur, and Goiás, as well as Rondônia and Acre. This area could contribute huge quantities of food, not only for Ibero-

American self-sufficiency, but surplus to help solve the hunger problem around the world. In 1988, for example, Brazil's Center-West produced 31 million tons of grain, more than one-third of Brazil's total and eight times Brazil's total grain exports. Grain production could be quadrupled almost immediately by increasing productivity with fertilizers, pesticides, tractors, and irrigation, and by opening new areas of the *cerrados* grasslands to soybean cultivation and other appropriate crops.

During the "Brazil's Exit to the Pacific" seminar, Vande Lage Magalhaes, president of the Brazilian Transport Planning Company (GEIPOT), presented the options discussed since 1969, when the Rio Branco Accord was signed by the transport ministers of Bolivia, Brazil, and Peru.

**Figure 1** shows the proposed transport grid. Its nerve center is on the Brazilian-Bolivian border. The highway inside Brazil from Pôrto Velho to Guajará Mirim has already been paved. From there, one can go 750 miles by water along the Mamoré and Ichilo rivers to Puerto Villarroel in Bolivia. From there one could continue by road through Cochabamba, Bolivia to the Chilean Pacific Ocean port of Arica.

Since the last century there have been proposals to connect the Rio Madeira with the Mamoré and Guaporé rivers. The Guaporé could be joined at Cáceres, Brazil, to the Paraguay-Paraná waterway, the backbone of another region with enormous economic potential: the Río de la Plata. Thus, the Amazon and Río de la Plata basins would be integrated.

There are many other possible connections in the area where Brazil and Bolivia meet Peru. There are several alternatives, all necessary and viable. They all have in common the initial 300-mile stretch from Pôrto Velho to Rio Branco. From there, one alternative would follow the same existing road to Cruzeiro do Sul at Brazil's furthest corner with Peru. From there it would go to the Peruvian city of Pucallpa, where an existing paved highway goes across the Andes at an altitude of over 14,000 feet to the Peruvian port of Callao. There is an option at Pucallpa to take the projected jungle fringe highway to reach northern Peru ports. The route via Pucallpa and Callao is almost finished and mostly paved. An investment of less than \$300 million is needed to finish it in Peru and Brazil.

The second alternative would start from Rio Branco, cross the Peruvian border at Iñapari and head south through Arequipa to the Pacific Ocean ports of Matarani and Ilo. All that is needed for this option is to build and pave 120 miles of road, at a cost of \$40 million. The Peruvian government wants to give priority to this route, since it would benefit its Madre de Dios department, one of Peru's poorest regions. This route would also help Bolivia connect its entire road system with this trans-Andean route. In addition, the Madre de Dios route would permit linking up with a railroad which could run from Cuzco, Peru to Santa Cruz, Bolivia and connect there with the existing line to São Paulo and with its planned extension towards the west, which would reach the

Chilean port of Arica.

Either of the two alternatives would permit Peruvian access to several Brazilian cities as well as to river systems giving access to the Atlantic.

The development of the continent's interior would also help break the backbone of the narcotics trafficking routes which are today used with impunity and without any possibility of state vigilance, due to the precariousness of the region's physical infrastructure. The infrastructure works in this region would not only reduce the great profits of the Anglo-American banks from the laundering of dirty money and drug money, but would offer decent jobs to millions of human beings from that region who today devote themselves to growing and processing cocaine.

### Asian trade

Brazil's exit to the Pacific would weaken the colonial monopoly the North American establishment oligarchy holds on trade flows between the American and Asian continents. Brazil's exit to the Pacific would permit direct shipments to the immense and dynamic Asian markets of millions of tons of products from the tri-national region: grain, especially soybeans, meat, forest products, including paper pulp, and possibly even minerals. This would be done by a route whose maritime segment (Callao-Yokohama) is approximately 4,000 miles shorter than the route now used from Brazil (Santos-Valparaiso-Yokohama or Santos-Panama-San Francisco-Yokohama). See **Figure 2**.

The land segment to the Pacific, although much shorter than the trip to Santos on the Atlantic, admittedly would have relatively high costs per ton-kilometer, especially in energy terms, given the need to cross the Andes Mountains, whose lowest passes are 13,000 to 16,000 feet above sea level. That is to say, the cargo would have to be raised to an altitude of 16,000 feet or so before going down to the Pacific ports. But to the degree in which said infrastructural grid were built, and especially the railroad connections (whose transport costs per ton-kilometer are generally six to seven times less than highways), this additional cost could be reduced, thus making exports to Asia by this Pacific route competitive.

### Against Teddy Roosevelt's heritage

George Bush is not the first U.S. President to show ambitions toward this region. At the start of this century, his predecessor Theodore Roosevelt, from whom Bush considers himself to have inherited his conservationist and racialist ideals, tried to create a territorial enclave in what is today the Brazilian state of Acre. Excited by the rubber boom, Roosevelt sponsored the creation of the "Bolivian Syndicate of New York." He organized this on the model of "chartered companies" like the British East India Company to exploit the rubber. Roosevelt put his own nephew on its board, along with representatives from the Baring and Rothschild banking houses. Roosevelt's syndicate's efforts were overturned by

a guerrilla movement of rubber gatherers commanded by Plácido de Castro, a Brazilian military veteran.

At present, the struggle to promote this region's development for the benefit of its inhabitants is being led by a faction of the Brazilian industrial elite, as could be seen with the organization of the mentioned seminar in Pôrto Velho.

CNI president and important São Paulo businessman Mario Amato inaugurated the event by emphasizing that "with the realization of this seminar, with the presence here of the

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*"George Bush's opposition" to this link to the Pacific Ocean "shows the importance of this road and the urgency of building it," a Brazilian industrial leader said during the Sept. 20 seminar on "Brazil's Exit to the Pacific."*

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leadership of the most important institution representing Brazilian industry, we make more than a symbolic gesture to call the attention of the rest of the country to the potentialities of the central west. We are signing a commitment . . . to complete the process of its full integration with the country's other regions, at the same time as its natural function, due to its special geographic situation, of being a link in Brazil's integration with a great part of the Latin American continent and in the near future with the Pacific basin. . . . The CNI represents the thinking of Brazilian businessmen . . . when it identifies the exit to the Pacific . . . as an act of strategic scope for Brazilian development and Latin American integration."

Later, Amato said, "It is without doubt a daring project, a bold initiative. But that's the way the Brazilian people are. That was the way we managed to accomplish audacious works, to build our industrial plants and our gigantic hydroelectric plants. . . . I am sure that this feeling is shared by our Peruvian brothers, who are united with us in this common effort. We would like them to take back to their country the image of our confidence in this project and of our willingness to contribute to its realization."

Industrialist Miguel Souza, president of the Rondônia Federation of Industries, hosted the seminar. In his welcoming speech he affirmed, "The new reality of the production areas in the center of South America immediately suggests that in addition to the use of the road, which will shorten the distance to Pacific ports by 4,000 miles, at a savings of \$200 per ton, the use of another export corridor, the Madeira and Amazon river waterway. . . . This new route would significantly reduce highway transport by using about 2,600 kilometers [1,800 miles] of inland waterways.

"It is essential that we link the headwaters of these waterways," Souza continued, "integrating our South American waterway transport system, the Amazon, Guaporé and Plata basins. . . . This event consecrates Brazil's concern to integrate at all levels with Latin America, which shares with us equally the challenging adventure of economic growth as a necessary requisite for social development. . . . The hour has come to exact from President Collor [the fulfillment of] his campaign promise . . . that his government would complete Brazil's connection to the Pacific," he concluded.

### **The Amazon will not be a zoo**

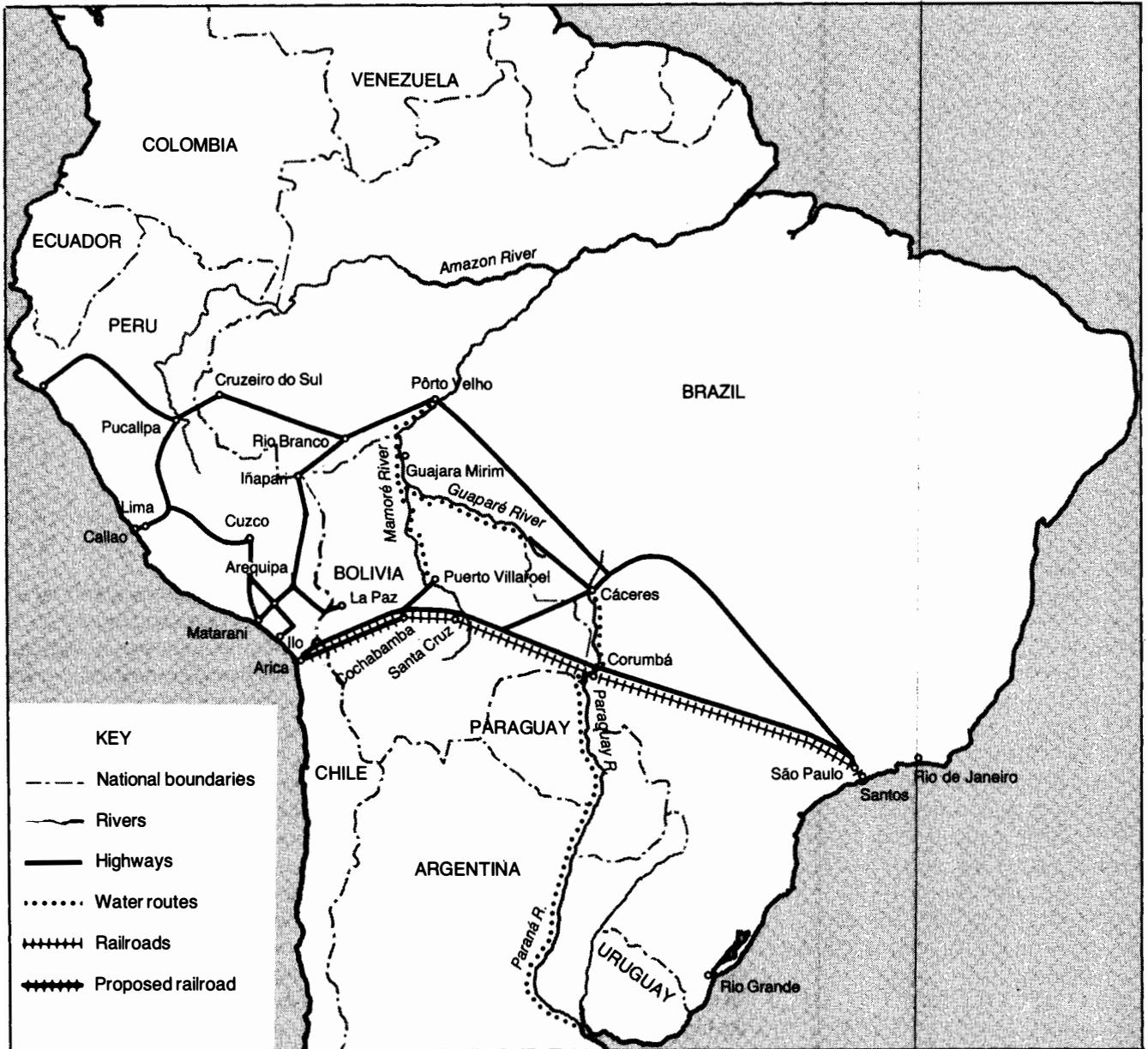
Several speeches at the Rondônia seminar were emphatic in charging that much of the pressure allegedly for environmental preservation hid economic and political interests to keep the immense Amazon riches as a strategic resources reserve for the great powers. CNI president Mario Amato himself affirmed this. "I will not hesitate to identify the obvious advantage for Brazil's commercial position, as the real, hidden motive for the strident objections to the Brazilian exit to the Pacific. I admit that some who speak out in this respect have a genuine interest in preserving the Amazon's ecology. . . . However, we must not be ingenuous to the point of accepting propagandistic manipulation of abstract principles as a cover for opposing interests. . . . The concept of ecological protection implies a relationship of dynamic equilibrium between man's actions and the preservation of nature, in favor of the well-being of the latter and of coming generations. This should never be confused with a morbid aversion to initiatives for progress, for improving material conditions for those who, facing objective conditions of backwardness, are victims of the most secular of ecological degradations, those which destroy the dignity of man himself, in a social environment of misery and isolation."

Peruvian Senator Gaston Acurio, president of the Peruvian Senate transport committee, received a standing ovation from the more than 300 participants when he attacked the ecologists for trying to "turn the Amazon into an immense zoo . . . and keep thousands of Indians in glass showcases, watching them die of hunger and malaria." He concluded, "if they want pure air, they should take care of our people's stomachs," referring to the subhuman and unjust conditions to which the populations of all the region's countries are subjected, due to the unjust world economic system.

Another speaker declared, "It is degrading to see the English rock star Sting carrying Xingu tribal [Indian] chief Raoni around Europe as if he were a keychain."

Even more dramatic was a leaflet distributed at the conference by a logger's union. Entitled "Environment used to prevent the exit to the Pacific," it stated, "It is not just that today one after another ecologist turns up to tell the more than 12 million Brazilians who live in the Amazon that it is no longer ours but belongs to the planet. . . . Without taking into account the survival of those millions of Brazilians, Mr. José

FIGURE 2  
**Proposed road, railroad and river transport connections**



Lutzemberger says that only Indians and rubber gatherers live here. . . . It's pure cowardice against the Brazilian people to take away from the Indians their opportunity to know progress and civilization and then let them chose between civilized life and savage life. Why does Lutzemberger talk so much of preserving species going extinct when he wants to keep the Indians without progress? Did he also not want Brazil to be discovered and to leave everything like it was in 1500? Perhaps he himself would not have been born.

"We even have those people, today strengthened by the

nomination of Mr. Lutzemberger, who, in the name of environmental preservation, use the ecology as a strategy to prevent the development of the Amazon, benefiting the great world powers, so that they [can] continue to exploit Brazil, extracting our agricultural production and mineral riches in raw form, to make Brazil do without manufacturing industries which generate good jobs and good living conditions, and which would pull it out of underdevelopment and misery. . . . Ecology also means preserving the right to human life of 12 million inhabitants of the Amazon," the leaflet concluded.

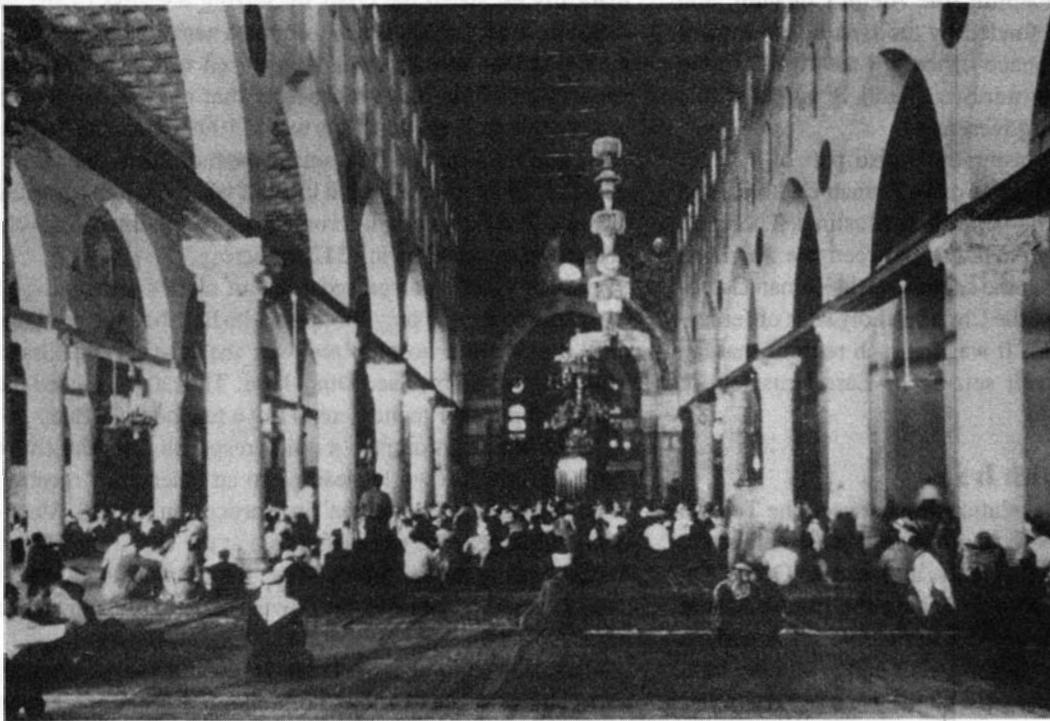
## The British-Israeli path to holy war in the Mideast

by Joseph Brewda

With the Israeli massacre of 20 unarmed Palestinians at the Haram al-Sharif (Noble Sanctuary) in Jerusalem on Oct. 8, the Mideast took a new step toward a Dark Age of religious warfare. If international forces do not intervene to stop the madness, the process could soon reach a point of no return. In an interview with the French daily *Le Monde* on Oct. 10, Jordanian Crown Prince Hassan warned of such a consequence, particularly in view of the Anglo-American military deployment in the Persian Gulf and the growing threat of war against Iraq. "I fear that we are heading toward a polarization of the Muslim-Jewish-Christian confrontation," he stated, "In the Muslim perception, the presence of international forces in the Gulf, and especially non-Islamic forces, gives credibility to the idea of a new Crusade."

Unfortunately, spreading the sort of religious conflict which Prince Hassan warns against, is precisely what the controllers of the Jewish fundamentalist sects seek to bring about. As *EIR* has reported, uniquely, since our first cover story on the subject in 1983, the seemingly outlandish plot to rebuild the Temple of Solomon on Haram al-Sharif, one of Islam's holiest sites, is a deadly serious project, run from the highest echelons of British intelligence.

The Haram al-Sharif grounds house the revered Al Aqsa Mosque, the Dome of the Rock Mosque, and other Islamic shrines. Palestinians congregated at the site on Oct. 8 after the Temple Mount Faithful, a Jewish fundamentalist sect, had distributed a leaflet announcing that they would be laying the foundation-stone for a rebuilt "Solomon's Temple" there that day. The Jewish sect insists, without any archaeological or literary evidence, that the Noble Sanctuary was the site of the ancient Israelite temple. It also maintains that the Islamic holy places at the site are a desecration to Judaism, and so must be destroyed. Over the last decade, the sect has attempted on numerous occasions to blow up the Al Aqsa Mosque, to prepare for rebuilding the temple. Israeli police made no effort to prevent the sect from distributing leaflets announcing that they would be laying a foundation-stone, thereby guaranteeing that a confrontation would take place.



*Muslims at prayer inside the Al Aqsa mosque in Jerusalem. This is where Palestinians were massacred by Israeli forces on Oct. 8, to advance a scenario written by foreign oligarchs.*

The Israeli police claim that they were compelled to open fire on Palestinian demonstrators because these demonstrators were throwing rocks at Jews praying at the nearby Wailing Wall. While none of these Jews required hospitalization, medical examination of the dead and wounded Palestinians showed that many had been shot in the back, while fleeing.

As this *Feature* will document in detail, British Freemasonry, which traces its origins to the Crusading Templar order, is the ultimate controller of the Jewish zealots who are assaulting the Noble Sanctuary. These British intelligence operatives, both for cultist and geopolitical reasons, want to spread religious warfare throughout the Middle East.

At the highest levels of the project, the British gamemasters have these strategic goals:

1) In a classic imperial strategy of “divide and rule,” they seek the permanent destabilization of the Middle East, playing Jew against Muslim against Christian, locking the area into religious warfare for generations to come.

2) They seek to block any potential for Arab-Israeli cooperation in the interests of economic development of the region as a whole—the kind of program that *EIR* and its founder, Lyndon LaRouche, have promoted as the essential prerequisite to a political solution for the region.

3) They pursue a malthusian policy of deliberate wars to depopulate the countries of the Third World. As *EIR* reported two weeks *before* the Gulf crisis erupted, Anglo-American policy planners are seeking to reshape NATO for “out-of-area” wars to reduce Third World populations, with North-

South conflicts taking the place of the Cold War—and with a new Mideast war at the top of their agenda. We quoted a British retired general who underlined that “the whole Palestine affair is a population problem, which will lead to more conflict” (*EIR*, July 20, 1990, “Malthusians reshape NATO for ‘out-of-area’ wars”).

### **Top-down control**

The controllers of the “Temple Mount” fanatics include the United Grand Lodge of England, whose grand master is the Duke of Kent; the United Grand Lodge’s Quatuor Coronati research lodge, whose Jerusalem-based agents deploy the Jewish crazies; the so-called British-Israelites, whose propagandists have called for a showdown with Iraq’s President Saddam Hussein based on religious grounds; and the political networks associated with British agent-of-influence Henry Kissinger, which control Israel’s press.

On the lower levels within Israel itself, we documented in a Special Report dated March 1, 1986 (“Moscow’s secret weapon: Ariel Sharon and the Israeli mafia”), that the political machine of Ariel Sharon, Israel’s would-be Hitler, was central to the plot. It was Sharon, currently housing minister, who banned Palestinians who do not live in Jerusalem from entering the city following the Oct. 8 Temple Mount massacre, and who vowed that any Arab carrying a knife would have his home destroyed. Prime Minister Yitzhak Shamir is basically a placeholder for Sharon, the strongman of the regime, who uses his ministry to fund and arm the “settlers movements” and related cults.

The Temple Mount Faithful, the Ateret Cohanim, and numerous other sects are funded by the Israeli government and led by Israeli intelligence officers. Last April, David Levy, who is now foreign minister, publicly admitted that the sects are funded by the government.

The Temple Mount conspiracy is also part of a larger British Freemasonic gameplan to drive Roman Catholics and Orthodox out of Jerusalem—as well as Muslims. There has been a decades-long understanding between the Anglican Church and the Zionists that the centuries-old Roman Catholic and Orthodox control of the Christian holy sites of Jerusalem would come to an end. It was for such reasons that the British supported the Israeli seizure of East Jerusalem in 1967.

### Preparing for war with Iraq

Some indication of the relationship between the Temple Mount sects and a planned Anglo-American/Israeli strike against Iraq surfaced even before the massacre of Oct. 8. On Oct. 5, the South African-born director of the Temple Mount Foundation of Israel, Stanley Goldfoot, told an American journalist that the fight for Solomon's Temple and the fight against Iraq are one and the same. Goldfoot, a key controller of the sects, is a decades-long intimate of Prime Minister Shamir, and a political ally of Sharon.

Goldfoot asserted that the major danger to the region is that the Bush administration might back down from confrontation with Iraq—a confrontation which his organization has been demanding since last April. What is needed, he said, is "a preemptive strike now." He predicted that a showdown would be forthcoming between Jews and Palestinians in Jerusalem. Goldfoot charged that Saddam Hussein's support for a *jihād*, a holy war, against Israel, was the reason for the coming showdown.

"The question of *jihād* has been the same for hundreds of years," Goldfoot stated, "Either we squash them or they squash us. It's a fight to the finish. We must ruthlessly crush Islam. We must make Israel invincible." Asked whether Israel ought not be concerned about Iraqi chemical and biological deterrents, Goldfoot threatened: "If Saddam dares to start something that way, the world will be shocked. We have tactical means altogether unknown. I wish we could use them now."

### Continuing provocations

As in earlier stage-managed atrocities at the Haram al-Sharif, Israeli authorities deliberately heightened tensions to create the conditions suitable for broader warfare in the region. The cabinet is preparing a new wave of massacres, in an effort to panic West Bank Palestinians into fleeing the occupied territories into Jordan. If the U.S. bombs Iraq, Sharon hopes to make the West bank "Arab-free" once and for all.

The day following the massacre, Israeli authorities dra-

matically escalated the crisis by seizing the keys of the Al Aqsa Mosque, and shutting its doors to worshippers because, they said, the mosque was being used to house pro-Iraqi provocateurs. The only other time that mosque had fallen under control of non-Muslims was in 1099, when the Templars took over Jerusalem and seized the mosque as their headquarters. They were expelled in 1198 when Saladin liberated the city. The Templars, forerunners of the Freemasons, were disbanded by the pope in 1312 for heresy.

Israeli police tear-gassed Muslim clerics attempting to enter the mosque to pray for those who had died the previous day. Among the hospitalized was the 80-year-old Grand Mufti of Jerusalem, Saad Din Alami. They also arrested the Mufti's deputy for incitement to riot a few hours earlier.

Such actions prompted a quick response from the entire Arab and Muslim world, leading to an emergency meeting of the "Jerusalem Committee" in Morocco on Oct. 15. Meanwhile, after nearly a week of debate at the U.N., the United States, fearing for the future of its alliance with the Arab oil sheiks, voted to censure the Jewish state, although in the mildest of terms.

Israeli reaction was swift, and typically provocative. In a speech before the Qarney Shomron rabbinical seminary on Oct. 9, Yitzhak Shamir raved that "The rioters [i.e., the Palestinians] paid a heavy price in human life, but this is precisely the goal of their leaders and activators. . . . We are here and will remain here. This is our country, this is our land, and no force in the world will alter this eternal fact."

Sharon, for his part, told the French daily *Libération* of Oct. 17, in response to the U.N. vote, that "Jerusalem has been the capital of the Jewish people for 3,000 years, and no one has any political status outside of Israel" to deal with matters there.

In fact, East Jerusalem has been illegally occupied by Israel since the June 1967 Mideast war.

The Jewish religious establishment has been no less unabashedly supportive of the massacre of Palestinians. Israel's two chief rabbis, Avraham Shapiro and Mordechai Eliyan, issued a call for Jews to celebrate the end of the holiday of Sukkoth on Oct. 11 at the Wailing Wall in Jerusalem, rather than in their home towns, to erase the "great blasphemy"—meaning the alleged rock-throwing by Palestinians at praying Jews. To aid this mobilization, the Ministry of Religious Affairs placed full-page ads in the nation's press calling for mass participation, "in view of the wicked attempt to desecrate the joy of our holiday near the remains of the temple."

Approximately 35,000 religious Jews, many armed with machine guns and pistols, marched through the Muslim Quarter of Jerusalem in response to the call to pray at the site. "Thousands of people came in answer to those who stoned us," Religious Affairs Minister Avner Shakti screamed to the mob. "They should learn that Jerusalem is indivisible."

# 'Israel wants Palestinians forced out of their homeland'

*Hanna Siniora is the editor of the Jerusalem Arabic daily Al Fajr. The interview was conducted by telephone on Oct. 20 by Joseph Brewda.*

**EIR:** Mr. Siniora, I believe you were an eyewitness to some of the events leading up to the massacre of at least 20 Palestinians near the grounds of the Al Aqsa Mosque on Oct. 8. Could you describe the situation that day in Jerusalem, and what really occurred?

**Siniora:** Oct. 8, 1990 began on a note of tension, as Israeli border police manned army roadblocks preventing access to East Jerusalem from the West Bank and Gaza Strip.

Since the dawn prayers, Palestinians from Arab East Jerusalem were converging toward al-Haram al-Sharif [the Noble Sanctuary] holding Islam's third holiest shrine, the Al Aqsa Mosque, as well as the Golden Dome of the Rock mosque. Forty-eight hours earlier, Gershom Solomon and his fanatic followers, the Temple Mount Faithful, had distributed notices that on Monday, Oct. 8, under the protection of the Israeli police, they were going to enter the Al Aqsa compound, and lay the foundation of the Third Temple. The Israeli authorities, who have both regular police and border police contingents, were aware of the heightened tension. Many high school children were detained and driven away from the mosque in buses. At 10:50 a.m., the border police squad present on the grounds of the Noble Sanctuary fired at Palestinian worshippers, and several people were wounded and killed. As the border policemen withdrew toward Moghrabi Gate near the Jewish Western wall [the Wailing Wall], inflamed young Palestinians, enraged with the indiscriminate shooting, began throwing a hail of stones at them. Some of these stones went over toward the Western wall. Fifteen minutes earlier, Israeli policemen were seen evacuating Succoth worshippers from the vicinity of the Western wall.

Within 15 minutes, with additional troops coming into the compound in a pincer movement from both sides, shooting started again, aided by helicopters firing tear gas canisters. This resulted in 20 Palestinians killed and several hundred wounded, on Black Monday.

**EIR:** Gershom Solomon, the leader of the Temple Mount Faithful that attempted to lay a cornerstone for a Third Temple at the mosque, appears to be an agent provocateur, judging by his actions. Our magazine has established that many of the other key leaders in the project to rebuild the temple are agents of the Israeli secret police and funded by the Israeli government. What is your view of this charge, and what do you believe the actual objectives of these Jewish fundamentalists are?

**Siniora:** Gershom Solomon, previously of the Likud, and since 1982 designated to lead this group of religious zealots, is working within the broad outlines of a plan backed by those who advocate a "Greater Israel." Solomon is being used to change the facts, the situation surrounding the 1,400-year-old religious shrine, the al-Haram al-Sharif. He is also being used by the Israeli government to dodge their responsibility for a sensitive issue that affects the whole Muslim world. The government of Israel, led by the Likud and the more extreme parties in the present coalition, has adopted a policy of demographic change both in East Jerusalem and the Occupied Territories. They have nixed all attempts at a political settlement, and their intentions are voiced in declarations by Prime Minister Yitzhak Shamir, Housing Minister Ariel Sharon, Deputy Foreign Minister Benjamin Netanyahu, and Foreign Minister David Levy: more settlements, more land confiscation, and no political settlement. Massacres, iron-fist policies, collective punishment, curfews, administrative detention, and religious fanaticism are all means to achieve the same goal: Uproot the Palestinians from their homeland.

**EIR:** Last spring, one week before Easter, a co-thinker group of the Temple Mount Faithful illegally occupied the Greek Orthodox hospice adjacent to the Church of the Holy Sepulchre, precipitating a riot in which the Greek Orthodox patriarch of Jerusalem was tear-gassed. There have been persistent efforts by such groups to illegally occupy or purchase land in the Christian Quarter of the city as well as in the Muslim Quarter. There are charges that certain Israeli circles would like to use such violence to force both Muslims and Christians out of Jerusalem, or otherwise have the Israeli

state take charge of all holy places in the city, regardless of denomination.

**Siniora:** Creating a new situation in the Muslim as well as the Christian Quarters of the old city of Jerusalem, as well as ringing Arab East Jerusalem with new settlements to suffocate it and prevent suburban expansion and development for Palestinian young couples, is synonymous with the policy of land confiscation in the Occupied Territories and ringing Palestinian populous centers with Israeli settlements such as Hebron and Bethlehem. Already over 52% of the West Bank and 40% of the Gaza Strip have been confiscated to create a new situation, fresh obstacles to peace, and, in Likud terminology, an irreversible process of demographic change that will prevent any political settlement.

The case of the Al Aqsa massacre, and the takeover of the Greek Orthodox St. John's hospice are recent vivid examples of a policy in implementation. Since the first Likud government in 1977, this policy is obvious. Recent developments confirm the intention to use all means, including variations on the "Der Yassin" massacre of 1948 carried out by the Stern and Lehi gangs of Shamir and Begin, to acquire the land without the people.

**EIR:** There continue to be reports that various armed sects, such as the West Bank "settlers movements," the Temple Mount fanatics, and the Kach movement run by Rabbi Meir Kahane, are planning new atrocities, with government backing, in the near future.

**Siniora:** The Lifta gang, the Jewish terrorist underground, and the Kach movement of Rabbi Kahane used killings, shootings, and all sorts of intimidation in order to realize their objective to force people from their homes. I wouldn't be surprised if fresh massacres, large and small, would occur in the immediate future by these vigilante groups, with the tacit undeclared support of the people in power. If we examine closely the party platforms of the various parties in the present government, we can immediately identify at least three, besides the Likud, which call for mass deportation and transfer of Palestinians from their homeland: Tehiya, the party of Minister of Science and Technology Yuval Ne'eman; Tsomet, the party of Rafael Eytan, the present agriculture minister; and the Moledet party, headed by the advocate of wholesale transfer of Palestinians, retired Gen. Rahavam Zeevi. A government of such composition is not going to put obstacles in front of settler vigilante groups, if its own police is allowed to commit massacres, and if the Israeli government is ready to defy the U.N. Security Council to prevent the truth from surfacing.

**EIR:** The Israeli government has claimed that the massacre was provoked by Iraqi President Saddam Hussein's alleged influence over Palestinians living in the Occupied Territories. There are those who have a different evaluation. They believe that Israel would like to create the conditions favorable for a

strike into Jordan, in the case that the U.S. does go to war with Iraq. There have been reports of a longstanding Israeli plan to overthrow King Hussein of Jordan. Under this Israeli plan, the "Palestinian problem" would finally be "solved" by claiming that "Jordan is Palestine," and that there is no longer any need of discussion of creating a Palestinian state. The West Bank would be "free" of Palestinians, and formally annexed to Israel. It would be settled by Soviet Jewish immigrants. How do you think that the events of last week may relate to the Gulf crisis?

**Siniora:** Various theories are being bandied around by various conflicting parties. Shamir, to whitewash and make profit off the massacre, tried to imply that the Palestinians intentionally attacked Israeli worshippers at the Wailing Wall, exactly like he and Begin had used the communist threat in the past to prevent the U.S. and Western governments from playing an unbiased role. In 23 years of occupation, Palestinians always respected Jewish holy places, and will always do so. On the contrary, Palestinian holy places, both Christian and Muslim, were frequently desecrated under Israeli occupation, the Koran torn, mosques' and churches' sanctity defiled, churches in Israel proper burned down, and Muslim cemeteries bulldozed.

Shamir, using the old communist analogy, is trying to use Saddam Hussein to drive a wedge against the legitimate Palestinian aspirations of freedom, democracy, and independence by accusing Palestinians of the Monday incident. The true causes are simple: Israel, while the world is focused on the Gulf crisis, wants to force Palestinians out of their homeland. Other Israeli reasons include the destruction of Iraqi military potential by provoking a war. The massacre might have forced America to jump the gun, before its alliance were to fall apart, and fire the first shot. It might have forced the hand of Iraqi leaders to go to war, and fire the first shot at Israel, which would have led to all hell breaking loose. Iraq and the United States refused to be prodded, but other incidents might eventually bring a war that the present Israeli government leaders believe to be in their advantage in implementing a "Greater Israel" and preventing the emergence of the Palestinian state.

**EIR:** What is your view of the U.N. resolution that condemned Israel, while failing to provide for protection of West Bank Palestinians, as the Palestine Liberation Organization had demanded?

**Siniora:** Palestinians are not satisfied with condemnations of massacres and violations of human rights. They look to the Security Council to adopt measures that will protect their lives, which are in constant danger and under constant threat. Today, the West stands guilty of the accusation that it has double standards, and favors oil interests over the Palestinian blood that is being spilled continuously. Sanctions have to be taken against those who stand in the way of international legitimacy and legality.

# Plot to rebuild Solomon's Temple was made in Great Britain

by Scott Thompson

Events in Jerusalem on Oct. 8 were triggered when redemptionist Zionists sought to rebuild the Third Temple of Solomon on Haram al-Sharif (Noble Sanctuary), upon whose mount are Islamic holy sites. This affair demonstrates the degree to which Israel is a zombie creation of the British Arab Bureau, since the entire Solomon's Temple plot was fabricated by British Freemasons led by Britain's royal family. The plot is intended to foment a Thirty Years War, whipped up by Jewish, Islamic, and Christian fundamentalist strife. Within the context of the British-inspired "Operation Desert Shield" deployment into the Persian Gulf, attempts to follow the Freemasonic scenario of rebuilding Solomon's Temple might just trigger World War III.

Through archaeological hoaxes and the spread of esoteric gobbledygook, British Freemasons, who share a gnostic-satanic belief structure, have prepared the Solomon's Temple project over 100 years. By launching a Holy War, it is their ultimate design to sweep aside the trinitarian currents within the three monotheistic religions that Cardinal Nicolaus of Cusa in his *De pace fidei* saw as a basis for peaceful ecumenical dialogue. As the Catholic magazine *30 Days* made clear in its June issue, after events at the Church of the Holy Sepulchre last Easter, an additional feature of the plot is to drive Christianity completely out of the Holy Land.

This "conspiracy" against Christianity, as Cardinal John O'Connor of New York termed it, is nothing new for British Freemasonry. As will be underscored here, the United Grand Lodge of England (the "Mother Lodge" of world Freemasonry) and its Quatuor Coronati research lodge helped devise Adolf Hitler's gnostic-satanic belief that he must destroy Judeo-Christianity. What Hitler sought to do as a "final solution" to destroy Western civilization in Europe, is what these same conspirators are now preparing around the Solomon's Temple issue for the Middle East. They actively seek to unleash irrationalist, fundamentalist cults to sweep aside reason and to create a "New Dark Age."

## The Freemasonic gamemasters

**A. Quatuor Coronati Lodge 2076.** This is the research lodge of the United Grand Lodge of England, which is central to British Freemasonic involvement in the Solomon's Temple project. Under the guise of research, Quatuor Coronati has run many similar cultural warfare projects—including launching the Bavarian Nazi Party—since its nine founding

brethren gathered in 1884. The number nine is significant, because this is the purported number who founded the original crusading group, the Poor Knights of the Temple of Solomon—i.e., the Knights Templar. Renegade Templar Knights are said to have been the founders of British Freemasonry, when they fled to Scotland after the Church excommunicated them because they practiced the Baphomet Cult rite of spitting on Christ's image at initiation.

In 1967 Quatuor Coronati sent Asher Selig Kaufman, who was born in Edinburgh, Scotland, to Jerusalem. Kaufman, a physicist who now works with the Jerusalem Temple Foundation, is still part of the lodge's Circle of Correspondence. Earlier he had worked for 10 years under the British H-bomb scientist T.E. Allibone, who keeps a watchful eye on Kaufman's project. Kaufman emerged as a major figure in the Solomon's Temple project, when, in the March-April 1983 issue of *Biblical Archaeology Review*, he penned an article titled "Where was Solomon's Temple? New evidence on where it stood." This is still the "most popular piece" on Solomon's Temple, according to sources at *Biblical Archaeology Review*.

In 1983, Kaufman told *EIR* investigators that he was also to write a key piece on Solomon's Temple for *Ars Quatuor Coronati*, the lodge's theoretical journal. But Kaufman's patron, J.R. Clarke, died before its publication. Still, on Oct. 10, 1990, Kaufman said that there were other members with whom he was discussing an article. He added that he was organizing for support to build Solomon's Temple not only among Christian fundamentalists, but also among Masons in Britain and Israel.

Kaufman locates the site of Solomon's Temple on Haram al-Sharif 330 yards north of the Dome of the Rock Mosque. This is disputed by other Jerusalem Temple Foundation members; but it is convenient, because Jewish *halacha* law forbids those who are not high priests from stepping within the Temple sanctuary. Kaufman's assertion makes it possible for any Zionist crazy to blow up the Dome of the Rock, as has been tried, without technically violating Jewish law.

Alex Horne wrote the book *King Solomon's Temple in the Masonic Tradition*, which officials of the Scottish Rite Supreme Council in Washington, D.C. describe as an important work popularizing the Solomon's Temple project in America. Horne was a 33rd degree member of the Ancient and Accepted Scottish Rite. The foreword to his book was

by Harry Carr, the Past Master and Secretary of the Quatuor Coronati. Horne had been the lodge's sole American member, and before his recent death he wrote several articles on Solomon's Temple for *Ars Quatuor Coronati*. A member of the Grand Masonic Lodge's Northern California Research Lodge formerly headed by Horne said he hopes his lodge decides to become involved in the Solomon's Temple project soon.

Horne, like Kaufman, also sought to popularize the project with the Grand Lodge of Israel, as when he visited Israel for the lodge's Silver Anniversary in 1978 with Harry Carr.

The Founding Master of Quatuor Coronati was Sir Charles Warren, charged by British author Stephen Knight with covering up the Jack the Ripper murders, when Warren served briefly as commissioner of London's Metropolitan Police. According to Knight, the murders were carried out by British Freemasons to cover up for the fact that Prince Albert, grandson of Queen Victoria and Heir Presumptive to the throne, had illegally married and fathered a child by a Roman Catholic commoner.

More important, Gen. Sir Charles Warren, Grand Cross of St. Michael and St. George and Knight of Justice of the Order of St. John of Jerusalem, is credited by Masonic sources with virtually rediscovering the Solomon's Temple project. From 1867-70, Sir Charles was part of an expedition to Jerusalem by the Palestine Exploration Fund, which had been created after the Prince of Wales visited Palestine in 1862, and which is headed today by Queen Elizabeth II. On his return, Sir Charles co-authored the book titled *Recovery of Jerusalem*, after the old Crusader battle cry. He also wrote *Underground Jerusalem* and *The Temple and the Tomb*. These works contain numerous archaeological and other references to Solomon's Temple.

While Sir Charles was alive, the lodge also took leadership of the Theosophy Society away from Madame Blavatsky. This was done in collaboration with members of the Cambridge "Apostles" group, including most notably Arthur J. Balfour and Henry Sidgwick, both members of the Society for Psychical Research. (This is the same Balfour who later wrote the Balfour Declaration for Palestine, assisted by the future Lord Harlech and the Zionist Committee.) They gave the Theosophy Society to Annie Besant, whose brother-in-law, W. Besant, was one of the founding brethren. Later, Quatuor Coronati used Theosophist circles to form the Order of the Golden Dawn under the satanist Aleister Crowley. The Order of the Golden Dawn, in turn, became the basis for the Thule Society, which launched Adolf Hitler's Nazi Party and provided the esoteric beliefs of its SS cult.

By a different route, through Balfour, through the racial mystic Benjamin Disraeli (refer to his book *Sibyl*), and others, Quatuor Coronati had an important role in the formation of Theodore Herzl's Zionist movement: the identification of Jews with "blood and soil."

Thus, at the same time that the Quatuor Coronati had a

seminal role in creating Zionism, it also fostered Adolf Hitler's "final solution" to destroy Judeo-Christianity. It will be found that the worst fascist and racialist filth runs throughout the history of British Freemasonry. These are some of the cultural warfare operations of Quatuor Coronati, that have lit the fuse on war, famine, and religious discord throughout the twentieth century.

**B. The United Lodge of England.** This is "The Mother Lodge" of world Freemasonry, which has traditionally been patronized by the British royal family. That patronage today is exerted through Queen Elizabeth II's cousin, the Duke of Kent, who is its grand master. Not only are the elements of craft masonry based upon the building of the first and second Temples of Solomon, but the higher, esoteric degrees of the Scottish and York rites draw heavily from the eastern heresies of the Knights Templar. Founded in 1717 out of an admixture of Rosicrucianism and Sir Elias Ashmole's gnostic syncretism, the "Mother Lodge" has long been involved in the Solomon's Temple question. As Scottish Rite Masons like to point out today, Sir Isaac Newton, who was affiliated with their esoteric doings, compiled in 1728 *The Chronology of Ancient Kingdoms*. Chapter 5, titled "A description of the Temple of Solomon," is still circulated by Masons to this day.

Michael Higham, who is in charge of briefing the lodge's grand master, the Duke of Kent, told *EIR* on Oct. 11: "The importance of Solomon's Temple to Freemasonry is allegorical, not real. . . . If somebody wanted to rebuild it, then we would observe them from a distance." Pressed on the fact that members of the Quatuor Coronati Lodge were doing so, Higham added: "Asher Kaufman and others who you say are involved in building the Temple, are not members of the Quatuor Coronati, but members of its Circle of Correspondence, of whom there are several thousand. . . . We will not issue a statement condemning any Freemason who is involved."

Higham took a step back, however, when he was reminded the Solomon's Temple scandal might be as big for the Mother Lodge as that involving it with the Propaganda-2 Lodge, which had culminated with Italian banker Roberto Calvi being hung on Blackfriars Bridge in London. As *EIR* was the first to report in its April 13, 1982 issue, that scandal directly implicated the British royal family through the Duke of Kent. In 1970, Italian press accounts charge that, while stationed with U.N. forces in Cyprus, the Duke of Kent initiated the process of returning P-2 founder Licio Gelli from 20 years of exile in Argentina. With this backing, Gelli began openly to advertise that he favored a military coup to restore the House of Savoy. Italian magistrates probing P-2 discovered its involvement in a series of coups d'état, "red" and "black" terrorist assassinations, and possible links to the attempt by Mehmet Ali Agca to kill Pope John Paul II. British Freemasonry is still tarnished by being implicated in the plot to murder the Pope.



Stuart Lewis



British Information Service



Stuart Lewis

Principal players in the plot to blow up the Middle East (left to right): Ariel Sharon, the Duke of Kent, and Henry Kissinger.

Gelli, who had been a member of Mussolini's fascist OVRA secret police, is not the Duke of Kent's only connection with fascism. His family is riddled with it. George, Duke of Kent, father of the current Duke and son of King George V, was the most sympathetic of the Windsors to Edward VIII, who was forced to abdicate because of his direct call for an alliance with Hitler. Princess Alexandra, sister of the current Duke of Kent, is married to Angus Ogilvy, the second son of the Earl of Airlie. The Airlies, too, supported ties with the Nazis; the Duke's sister-in-law, Princess Michael of Kent, is the daughter of an SS officer, according to press accounts on file with the British Information Office in New York City. This is just the logical outcome of the family's historic involvement with British Freemasonry, which launched both "universal socialism" and "universal fascism" as counterpoles in the nineteenth century.

There should be no question that the Duke of Kent's appointment to be grand master in 1967 was a decision taken with Queen Elizabeth's approval. In the same year he was made aide-de-camp to Queen Elizabeth, for whom he had acted as a counsellor of state during her absences from Britain since 1957. Also, in 1967, the Duke of Kent was named a Knight Grand Cross of the Order of St. Michael and St. George, succeeding as grand master of the order shortly thereafter. The Queen must bear responsibility for the actions of the Mother Lodge and the Quatuor Coronati as regards Solomon's Temple.

### Armageddon army: the British Israelites

"Jerusalem events yesterday could be the spark that sets things off," said a British spokesman for the British Israel World Federation (BIWF) on Oct. 9. He added that the present situation in the Persian Gulf and Haram al-Sharif may be signs that the "end time has arrived."

Before looking at the kooky "British Israelite" belief structure, which is a bridge to Christian fundamentalists supporting the rebuilding of Solomon's Temple, let us look at the geopolitics of one of its supporters. According to a BIWF spokesman in London, one of the best outlets for the federa-

tion's views was Kenneth Hugh de Courcy's newsletters *Intelligence Digest* and *Special Office Brief*: De Courcy "thinks along the same lines as British Israel in terms of biblical prophecy and the identity of Israel as Anglo-Saxon-Celtic. His publications have the same themes, that a bust-up in the Mideast will be followed by the Second Coming." This Armageddon scenario certainly conforms with de Courcy's publications.

A little over two years ago, de Courcy described himself to *EIR* founder Lyndon H. LaRouche, Jr., as representing interests in the British Establishment that were seeking to foment a Middle East war—not only to strike at Islam, but to rekindle an East-West global showdown. Subsequent issues of his newsletters elaborate this theme. The July 10, 1990 issue of *Special Office Brief* said that with effective unification of Germany on July 1, which de Courcy hates, "we entered that last phase prior to events of enormous magnitude inevitable in the birth of a new epoch." Among the events of this "great historic upheaval" predicted by de Courcy were: "Islam and Zionism both rapidly approach a confrontation equipped with such terrible weaponry that it will be terminal for one or the other. Moreover, whichever survives that clash will not emerge therefrom in the shape in which it entered it. A whole new epoch will result."

In an accompanying piece on "religious battles," de Courcy sides with the "Church Conservatives," stating: "They believe that all the main and sufficient outlines are disclosed in Holy Scripture and that every essential event of the past and every necessary prophecy regarding the future is accurately set out in the Bible."

But, de Courcy's war cry is not all Biblical prophecy. In the same issue, de Courcy describes a coming showdown with Iraq, which will force the Atlantic powers to confront it with nuclear devices, lest Israel mount an attack upon Iraq to knock out its nuclear and related weapons capability.

The Sept. 4, 1990 issue describes the Iraqi invasion of Kuwait as similar to events in Serbia in 1914, predicting that the question of Kuwait will recede into a showdown with Russia. De Courcy praises Henry Kissinger's call for imme-

diate, preemptive military action, while noting: "If we follow Kissinger's advice, it may well escalate into a major war with dozens of subsidiary conflicts worldwide. That is the truth. It has come about because exhaustion on the part of Britain . . . caused her to quit the Canal and Aden and throw in three crucial protective roles: that of Palestine, that of Iraq, that of Kuwait."

### Who is de Courcy?

Documents in *EIR*'s possession show that de Courcy, a.k.a. Duc de Grantmesnil, who was born in 1909, had been closely associated with Wallis Simpson and her lover King Edward VIII, who was forced to abdicate in 1938, ostensibly over Edward's decision to marry the divorced American. The political reason behind his ouster was opposition from some quarters of the British elite to his pursuit of an open alliance with Adolf Hitler through his foreign minister, Ribbentrop. De Courcy remained close to them, when they went into exile as the Duke and Duchess of Windsor. Undaunted, de Courcy assisted the British Foreign Office in implementing Neville Chamberlain's appeasement policy. One of de Courcy's correspondents today is Lord Home of the Hirsell, who is among the last survivors of the Munich talks between Chamberlain and Hitler, having been Chamberlain's parliamentary private secretary. Later, as Britain's foreign secretary from 1970-74, Lord Home was the man who gave policy directives to Henry Kissinger. Kissinger admitted in a 1982 speech at the Royal Institute of International Affairs, that as Nixon's national security adviser he had worked from British Foreign Office policy documents, rather than those of the U.S. State Department—including designing the entire détente policy with Lord Home's Foreign Office. Other documents obtained by *EIR* show that when de Courcy was in Wormwood Scrubs prison after conviction for fraud charges, he was complicit in the escape to the Soviet Union of "superspy" George Blake.

Other de Courcy correspondents include the gang that rigged the Suez crisis, notably Lord Hailsham and R.A.B. Butler. Since the Persian Gulf crisis, British newspapers have been filled with the line that it is "the revenge of Suez." The idea is that the Anglo-American Establishment ought to project military power to re-colonize the Third World, looting resources, controlling technology transfer, and reducing population growth.

As for the British Israelites who attend this faction's imperial schemes, they date back to Oxford University of Cromwell's time, which was a hotbed for fomenting millenarian Protestant cults. Briefly, they argue that the 10 tribes of northern Israel after their conquest by Assyria, migrated northward to become the ethnic stock of Scandinavia, Holland, and Britain. The leading British Israelite organization today is the British Israel World Federation, which is headquartered in London and claims hundreds of thousands of adherents, since it was founded with official patronage of the British royal family (through Princess Alice) in 1919. Its

officials claim that Kenneth de Courcy's strategic writings represent their imperial views. Certainly, de Courcy's establishment fellows must find it useful that the BIWF claims there is a "Covenant from God" for the British Commonwealth, including specific injunctions for monarch, subjects, and the amassing of colonies.

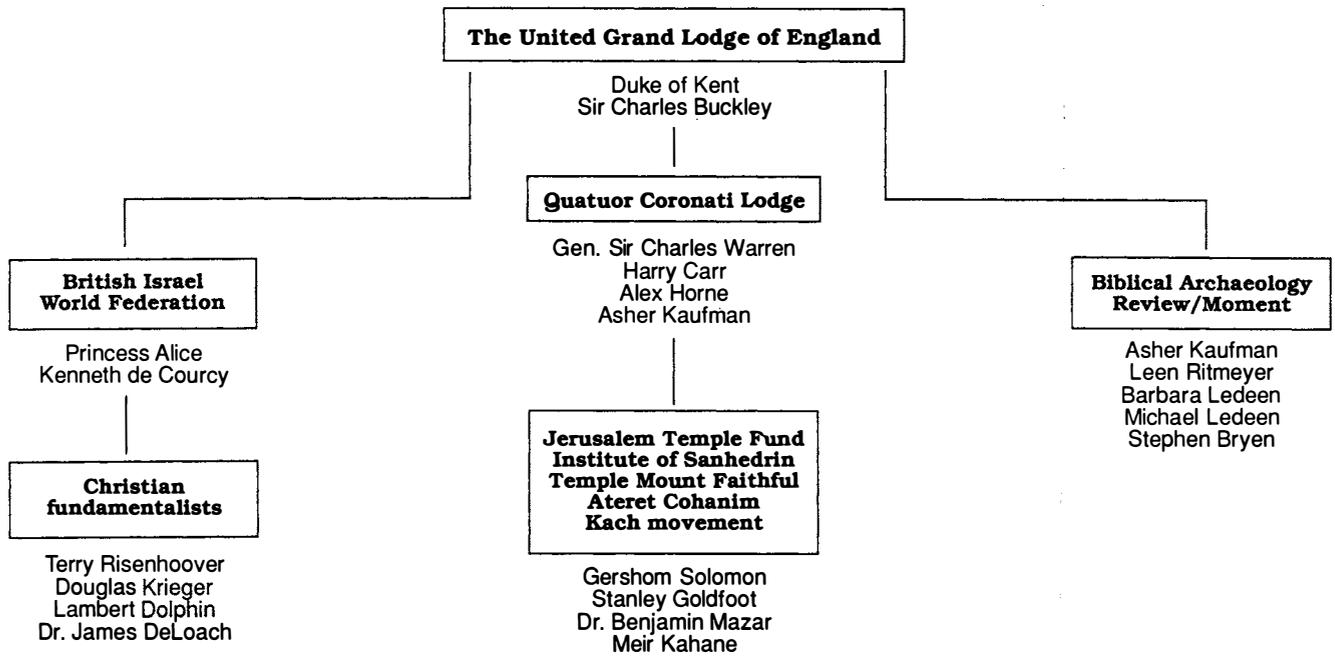
### Britain's cult of archaeology

British Freemason Asher Kaufman popularized the Solomon's Temple project with his article, "Where was Solomon's Temple," which appeared in the March-April 1983 issue of *Biblical Archaeology Review*. On the cover of that issue was a picture of the Islamic shrines now on Haram al-Sharif, with the subtitle: "Ark of Covenant once stood on the bedrock beneath this unimposing cupola." Kaufman's article helped light the fuse for successive attempts to blow up Islamic holy sites and gain control over Haram al-Sharif.

Publication of the article was facilitated by Barbara Ledeen, then an assistant to the editor of *Biblical Archaeology Review*, which is published by the Biblical Archaeology Society. This is most significant. Her husband, Michael, who is a Venetian-influenced proponent of the "universal fascism" that was created by Mazzini's Propaganda Lodge in the nineteenth century, was an adviser on terrorism to Secretary of State Alexander Haig at the time. It was Ledeen, according to Italian press coverage, who was assigned to cover up court testimony naming Kissinger as a member of the Monte Carlo Lodge, which controlled Propaganda-2 terrorism and assassinations. Ledeen survived Haig's ouster, after the general supported Ariel Sharon's 1982 invasion of Lebanon, and became a consultant to the National Security Council, where he was instrumental in the Iran-Contra arms deals.

Since publishing Kaufman's article, *Biblical Archeology Review* has also become affiliated with *Moment* magazine. The latter's December 1989 issue carried an article by Stephen Bryen, who is a suspect member of the "Mr. X Committee" that controlled Jonathan Pollard. This article was part of the British Special Intelligence Service's effort to mobilize for war with Iraq. It is ironic that Bryen, who writes in the piece about his attempt to stop U.S. technology transfer to Iraq during the Iran-Iraq War, is known to have been part of the rat pack at the NSC with Ledeen that was then covertly shipping arms to Iran. Clearly, *Biblical Archeology Review* views its archaeological "Piltdown hoaxes" from a serious political perspective.

At the same time that the Biblical Archaeology Society was beating the drums for a showdown with Iraq through *Moment*, the November-December 1989 issue of *Biblical Archeology Review* carried a feature with several articles titled "Herod's Temple Mount—stone by stone." It reviewed the archaeology of Haram al-Sharif at the time of the Second Temple. It was written by the Christian fundamentalist Leen Ritmeyer, who is finishing a degree in England and who had been the design architect assisting Dr. Benjamin Mazar on



an archaeological dig around Haram al-Sharif that dates back to Israel's conquest of Jerusalem in the 1967 war. In an interview with *EIR*, Ritmeyer revealed that through his work he had met Stanley Goldfoot, Asher Kaufman, Lambert Dolphin, and others of the Jerusalem Temple Foundation. According to Goldfoot, Ritmeyer's boss, Dr. Mazar, is a member of a Institute of Sanhedrin, who are to be the "wise men," when Solomon's Temple is rebuilt. But Ritmeyer, as a Christian fundamentalist, said that while he agrees "Jerusalem will become the capital of the world," the Jews will all be converted to Christianity at the "end of the millennium," and will not rule there.

### Blood and soil

In October 1982, the late Lord Harlech, David Ormsby-Gore, revealed to *EIR* that he was part of a consortium involved in the massive illegal purchase of Arab-owned land in the Israeli-occupied West Bank. Harlech, whose mother was Lady Beatrice Cecil, was the son of the fourth Baron who had acted as the liaison between the war cabinet and his in-law Lord Balfour of the Zionist Committee. The Balfour Declaration, as it was addressed to Lord Lionel Rothschild in 1917, was a special mandate which stated that Britain would regard with favor the establishment of a national home for Jews in Palestine. Through his "land scam" activities, Lord Harlech was augmenting this program by the transfer (at 100% markup) of title to Arab land for the building of Jewish settlements in the Occupied Territories.

Others whom Lord Harlech revealed were to take part in a Nov. 15, 1982 meeting to discuss "financial investments into the West Bank" were: then-Israeli Defense Minister, Gen. Ariel Sharon, best described as the Adolf Hitler of

Israel; Johannes Prince von Thurn und Taxis, whose relatives had been leading members of the Thule Society that launched Adolf Hitler; Peter Rupert Lord Carrington, a former British foreign secretary who had recently joined the board of Kissinger Associates, Inc.; former Secretary of State Alexander Haig, another Kissinger associate dating back to their days on Nixon's NSC and who was fired from the Reagan administration for secretly sanctioning Sharon's 1982 invasion of Lebanon; Julian Amery, a British parliamentarian, Freemason, and associate of H.A.R. "Kim" Philby, whose father Leopold had collaborated on the Balfour Declaration; Robert Moss, then editor of Evelyn de Rothschild's *Economist Foreign Reports*, who is today a partner with British SIS's John Rees and Arnaud de Borchgrave in an intelligence newsletter; Sir Edmund Peck, who worked with British SIS in the Balkans during World War II; Nicholas Elliott, who, as a senior SIS official for the Middle East had ensured Philby's escape from Beirut to Moscow; and former Secretary of Defense Robert McNamara, who is an outright genocidalist as head of the World Bank, and is a satanic kook through his membership in the Lucis Trust.

On the Israeli side, the main "partner" of Lord Harlech and Henry Kissinger was Gen. Ariel Sharon. Not only was Sharon then plotting the 1982 war in Lebanon to build a "Greater Israel," but he has led the fight to annex the Occupied Territories—including Jerusalem—through Jewish settlements. The Catholic magazine *30 Days* revealed General Sharon's hand in actions to annex East Jerusalem by driving out Christians and Muslims, and Sharon has since announced major new suburban settlements of Russian Jews around East Jerusalem to annex it. Sharon's Zionism in this regard is no different than Nazi "blood and soil" cultism.

# The cult origins of the fundamentalists behind the 'Temple Mount' plot

by Joseph Brewda

The Jewish fundamentalist fanatics who sparked off the current crisis in Jerusalem, with their demand to rebuild Solomon's Temple on an Islamic holy site, may seem crazy—but they're a great deal more than that. Their leaders are *intelligence operatives*, deployed to carry out a deadly mission on behalf of Israeli and British intelligence services, and with the increasingly unabashed support of the Israeli government. The origin of the fundamentalists' latest provocations must be traced back to the founding of the Zionist movement itself, as an intelligence operation to wreck the rational, Mosaic current in Judaism, in favor of mysticism and chauvinism, and to maintain the Middle East as a boiling cauldron of religious conflict.

On Oct. 17, Gershom Solomon, the leader of the Temple Mount Faithful, gave an interview to the London *Daily Telegraph* on his sect's program. The sect had attempted to lay the foundation-stone for "King Solomon's Temple" at the Haram al-Sharif Islamic grounds in East Jerusalem on Oct. 8, with explosive consequences.

The Al Aqsa mosque "must be dismantled and moved to Mecca," Solomon raved. Al Aqsa is a product of "Arab imperialism." Once the mosque and the nearby Dome on the Rock are removed from the "Temple Mount"—the Jewish fundamentalist name for the Haram al-Sharif—"the Third Temple must be rebuilt" in their place. "God gave us this land forever," he ranted, "and what God has given cannot be taken away by other people"—such as Arabs.

Solomon is in many respects a typical Israeli agent provocateur. His formulations and actions are intended to provoke religious war. A Likud bloc party operative, Solomon was assigned to form the police-agent sect back in 1982.

Since that time, Solomon's group, and various of its affiliates, have repeatedly attempted to blow up the mosque. These affiliates include the Ateret Cohanim yeshiva, a Jewish day school formed by Israeli intelligence agents Mattiyahu Dan and Rabbi Shlomo Aviner in 1978; the Kach party, formed by former FBI and CIA informant Rabbi Meir Kahane; and the Gush Emunim "settlers' movement," whose leader, Rabbi Moshe Levinger, was recently jailed for shooting West Bank Palestinians.

Despite their insanity, the groups are overtly supported by the current Israeli government of Prime Minister Yitzhak Shamir, the former head of the Stern gang. Housing Minister Ariel Sharon, Foreign Minister David Levy, and Yuval

Ne'eman, the minister of science and technology, are among the groups' most visible and vocal promoters. These political figures do not merely support these groups because their wild provocations serve the war aims of the current government. They support these groups because their insane Temple Mount project is and has been central to the Zionist cult beliefs upon which the Jewish state was formed.

## A cabalistic heresy

Although Zionism is usually depicted by its current apologists and advocates as a form of secular Jewish nationalism, nationalism per se is hardly the primary source from which the movement springs. Zionism can be traced back to the Kabbalah, the Jewish mystical heresy which the Babylonian priesthood had imposed on Mosaic Judaism in the first centuries of the Christian era. The Kabbalah is best described as a Jewish form of the gnostic heresy which was then plaguing Christianity, a heresy based on a radical rejection of reason within religion.

One of the central objectives which became associated with the cabalist tradition, and the Zionist movement which it later spawned, is the reconstruction of the Temple of Solomon, which was destroyed in 586 B.C. This fixation on Solomon's Temple partially derives from the Old Testament report that King Solomon was associated with a project of introducing various Babylonian cults into Judaism. It is noteworthy that the notorious fourth century A.D. Byzantine emperor Julian the Apostate had also sponsored an effort to rebuild the temple, and turn Jerusalem over to a paganized Judaism, as part of a broader attempt to destroy Christianity.

For such reasons, it is not surprising that the first major eruption of Zionism in modern times was led by the seventeenth-century cabalist Sabbati Sevi. Sevi proclaimed himself the Messiah who was to lead the Jewish diaspora back to the Holy Land. A central feature of his messianic cult was the rebuilding of "Solomon's Temple" on the Haram al-Sharif.

As in the case of the Temple Mount fanatics today, Sevi was not only a mystic kook, but also an intelligence agent. This would-be messiah was the son of the British East India Company's official agent in Istanbul, then the center of the vast Ottoman Turkish empire, and was patronized by the powerful Recanati and Luzzatto families of Venice. Zionism was already being nurtured by both the Venetian and British

empires as a means of disrupting the Ottoman Turkish empire which then controlled Palestine. The British oligarchy, and the Recanati and Luzzatto families, continue to be primary promoters of the "Temple Mount" project today. Edouard Recanati, for example, runs the Temple Mount Foundation. His family owns Israel's third largest bank, the Israeli Discount Bank.

### **The Venetian onslaught**

Back in the thirteenth century, the Luzzatto family began a campaign to nurture the growth of the cabalism in an effort to destroy the rational tradition associated with Moses, and in favor of something more useful to the Venetian oligarchy. In the seventeenth century, Moses Recanati, the chief patron of Sabbati Sevi, intensified this effort through directing Sevi's messianic movement and financing the mass publication of Jewish mystical texts. In the eighteenth century, Moses Chaim Luzzatto, the leading cabalist of his day, moved from Venice to Palestine, in order to cultivate this current with the Jews of the region.

In the nineteenth century, this campaign became associated with a denunciation of "Attic" Judaism led by Rabbi Samuel David Luzzatto, the founder of the rabbinical academy of Padua. By "Attic" Judaism, Luzzatto meant the Platonic current associated with Philo of Alexandria. Luzzatto advocated what he called "Abrahamic" Judaism, one opposed to Western notions of reason and political freedom. This outlook is currently expressed by such Temple Mount lunatics as Rabbi Meir Kahane, who once said regarding his program, that "Jewish leaders and intellectuals, the liberal Hellenists who drink from the milk of gentilized Western culture, will be forced to confront and choose: a Jewish state or a Western democratic one?"

### **The Kook tradition**

The major proponent of "Abrahamic" Judaism in the early days of the twentieth century was Rabbi Abraham Isaac Kook, later the chief Rabbi of the Holy Land. Kook formed a network of yeshivas which later trained many of the leaders of the 1940s Irgun, and its split-off, the Stern gang, which helped found the Israeli state. The leader of the Irgun during the 1948 Israeli war of independence was Menachem Begin, later the prime minister of Israel. The head of the Stern gang during the same period was current Israeli Prime Minister Yitzhak Shamir. The two groups comprise the Likud bloc today.

Rabbi Kook was not only the patron of much of what became the leadership of Israel today. He was also the patron of the Temple Mount project. In 1921, Kook formed the Yeshiva Torat Cohanim in Jerusalem, which had one central purpose: Destroy the Islamic holy sites at Haram al-Sharif in order to rebuild "Solomon's Temple."

The founding document of Kook's 1921 yeshiva reads in part: "In this epoch of national awakening, in the face of the

temporal and material elements that have taken hold of the [Zionist] movement, an establishment such as this is of paramount importance. . . . The main pillar of our present revivalism is based on a deep-seated hope of old to see once more the priest and Levites performing their sacerdotal rites. God's message concerning the rebuilding of the Temple and the renovation of the sacerdotal rites will certainly be fulfilled very shortly."

Kook's son, Rabbi Zvi Kook, later became the teacher and patron of Rabbi Shlomo Aviner, the founder of Ateret Cohanim. Kook's nephew, Hillel Kook (a.k.a. Peter Bergson) later became the Irgun's chief gun-runner in the United States during the 1948 Israeli war of independence against British colonial authority.

### **'From the Nile to the Euphrates'**

During 1940, most of the leaders of the terrorist Irgun, then run by Vladimir Jabotinsky, were incarcerated in British jails in Palestine. Jabotinsky acceded to British demands that the Irgun agree to a non-aggression pact with the British Army, and the leading cadres of the organization were released. Shortly thereafter, Menachem Begin, a longtime associate of Hillel Kook, took over the Irgun. Meanwhile, Avraham Stern, another senior Irgun leader, chose to reject the truce and to form a new terrorist organization, the National Military Organization in Israel, or Lehi.

The Lehi, also known as the Stern gang, was formed so that the Irgun could continue its bombings under a different cover. Stern was a student of Rabbi Abraham Kook, and had worked closely with Begin and Hillel Kook in Poland.

The founding document of the Lehi, which Stern authored and called the Principles of Organization, had three main programmatic demands. The first was not only that the Jewish people had a religious right to "Zion," but that "Zion" comprised all the land from the Nile River in Egypt to the Euphrates River in Iraq. This fantastic claim, which purports to be based on Genesis 15:18, is covertly embraced by many Israeli leaders today. Stern's second demand was that all Arabs living in this vast region be expelled. Here we see the origin of the current policy of expelling all Palestinians from Israel. The third demand was that the "Temple of Solomon" had to be rebuilt at Haram al-Sharif.

The Stern organization's operations side was led from its inception by Yitzhak Shamir. Upon Stern's death in 1942, Shamir took control of the organization, and led it through the 1948 independence war. The Stern gang's propaganda division was run by Geula Cohen, one of the most vocal supporters of the Temple Mount project within the Israeli Knesset today. Yet another figure in the Stern gang was Stanley Goldfoot, who had been implicated in the assassination of United Nations official Count Folke Bernadotte in 1948. Goldfoot is currently the head of the Temple Mount Foundation in Israel, and a key controller of such police agents provocateurs as Gershon Solomon.

## U.S. lets Assad slaughter Christians in Lebanon

by Nora Hamerman and Thierry Lalevée

The danger of war in the Middle East has continued to escalate in the last weeks of October, with the open complicity of the British, American, and Israeli governments.

Although the showdown between Iraq and the huge Anglo-American military deployment in the Persian Gulf appears stalemated, there are ominous rumors that the U.S. Bush administration might be readying a preemptive strike against Iraq in the near term. The Israeli government has heightened tensions by barring all Palestinians from Jerusalem, as a wave of retaliatory violence between Jews and Arabs escalates in Israel and the Occupied Territories.

But as we write on Oct. 26, the spotlight is on the massacre of Christians in Beirut, which has been suppressed by the same U.S. media that are dominated by daily accounts of supposed outrages committed by Iraqi troops under President Saddam Hussein.

Since on Oct. 13 the Syrian armies in Lebanon began to smash the Christian resistance there, led by the constitutionally elected head of government, Gen. Michel Aoun, the troops of Syrian dictator Hafez al-Assad have killed at least 700 Christians with the blessings of President Bush, whose new-found friend and anti-Iraq ally Assad is.

For the first time, the Syrian Air Force was allowed to bomb Aoun's headquarters. This proves that the U.S. and Israel gave Assad the nod; previously, the Israelis had demanded the Syrians be prevented from deploying their air power in the area.

Aoun remains at the French embassy, where the Syrian blitzkrieg forced him to seek refuge. The embassy is ringed by Syrian troops, demanding Aoun's release to the puppet Lebanese government they have installed. In a replay of the U.S. invasion of Panama, Syria would like to place Aoun on trial, supposedly for misappropriating Lebanese funds.

On Oct. 21, Lebanese Christian leader Dany Chamoun, his wife, and two small sons, were shot dead in their home in

East Beirut, murdered by a professional hit squad in military uniform.

### Evil logic of Syria

The massacre of the Chamoun family fit in with the Syrian logic pursued since the military onslaught against East Beirut on Oct. 13. In the hours following Gen. Michel Aoun's decision to seek refuge at the French embassy, while calling on his troops to cease fighting, the Syrian troops lined up hundreds of Lebanese army officers against the wall and shot them. In the next days, hundreds more Lebanese army officers and civilian supporters of Aoun were executed or massacred, some beheaded with axes. Dozens of high-ranking officers, known to have been close to Aoun, such as Gen. Amer Shehab, former head of Aoun's military intelligence bureau, were kidnaped and sent to interrogation centers.

In a series of actions best described by former President Amin Gemayel, as being comparable to the Soviet massacre of the Polish Army at Katyn in 1939, the Syrian leadership made it clear that their policy was to eliminate not only the leadership of the former national resistance against their occupation, but also preemptively to kill anyone who could in the near future represent a pole of opposition.

After the elimination of the military leadership, Dany Chamoun was unfortunately a perfect target for the Syrians. In killing him and his family, they were not only killing one of the leading Lebanese politicians who had, from the outset, supported the military resistance led by Aoun, but they were also annihilating a family which had become one of Lebanon's leading institutions.

Indeed, Dany's father, Camille Chamoun, who died in 1987, had dominated Lebanon's political life for many decades, and had been President in the late 1950s. In 1958, Camille Chamoun had called on the U.S. administration of Dwight Eisenhower to send troops into Lebanon to prevent

a Nasserite takeover of the country. In a sinister turn of history, Chamoun's own son was murdered by Syrian forces which, today, are America's allies.

### **American complicity**

On many such occasions, it would be customary to report that Washington's silence on Syrian actions has been deafening. This time, though, Washington has not remained silent, but has come out actively apologizing for the Syrians. Interviewed in Paris on Oct. 21, Defense Secretary Richard Cheney stressed that most reports he had heard so far, had been "unconfirmed. I would want to have confirmation before making any comment." On Oct. 24, the official spokesman of the State Department commented lamely that "if" reports of Syrian massacres "were true, we would condemn them"!

The cynicism of such a posture is only too visible when compared to George Bush's announcement only the night before, that he would try Saddam Hussein for crimes against humanity. The policy is widening the divide between Europe, especially France, and the United States. There is a general uproar in France both at the Oct. 13 military onslaught, and at Chamoun's assassination. By Oct. 16, more than 150 parliamentarians from all parties were in the streets of Paris, demonstrating against Syria. The European Community refused on Oct. 23 to lift the economic embargo imposed in 1986 against Syria.

On Oct. 19, France officially called on the U.N. secretary general to open an investigation into the massacres. By Oct. 22, it was calling for a special meeting of the Security Council which Washington has been trying to stalemate. During a parliamentary debate on Oct. 24, French Foreign Minister Roland Dumas revealed that he had asked James Baker whether Washington had given Syria a green light to intervene. The U.S. secretary of state denied having given such a green light. However, the mere fact that Dumas had felt obliged to ask such a question, and then to make it public, underscores the suspicion between Paris and Washington.

In the Washingtonian world of doubletalk, Baker may even have told the truth. As indicated by a *New York Times* article on Oct. 19, the Syrian puppet regime of Lebanese "President" Elias Hrawi allegedly sent a message to Washington at the beginning of the month, requesting clarification as to America's reaction, should he call on the Syrians to wipe Aoun out. The answer was simple enough: You are the legitimate government; if you call on Syria and succeed, we will approve; if you fail, we will deplore! A few days later, Hrawi was in Damascus.

### **French policy on the line**

Although France has protested the murder of Dany Chamoun, the Mitterrand government has failed to draw the consequences of the Lebanese events for its overall policy in the Mideast, where French troops have been sent to back up the Anglo-American military adventure. This point was

forcefully made in a commentary published in the Paris daily *Libération*, and written by former French Chief of Staff General Lacaze, where he charged that no one is telling the truth about the Gulf and Lebanon crisis:

"Telling the truth would be to explain why we, rightly, did not accept the violation of our residence in Kuwait, but accepted Israeli artillery bombardment of our embassy in Beirut in 1982, with three wounded, without any protest or retaliation. . . . Telling the truth would be also to acknowledge to the French population that, while being hostile to a terrorist Syria which has massacred our soldiers, killed our ambassador and occupies friendly Lebanon, [Syria] is our ally in Saudi Arabia. . . . Telling the truth, would be also not to hide from the French population that the United States does not give a damn about Lebanon, which does not have any oil. . . .

"If these truths were told, then the French people could understand that, in the name of a complacent *raison d'état*, we have sent into the desert of Arabia, for nothing, without any clear mission and without real support, the cream of our army; that we are supporting the dubious legality of a Lebanese President elected under the protection of Syrian bayonets, and that we would fight alongside a Syrian state which, in three days, razed to the ground its city of Hama and killed 20,000 of its inhabitants. . . . But the government won't dare explain these truths. I do not think that there is in France, a government with a clearly defined policy—hence how can it be expected to tell the truth?"

### **The imperial dreams**

Meanwhile, Washington is making no secret that it considers the Syrian actions a "step forward in the peace process." Indeed, as discussed during the meeting of James Baker with Hafez al-Assad in September, the move into Lebanon is integral to the plans for a separate peace treaty between Israel and Syria, a peace treaty based on both countries' redrawing the map of the region to their advantage, and at the expense of Lebanon, Jordan, and the Palestinians. For Syria, there could even be a special prize in case of a Gulf war: integration of a good chunk of Iraq into "Greater Syria."

After the Christians, Syria's next target will be the Palestinian refugee camps in Tyre and Sidon, where Syria will use one of the local militias, Amal or Hezbollah, depending on the allegiances of the times, to do its dirty work.

The convergence with the ongoing showdown between the Israeli government and the Palestinians in the Occupied Territories is no coincidence. Inside Israel a "popular" momentum is being built on the need to expel all of the Palestinians, obviously to Jordan. Faced with total economic collapse, still cut off from any international economic assistance, and at the mercy of Syria as its only outlet for international trade, Jordan has no capacity to resist such schemes.

# Scotsmen oppose war adventure in Mideast

*Reverend Alistair Drummond is a Minister of the Church of Scotland, for the Parish of Kelty, Fife. He preached the following sermon in the third week of August, which was then sent as a letter to the editor of the Edinburgh daily, the Scotsman. It is reprinted with the permission of the author.*

What are we doing in the Middle East at the present time? As surely as our Armed Forces are there, we are all there by implication. Our news programs and newspapers are full of commentary on the crisis in the Gulf. Every utterance of certain key people is broadcast to millions. Strong words are spoken, accusations of lies, counteraccusations. The covers are taken off the war machines, muscles are flexed and the war lords strut about on their podiums; together we find ourselves on the brink of destruction.

Stock exchange indices tumble, interest rates are once again threatened and inflation becomes a more daunting prospect. Like all the Western and Westernized nations, we are in the Middle East with weapons of destruction at the ready because, to maintain a life that we think worth living, we must control what happens to the world's greatest reserves of oil. We are there to make sure that Middle East oil is always available to us. If it were not for the oil, and Western dependence on it, I sincerely doubt whether the U.N., spurred on by the U.S., would have intervened against the annexation of Kuwait.

The self-righteousness of the Western powers is hideous in the extreme. Of course, outrageous statements and claims have always been necessary in time of war to convince men and women to sacrifice themselves for the cause. A very thinly disguised fear is what motivates us to declare war in all but name.

We are faced with a potentially more unified Arab world, intent on bringing the West's greed to a halt, intent on demanding a more equitable distribution of the world's wealth. And why shouldn't they be intent on such things? If Saudi Arabia and Kuwait have been inclined to sell at the dictate of the West, their precious resource for a pittance and a few trinkets to line the pockets of their princes, is it not understandable that the Arab nations as a whole, who have suffered innumerable atrocities at the hands of Western crusading empires, should take their neighbors to task and strive together to determine their own future? Is it not understandable that they should use all the economic power at their disposal, in particular the reserves of oil?

I fear for the safety of the thousands of Britons trapped in Iraq and Kuwait. I fear for the safety of the British troops being sent to the Gulf. I still pray, like many others, that there may be a diplomatic path that avoids bloodshed. But the repercussions of what we are engaged in at the present time will be felt by us for a very long time to come.

I shudder at the understandable anger and resentment that is showering down upon us from the Arab peoples of the world. I am ashamed of my country and its decisions. I try to prepare myself for what may come.

*Alan Clayton, of the Scottish Socialist Party, a newly formed body which calls for Scotland to break the Treaty of Union with England and return to independent statehood, also warned against war in the Mideast in a letter to the editor of the Sept. 29 Scotsman. Mr. Clayton is a history teacher.*

If the West is faced with a Frankenstein, it is one of its own creation. . . . Kuwait is an artificial enclave in the desert. Whatever Saddam Hussein may be, he is certainly expressing the legitimate aspirations of his people for a return of a historic Iraqi outlet to the Gulf. We now have a powder keg in the Middle East, one which could be defused by compromise over the question of Iraqi outlets to the Gulf, but which the British Tory and Labour establishments seem to be compet-

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## Iraq says Israel, U.K. thwart U.S. interests

*The Iraqi Foreign Ministry released a statement entitled "Gulf policy update" on Oct. 17, which reviews British and Israeli control over U.S. foreign policy. Excerpts from this document, which addresses the Jerusalem massacre of Oct. 8, follow.*

While the American administration stage-managed a forceful series of rapid-fire U.N. resolutions regarding Iraqi restoration of its southern province, it engineered a time-delayed, toothless mere slap on the wrist in response to the most recent provocative slaughter of unarmed Palestinian citizens in Al-Quds [Jerusalem]. . . . In the former case, the resolutions were drawn and passage forced in a matter of hours. In the latter case, deliberations dragged on for five days and resulted in a watered-down resolution which criticized only the police and ignored the complicity of the Israeli government. These two actions, juxtaposed, clearly show the bias of American foreign policymakers.

Iraq maintains that this unevenhanded response to

these issues is the result of three forces which override true American interests and define the parameters of the foreign policy of the United States.

The first and most obvious force which proscribes U.S. options is that of Zionism. Zionist influence on American political decision-making and on the media has funneled the focus of American policy to a narrow range of choices in international relations, all of which enhance the Zionist historical goal of an ever-larger Eretz Israel. . . .

The second force influencing American reaction to the current crisis is the desire of the moribund British Empire to reverse the process of the setting of the sun on the remnants of its former colonial empire.

Related to this second force is an Anglo-American cadre of military-industrial interests who seek to establish hegemony over Middle East petroleum resources to control the economic progress of Europe and Japan, thus eliminating the competitive potential of those countries.

Recognizing the limitations of U.S. foreign policy due to these powerful forces, the Republic of Iraq has nonetheless offered, through President Saddam Hussein's peace initiative of Aug. 12, an opportunity for the United States government to both save face and to restore the philosophy of its international relations to a more just and righteous course. . . . We remain firm in our resolve to seek peaceful means to effect a comprehensive solution to the region's disputes, to the benefit of all mankind.

ing with each other to ignite. Apart from the implications for the Western economies of this deliberate inciting of a militant pan-Arabism, there remains the awesome prospect of Gorbachov being overthrown by a Soviet military establishment appalled at the massive U.S. military build up so close to its southern borders. The British army of liberation, invisible while Saddam Hussein was slaughtering Kuridsh nationalists with poison gas, is now in place to recover the lost rights and liberties of spiders and sand flies, as it did in its day for the penguins of South Georgia. If major international conflict or world war develops, I hope and pray that the young people of Scotland individually and collectively decide upon the nature of their relationship with the British state and the inevitable demands it will make upon them.

*Professor I.A. Willock, a specialist in Jurisprudence at Dundee University and a highly respected lawyer, writes in an October issue of the Scottish Legal Action Group's bulletin an editorial entitled "At the brink of war." It reads, in part:*

The buildup towards war with Iraq is fraught with such devas-

tating consequences that Scottish Legal Action offers its mite of support to the growing movement for a diplomatic solution led by Mr. [Edward] Heath. . . . The administration of Kuwait must be open to negotiation. It is quite unacceptable that the future of the world should be imperiled to put back in power a despotic family. . . . President Saddam Hussein is another kind of tyrant, but he does appear to enjoy much popular support. He is clearly no madman, but an adroit politician who has been able to play upon Arab enmity towards Israel. A war with his 1 million-strong army, seasoned by their eight-year-long conflict with Iran would be such a protracted and bloody one if fought with conventional weapons, that there would be a strong temptation for nuclear and chemical weapons to be used, with their incalculable long-term consequences. . . . Clearly Kuwait is a matter of national pride to the Iraqis. But their need to export oil is another potent factor. There must be a way to devise a form of government for Kuwait acceptable to Iraq, the Western Powers and the Kuwaiti people, and thus avoid a war which would disrupt the whole world, but devastate the countries at the center of it.

# Mass demonstrations sweep Ukraine

by Konstantin George

A milestone toward the goal of Ukraine's peaceful revolution—a free, independent Ukraine—was reached after three days of mass demonstrations, Oct. 15-17, by upwards of 100,000 persons in the Ukrainian capital of Kiev. Mass protests swept Kharkov, Ukraine's second largest city, and the major cities of western Ukraine: Lvov, Ternopol, and Ivano-Frankovsk. On Oct. 17, the Strike Committee of the Donetsk coal miners, the leaders of the U.S.S.R. miners' strikes of July 1989 and July 1990, declared their total support for the demonstrations and their demands.

The demands were: 1) the immediate resignation of Ukraine's Communist government, headed by Prime Minister Vitali Masol; 2) the holding of new parliamentary elections, under a multi-party system with full and equal media time for all candidates and parties; 3) a new Ukrainian Constitution, codifying in binding law the state sovereignty voted for by Ukraine's Parliament July 16, no joining of Gorbachov's proposed "new Union of Sovereign States" until a new constitution and parliament exist, and that Ukrainian conscripts may not serve outside the territory of Ukraine.

By the evening of Oct. 17, the Ukrainian Communist Party leadership was beating a tactical retreat. Ukraine's Communist President, Leonid Kravchuk, announced at a press conference that the Masol government was resigning, thus granting the protesters' first demand. The Ukrainian Parliament accepted the resignation on Oct. 23.

Kravchuk also announced that the Parliament, where the party holds a two-thirds majority, had just voted by "a large majority" that Ukraine "will receive a new constitution," and that Ukraine will not join the "new Union" until the constitution is in effect. Finally, he promised: 1) that a "referendum" would be held "early next year," for Ukrainians to decide whether to hold new parliamentary elections, and, 2) that no Ukrainian conscript may serve outside the territory of Ukraine, except on a voluntary basis.

The referendum, whose outcome is certain, ensures new elections, almost definitely by March. The concession shows the stunning gains made by the revolutionary process in Ukraine in a mere two weeks. On Oct. 1, the Ukrainian national movement Rukh and its allied Republican Party were demanding elections for March at the latest. On Oct.

17, it was the government offering March elections, and Ukrainians replying "too little, too late."

The demands listed above echoed those first put out by Kiev University students, 250 of whom began a hunger strike on Oct. 2, one day after the "hot autumn" began in Ukraine with dozens of mass protests and strikes. The hunger strike tactic and student marches are copying, in combined form, the May 1989 methods of the Chinese student freedom fighters, and the actions of the Czechoslovak students later that year, who succeeded in sparking the mass actions by workers that toppled the Stalinist regime in Prague.

The 250 Ukrainian students staged their hunger strike along the Kreshchalik, Kiev's main boulevard, and then set up a second hunger strike site directly in front of the Ukraine Parliament building. University students began parallel hunger strikes in downtown Lvov, the metropolis of western Ukraine. Emulating the Chinese, the Ukrainian students set up tent cities at these central sites. While the core of hunger strikers manned the tent cities, thousands of students followed the Prague model and staged daily marches through the worker districts of Kiev and other cities, calling on the people to join them. The universities were proclaimed "free territory." From every building and many windows flew the blue and yellow Ukrainian national flag.

## Moscow falls back

Moscow has been forced into a fallback policy option concerning Ukraine. This policy can be summarized as "Ukraine can have everything it wants, as long as it remains in some fashion, however loosely, part of the successor state to the Soviet Union."

In an Oct. 24 interview to the German daily, *Süddeutsche Zeitung*, Ukraine's Communist President Kravchuk announced, in a total change of line, that Ukraine cannot accept "in its present form" the Gorbachov draft for a "new Union Treaty," intended to create a "Union of Sovereign States" to replace the Soviet Union: "It is much more important to stop the worsening of the social situation and in this way create more favorable conditions for a new Union Treaty." The next surprise was his rejection of the economic Shatalin Plan as "unacceptable for Ukraine, alone on the grounds that Ukraine needs its own program for its own special circumstances." Then he declared that Ukraine also would not accept "presidential decrees if they contradict the sovereign right of Ukraine."

Asked point-blank whether Ukraine should stay in the Soviet Union, Kravchuk dismissed the question as "theoretical," but interjected that "one must speak of a path of independence which Ukraine has undertaken. It must be evolutionary, and proceed in stages." A month earlier, such statements from a Communist President of Ukraine would have been unthinkable. On Oct. 25, Rukh began its Second Congress, where it will formally adopt a platform calling for Ukraine's full independence.

# Literate language: a wise basis for defending national sovereignty

by Lyndon H. LaRouche, Jr.

*What follows has been slightly shortened from a commentary made by Mr. LaRouche on Oct. 20. He is a candidate for Congress from Virginia's 10th C.D.*

It is urgent that some serious thinking be done both by the government of the United States, and other governments, on the question of national sovereignty.

We have two directions from which national sovereignty is endangered now. One is the tendency toward formation of global and regional blocs which dissolve national sovereignty in effect, or threaten to do so. The second is, the resistance to the aspirations of peoples for national sovereignty from within confederations such as the Soviet Union, the Warsaw Pact, or the Federation of Yugoslavia.

Unfortunately, for most statesmen these days, I see reflected no understanding of the essential principles involved in such matters. This is probably due to a fault in trends of 20th century higher and other education, relative to the highest standard of education in the best institutions during the 18th and 19th centuries, when this matter was better understood.

Dante Alighieri made it clear in *De Monarchia* and other writings, taken together, that one of the essential conditions for an effective form of representative self-government, an effective form of national sovereignty, was the premising of the state itself upon the common use of a literate form of commonly spoken and written language.

The principle is twofold. First, without a common language, a people cannot deliberate together, and therefore cannot form a *durable* form of coherent self-government. A government which is composed of people of different languages, who cannot deliberate directly with one another, is no representative government at all.

Second, it is not sufficient that people speak a common form of language. People who speak in an argot, think in an argot; and people who think in a defective form of language cannot comprehend even the simplest of the life and death issues which determine the durability or the collapse of a nation-state. Therefore, we must emphasize the two conditions: the condition for the most effective form of sovereign

nation-state—the precondition for *any* form of truly representative self-government—is that the span of government among the electorate must not *exceed*, in general, the boundaries of those who share the common use of a literate form of language.

The exemplary model for literate form of language is the Italian of Dante Alighieri's *Commedia*, which set the standard for literate Italian, particularly during the period of the Renaissance, and following.

## The principle of literacy

If we avoid limiting the notion of logic, or reason, to a deductive logic, we can say then that a good language, such as the ancient Vedic or Sanskrit as a model, has all of the features of a geometry; a mathematics in general; music; and so forth.

A language in a literate form, embraces all of the capabilities needed to express the highest form of physical-scientific knowledge, and of classical humanist art forms. It may have difficulty in representing, directly, geometric forms, or forms of great paintings and so forth, the so-called plastic arts, but it can deal directly with the ideas bearing upon those subjects of the so-called plastic art forms, and geometry.

Contrary to some radical thinkers of the 18th and 19th century, and contrary to the misguided authors of so-called "new mathematics" during the present century, the ability to understand any important policy of government or of self-government, depends upon an adequate founding in both a literate form of language and of the use of a rigorous geometry as an auxiliary or part of that repertoire of literate thought and speech. This mastery of geometry, in a civilized society, is reached by approximately the age of 10-12 at the latest; otherwise, lacking that, the child will tend to be crippled as an adult throughout life, through a lack of mastery of a rigorous form of elementary geometry.

The issue is not how to communicate slogans, to which some people degenerate politics and political thinking. The issue is the ability of a people *to think*: to use the words of Shelley, in his "In Defense of Poetry," "to impart and to

receive the most profound and impassioned conceptions respecting man and nature." This is the condition of a healthy electorate: The ability to *share* this kind of thinking, is the geography of an effective form of representative self-government.

For example, at one point in the history of the United States, there was a decision faced, as to whether the young United States should adopt as its universal language, English or German. These were very wise people, who posed that question. A nation must have one language which is its official language, in which everybody can think articulately, literately. That language must be a literate form. It must not be reduced, also, to a deductive form of expression; that is, a deductive grammar. Otherwise, the language is *incapable* of communicating important thought.

### **A communicable form of creative reasoning**

Just one sidelight on this. As I referenced this in a recently published short book, *In Defense of Common Sense*, Kant's *Critiques*, which are an attack upon Gottfried Leibniz, more or less in the spirit of David Hume and Voltaire . . . denied the existence of a communicable form of creative reasoning, which Leibniz had shown to be possible, and which I have, in the course of my work, had occasion to freshly demonstrate. As a matter of fact, one of the essential parts of my life's work has been a refutation of Kant, in defense of the tradition of Leibniz, the latter to which I adhere, which all my important contributions to scientific and related thought have been derived.

But if a people were to speak only a Kantian or Cartesian form of language, that people would not be an intelligent people truly capable of self-government. And, as Kant defines the problem of *deus ex machina*, that implies, and rightly so, that a people whose thinking is limited to deductive formalism in its habits of speech, is a people which leaves the most important questions out of the arena of comprehensible deliberation. The result is that effective government comes in the form of something outside the capacities of reason of the people at large. In other words, tyranny, or dictatorship.

So, as Heinrich Heine warned against Kant and René Descartes, if adopted as a mode of thought of a people, it condemns that people, either to anarchy, or to the solution of anarchy known as dictatorship, or outright tyranny.

Thus, the importance of a people being able to reason, as I define reason in the short book I've referenced, is an essential condition of representative self-government.

In contrast to this, let us consider what many people say today in the name of democracy.

Modern ideas of democracy—that is, in the postwar period—are largely influenced by a rather satanic group of people centered around the Institute for Social Research at Frankfurt, particularly the ideas of that evil fellow, Theodor Adorno, with his and Hannah Arendt's idea of the authoritarian personality. To these fellows, all forms of reason are

essentially authoritarian, or dictatorial.

These are the people who gave us Adolf Hitler; these are the people who have given us Bolshevism; these are the people who have given us modern terrorism, at least the structure of it; these are the people who have given us that radical counterculture, which is eroding and threatening to destroy Western civilization from within,

Democracy is not based on everybody's right to their own opinion; true democracy is based on the right of the person, and the obligation of the person, as well as the right, to have the means of literate forms of effective common deliberation, respecting the policies of self-government of a sovereign nation-state.

### **A community of principle**

Beyond that, given that a state is sovereign within these principles, a state may enter into agreement with other states; an agreement which is based on a community of principle. Thus, the French and the Italians and the Germans, each having a literate form of their own language, may enter fruitfully into various kinds of agreements which are mutually advantageous to each and all members of the states. They may loosen the borders among the respective states, without looting thereby, the sovereignty of any of the states. They may promote commerce in a most intensive degree, provided they do not loot the political sovereignty of the respective states.

Because the deliberation must be done in the literate form of the respective languages, thus, the principle of sovereignty by language definition must be preserved. But, they may cooperate in all kinds of forms otherwise. This cooperation depends, however, upon a common principle which is known within the literate use of the respective languages. That common principle is what Christian tradition since St. Augustine in particular identifies as natural law.

The only supranational authority which can be rightly tolerated on this planet, is not any form of supranational government, or any treaty organization which has the forms of supranational government. The only form of supranational rule is the authority of the highest moral law, natural law, as the Augustinian tradition identifies it. *Any other arrangement, is folly which leads but to bloodshed.*

Thus, we have the situation in Eastern Europe, in the Soviet Union, in Yugoslavia, and elsewhere. States must be bound together, either as truly sovereign states, which are based on the literate use of a common language or there must be arrangements, considerations, based on a true valid and durable principle of natural law, for which there is no substitute for natural law as defined by the Augustinian tradition.

Failure to adhere to this principle, or intentional or reckless violation, leads but to violence and bloodshed in the long-run. That is my policy on this matter, which I am prepared to defend, and believe that I must prevail in any dispute on this question.

# Thatcher suffers a 'Waterloo' defeat

by Mark Burdman

On Oct. 18, the voters in the southeastern English district of Eastbourne, in Sussex, gave Prime Minister Margaret Thatcher's Conservative Party a stunning defeat. Eastbourne is a place where the Tories usually win handily; in the last electoral contest there, the Tories won by a comfortable 17,000-vote margin over the nearest candidate. On Oct. 18, however, the Liberal Democratic candidate won by 4,550 votes over the Tory candidate, in an important mid-term election.

Britain's *Sunday Correspondent* editorialized on Oct. 21 that Thatcher should "listen to the voters" and begin to think of an early retirement. The paper noted that her political future looked very dim, barring the outbreak of a war in the Persian Gulf, which "may forestall a change for now."

The Eastbourne result was more embarrassing than the bare numbers show. The Liberal Democrats are usually an also-ran party, often coming in far behind the Tories and the main opposition Labour Party (which gained a miserable 5% in Eastbourne), and sometimes even coming in behind the Green Party. Eastbourne was the district where Thatcher family intimate Ian Gow had been the serving parliamentarian, until he was assassinated by the Irish Republican Army earlier this year. Hence, there should have been a "rallying round the flag." But in fact, a Tory campaign to depict the Conservatives' opponents as de facto sympathizers of the IRA, backfired miserably.

## 'Gung-ho free-marketeering' discredited

The vote was a massive protest against Thatcherite economics, which has brought Britain inflation rates of nearly 11% (even before taking into account the effects of the Gulf crisis on the world economy), interest rates of 14-15%, and high taxes. Even in Tory country, the mood is one of anger and disgust. As the London *Economist* wrote in its Oct. 22 issue, in the same southeastern England which had been the site of the touted 1980s Thatcherite boom, "bankruptcies have been booming," and "small, overborrowed companies that started up there throughout the past decade have been disappearing in droves."

Writing in the City of London's *Financial Times* Oct. 22, columnist John Plender suggested that the signal sent by

the voters of Eastbourne was that "the era of gung-ho free-marketeering is finally at an end." He went on: "That fashionable policy nostrum of the 1980s, financial deregulation, made a king-sized contribution to the credit boom and subsequent inflation that have now been followed by interest rates that find no favor in Eastbourne or anywhere else. Who said the British middle class were gluttons for punishment?"

According to Plender, "Most important of all, what the electorate appears to want most in the 1990s [are] public goods, which tend to be best provided by, or in combination with, the state: health care, education, transport, and . . . environmental protection."

On Oct. 20, two days after Eastbourne, the first major protest against the Thatcherite "poll tax" (a tax levied per head, irrespective of income) took place in London. Several thousand protesters marched peacefully, until a ragtag group of the anarchist and "class war" stripe started a violent protest, in order to discredit the anti-poll tax mood as a whole.

## 'The Lady must go'

The lessons of Eastbourne were quickly drawn by the pro-Tory press. The Oct. 19 London *Daily Telegraph* had a banner headline in its late edition: "Conservatives crash to humiliating defeat." The paper called the Liberal Democratic victory "spectacular," and said there would be now a "huge electoral hurdle" for Mrs. Thatcher, as she pursues a fourth term in office in early-1990s elections. The *Daily Mail* called the election a "devastating blow" to Thatcher's reelection hopes.

The pro-Labour *Daily Mirror* commented that the Eastbourne result was a "clear message to Thatcher: 'Your time is up!'" This was echoed by the liberal *Independent on Sunday* Oct. 21, which stressed that if the Conservatives wished to win the next election, "the Lady must go. . . . She is now a source of division." The paper advised that she "resign gracefully," in order to give her successor "time to prepare for the next election."

In this perilous conjuncture for herself, Mrs. Thatcher can only hope for a war in the Gulf, to re-create the so-called 1982 "Falklands effect," when her neocolonialist adventure against Argentina rejuvenated her political fortunes. So, it is no accident that one of her mouthpieces, former Trade Minister Nicholas Ridley, wrote a bloodcurdling guest editorial in the Oct. 21 *Sunday Express*, entitled, "We must act fast to stop Saddam." The same Ridley who ranted against the new "German Fourth Reich" earlier this year, now raved against "appeasers, compromisers and faint hearts" who are trying to prevent war in the Gulf. The same shrieks were emitted by the *Telegraph*, in a lead editorial the next day, entitled, "The dangers of delay."

As the *Independent* commented in diplomatic language Oct. 23, Margaret Thatcher "on a personal level, is more inclined to raise the scenario of a war against Iraq" than most others on the international political scene.

# P.R.C.: 'Taipans come back'

by Linda de Hoyos

Kissinger Associates does not intend to be left out of any lucrative developments in the People's Republic of China. On Sept. 9, Henry was in Beijing to discuss U.S.-P.R.C. relations, at the invitation of the Chinese Foreign Ministry. Kissinger was fêted by no less than P.R.C. President Yang Shangkun, Communist Party General Secretary Jiang Zemin, and Prime Minister Li Peng. Also present at the meetings was Zhu Rongji, the mayor of Shanghai, indicating that, as always with Henry, money figured prominently in the conversation.

The Chinese leadership, who gunned down thousands of students in June 1989 in the name of "opposition to bourgeois liberalization," has decided to revive one of the most glaring symbols of China's colonialization: the Shanghai concessions. According to a Xinhua report Sept. 10 (when Henry was still in town), "The first free trade zone on the Chinese mainland will be set up in Shanghai's Pudong Development Area." Foreigners are to be invited—with no strings attached—to set up factories and other enterprises, in the Pudong area, in a plan that includes granting land concessions. The idea is to turn Shanghai into a "mainland Hong Kong."

The idea, reports Fei Xiaotang in the August issue of *Liaowang Overseas*, originated with Deng Xiaoping himself. Shanghai, it was decided, will go way beyond the Shenzhen special economic zone "to become something at a higher plane, and a national center of trade, banking, information, transportation, science and technology."

In physical-economic terms, a gigantic port facility will be built in Shanghai, to balance Hong Kong and Macao in the south. As the *Liaowang* author notes, "I have only raised an old topic. Back in 1914, while designing his plan for China's reconstruction in the book *Program for China's Reconstruction*, Dr. Sun Yat-sen proposed the tentative idea of building a big port in the Orient. Dr. Sun had vision and prized the Chang Jiang Delta even at that time."

Economically, the author explains, "Shanghai should become the general dispatcher's office and service station for the industrial and agricultural products of Jiangsu, Zhejiang, and all cities along the Chang Jiang." Shanghai is at the center of a port network along the eastern coast which is disorganized, some ports operating below capacity, and some, like Shanghai, unable to handle their workload. "If ports along these coastlines are put under unified planning,

developed at different layers into a network in cooperation with the division of labor, opening up to the outside world and organized into port groups with Shanghai being the locomotive, Shanghai will utilize its advantages in trade, banking, information, science, and technology to organize the supply of goods with initiative to rationally organize flow direction, to make prompt dispatch, and regulation, while the role of every port will be given full play with still greater development."

Shanghai would become a superport, servicing China as Rotterdam services northern Europe. So far, so good.

## Enter the British

But port construction is only one aspect of turning Shanghai into a "mainland Hong Kong." According to various sources, Great Britain agreed to hand over Hong Kong to the P.R.C. in 1997 if the British and other such interests were permitted back into their old stomping ground, Shanghai. The Qing dynasty had handed over territory in Shanghai to the "great powers," which territory was then "off limits" to the Chinese. Oddly, these concessions became the early nesting and later hiding places for the communists in their war against Sun Yat-sen's republican movement.

Shortly after Kissinger's visit, Rodney Galpin, chairman of Britain's Standard Chartered Bank, came to Beijing where he held "reassuring and useful" discussions with "senior Chinese officials, including Li Peng." Even this straight-laced hardliner "promised that China will further strengthen its financial links with the foreign banking community," reported the *China Daily*, which also remarked that "The Standard Chartered Bank, headquartered in London, is the oldest and largest international bank in China, having opened its first branch in Shanghai 132 years ago."

The thaw in Sino-British relations was signaled last July with the visit to Beijing of British Minister of State of the Foreign Office Francis Maude. Here again, Li Peng "broke protocol" to meet with Maude, as described by the Hong Kong *Kuang Chiao Ching* Aug. 16. A visit by Foreign Secretary Douglas Hurd is slated next.

Shanghai is already the center of Chinese operations for Seagrams Liquor, a firm headed by Edgar Bronfman, a co-director with Henry in the British media conglomerate Hollinger Corp., whose finances co-mingle with those of the notorious "fat cat" Hong Kong magnate, Li Kai Shing.

This brings up another purpose of the proposed Shanghai superport—drugs. Hong Kong is the depository for billions of dollars made from the high-grade "Chinese white" heroin flooding the U.S. in the reverse opium war. How much of this money will now flow directly into the P.R.C. via Shanghai, might have been discussed between Kissinger and the Shanghai mayor. In 1971, Kissinger stopped on his way back from China in Hong Kong, where he met the local chairman of the Bank of China, chief of Chinese financial dealings in the dope center.

# Menem provokes military face-off

by Cynthia R. Rush

Argentine President Carlos Menem is facing economic, political, and social disaster. The International Monetary Fund policies he has imposed have left the economy in shambles; the base of the Peronist party has denied him political support, and almost all provincial governments are facing social upheaval and paralysis, due to budget crises. Unrest is rampant among every sector of the population, over a government policy which has slashed wages, reduced consumption, and destroyed production to please foreign creditors.

Everywhere Menem goes, he is booed. Tourists accosted him on the streets in Montevideo, Uruguay, to berate his economic policy. State sector workers in Ushuaia in Tierra del Fuego, angry over their meager salaries, prevented him from speaking at a public event. Workers have shut down three provincial governments, demanding higher wages to confront monthly inflation of 15%. The CGT trade union federation has announced a national day of protest and mobilization for Nov. 15. Saúl Ubaldini, secretary general of one faction of the divided CGT, publicly characterized Menem's economic policy as "just like that of Martínez de Hoz," the monetarist finance minister who ruined Argentina's economy under the 1976-83 military junta.

Desperate to preserve his carefully cultivated image as the Bush administration's "reliable" ally, Menem has opted now to go on the offensive and provoke a confrontation with Army nationalists, led by Malvinas War hero Col. Mohamed Alí Seineldín. He accuses them of planning to destabilize the nation, sow chaos and terrorism, or stage a coup. Colonel Seineldín is hated by the Anglo-American establishment because he has refused to surrender Argentine sovereignty or to dismantle the institution of the Armed Forces. When the generals of the Army high command complain that there is a breakdown in the chain of command, they are correct. Soldiers, as well as middle-level officers whose wages and livelihoods have been sacrificed as part of Menem's austerity program, feel more loyalty to Seineldín than to the high command.

It is no accident that Seineldín is being targeted. In the Middle East, the Anglo-American coalition led by George

Bush and Margaret Thatcher has just sacrificed the nation of Lebanon. They are gnashing their teeth over how to get their hands on Christian leader Gen. Michel Aoun, and have already murdered Lebanese statesman Dany Chamoun. Any national leader who refuses to succumb to their goals is to be eliminated. On Oct. 22, Army Chief of Staff Gen. Alberto Bonnet placed Seineldín under arrest for 60 days for violating Army discipline. This is expected to be the first of many punishments. Henry Kissinger and his local allies won't be satisfied, however, until Seineldín is dead.

Over a several-week period, a series of press and intelligence reports have placed Seineldín at the center of plans to stage a military uprising, allegedly to occur in conjunction with mobilizations organized by trade unionists and state sector workers around the country. On Oct. 3, to heighten the environment of conspiracy, the press lied that the colonel had gone underground. Ten days later, three non-commissioned officers at the Second Army Corps in Rosario were forcibly retired, charged with meeting privately with Seineldín sympathizers to view videos on the colonel's political thinking. Throughout this period, press also put out the story that Seineldín was protecting Panamanian Capt. Eliecer Gaytán, former head of Gen. Manuel Noriega's security, who was allegedly hiding out in Buenos Aires. Seineldín was called to appear before General Bonnet to explain the video incident.

## A dangerous strategy

Menem's strategy for dealing with his domestic crisis is suicidal. His commitment to IMF economic policy, combined with continued attacks on Army nationalists, is designed to put the latter group in an impossible situation in which anything could happen. Colonel Seineldín said as much in the letter he sent directly to Menem on Oct. 19. In it, he warned that as a result of actions taken against the Army, and the violation of previous agreements made to address problems inside the institution, "such is the sentiment prevailing among the majority of the ranks, that conditions are now ripe for rebellious events to occur of such gravity that neither you nor I can say precisely what may happen."

Seineldín was arrested because he wrote to the President rather than going through General Bonnet. As he explained in his letter, he considered it his duty "to warn the Commander-in-Chief of the Armed Forces of something that is extremely dangerous for the future of the Argentine nation and its Armed Forces." The colonel repeated that far from being united, "the Argentine Army is increasingly fractured . . . [and] the best men have been separated from the ranks and persecuted administratively."

In the midst of this national crisis, Carlos Menem left the country for a 10-day tour of Rome, Warsaw, and Moscow. Upon hearing of Seineldín's letter, however, he sent back word that he considered it to be quite "unimportant," since the colonel, in his view, was "totally discredited."

# Barbarism in Liberia is the result of American pragmatism

by Michael Gelber

The ongoing nine-month-old war in Liberia has been rightly called one of Africa's "most ruthless fratricidal wars." At least 25,000 people have died, untold thousands have been injured, approximately 300,000 have been displaced, and another 450,000 have fled to neighboring Guinea, Ivory Coast, and Sierra Leone. The population of Liberia before this conflict began was a mere 2.5 million.

Until 1987, Liberia, a nation originally created by freed American slaves in the mid-19th century, was considered a loyal ally of America. What happened?

Former President Samuel Doe, executed in September by rebels, was installed in power 10 years ago with full American acceptance. He was then a 28-year-old master sergeant who rose to the head of a coup to stem a wave of unrest apparently directed against the austerity policies of the preceding government of William Tolbert. In 1979, when Tolbert doubled the price of rice, thousands of students and others poured into the streets. Tolbert, who was head of the Organization of African Unity (OAU), arrested and then, according to a student leader at the time, offered amnesty to his opponents.

This degree of tolerance was opposed by Doe's faction, and a coup resulted. Unlike Tolbert, Doe began eliminating his adversaries. "Any anti-revolutionary element caught undermining the progress of the Liberian Revolution will be immediately executed," he warned.

Tolbert believed the destabilization of his regime went beyond the price increases, though he benefited as owner of one of Liberia's largest rice farms. After a call for a general strike, followed by the rice riots under the direction of the People's Progressive Party, Tolbert arrested 75 activists, charging them with sedition and treason, and expelled three Soviet diplomats for "reasons we felt were necessary for the benefit and security of the Republic of Liberia," he said.

Judging by the financial support provided the new President Samuel Doe, the U.S. looked at him as a vehicle to project U.S. geopolitical objectives in the region. According to an insider on the scene during this period, one of the State Department's concerns was the need to "wean him away from the influence of Qaddafi." Libya was one of the first nations to recognize the Doe regime, while he received little support from the OAU. Assistant Secretary of State for African Affairs Richard Moose told a congressional subcommit-

tee following the coup that U.S. economic and military assistance "will counter the temptation to accept" offers of aid from Libya, Ethiopia, and the Soviet Union. The danger that Doe might be susceptible to Qaddafi, justified U.S. investment.

## Bush lets pragmatism prevail

What has been America's thinking underlying relations with Africa? Then-vice presidential candidate George Bush expressed it succinctly in an interview in *Africa Report* in 1980: "Pragmatism should prevail. . . . My criteria for assistance would include: the importance to the U.S. of a given state in terms of its natural resources, strategic position, and influence in Africa."

President Doe received \$500 million between 1980-87, the highest per capita contribution to any sub-Saharan nation. The United States also arranged to have Doe's troops trained in Israel. In turn, Doe closed the Libyan embassy, and suspended diplomatic relations with Moscow.

America's primary interest has been to use Liberia as a listening post and communications center. The U.S. has an Omega communications and navigation relay station near the capital of Monrovia which transmits to submarines in the South Atlantic. Liberia has supplied the U.S. landing and refueling rights at Robertsfield International Airport, used to support the UNITA rebels in their insurgency against the pro-Soviet Angolan government. And, a 500-person staff at the U.S. embassy in Monrovia collects information for the CIA from the entire region and runs a Voice of America transmitter. In other words, Doe permitted the U.S. to run its intelligence operation for the continent out of Liberia. In return, the U.S. accepted virtually any kind of regime.

Opposition to Doe grew especially following 1985 elections in which the alleged victor, the Liberian Action Party (LAP), was defrauded and its ballots burned. Within the leadership of the LAP, was Ellen Johnson-Sirleaf, an on-and-off World Bank executive since 1973. She was Tolbert's finance minister and, in December 1980, after a brief stay in Doe's administration, she became the World Bank's senior loan officer for Kenya, Uganda, and Tanzania. In 1981, she was running Citibank's office in Nairobi, Kenya for east and south Africa. It is an open question as to what extent the World Bank views the LAP as a means to reassert control in Liberia.

A failed coup in 1985 resulted in Doe's opponents being killed or thrown in jail. Doe, in revenge, annihilated an entire village of 6,000 people who had the misfortune to inhabit the town in which the leader of the coup lived.

Liberia's economy was also in shambles. Under U.S. and International Monetary Fund (IMF) pressure, the country has been maintained in strict colonial fashion as a raw materials exporter, primarily iron ore and rubber. (This was also one of the opposition's criticisms of the Tolbert regime.) In the unfolding world depression, such products were not in demand. Also, Doe controlled all foreign exchange earnings, and it is said that he personally pocketed upwards of 40% of the nation's revenues. Under pressure from exiles such as Amos Sawyer and Sirleaf, who fled to the U.S. following the coup, Sen. Edward Kennedy (D-Mass.) convinced the Government Accounting Office to audit U.S. aid to Liberia. The result was the deployment of a team of 17 U.S. "experts" to Liberia to, in the words of Sirleaf, "run the country." Doe refused to adopt their proposals.

### **U.S., IMF target Doe**

Increasingly, the U.S., the IMF, and World Bank began looking for alternatives to Doe. The decision to replace him with someone more amenable to World Bank objectives probably occurred sometime in 1987.

As it became more evident that Doe was not going to permit the U.S. and World Bank to set his agenda, military aid was cut. Doe's response was to go to Romania for his military needs. Ironically, Romania's barbaric President Ceausescu was the darling of the World Bank precisely because he met their debt repayment schedule.

By the late 1980s, the U.S., IMF, and World Bank had succeeded in creating a monster whose military capability was financed by the U.S., trained in Israel, and armed by Romania! According to one Liberian source, the State Department had invested so much in Doe that they were unwilling, until recently, to let go of him.

A coup was launched against Doe last Christmas by the National Patriotic Front of Liberia (NPFL), led by Charles Taylor and Prince Yormie Johnson. To gain popular support, the NPFL took its name from the organization of the leader of the 1985 coup, and built its base in his former stronghold of Nimba County. Doe's response was to massacre the inhabitants of that region. Warfare reached its climax in August 1990 when 600 refugees, seeking asylum in a Lutheran church in Monrovia, were slaughtered. This only enlarged Doe's opposition.

NPFL leaders have also been trained in the United States. Charles Taylor, the leader of one faction, is a 42-year-old "economist" educated at Bentley College in Massachusetts. He was Doe's chief procurement officer who, in 1983, was accused of embezzling almost \$1 million, but claims he was framed by Doe. Another faction is allied to Prince Johnson, a military man trained at Fort Jackson, South Carolina. John-

son participated in the unsuccessful coup of 1985. The NPFL, which includes children as young as 10, has at its core 150 soldiers trained in Libya and neighboring Burkino Faso.

Officially, the U.S. is not supporting any faction because of atrocities committed on all sides, and considers the conflict a domestic dispute. Richard Boucher of the State Department told the Sept. 12 *New York Times*, "We continue to be in touch with the various factions in the Liberian conflict. . . . It's not for us to choose. At this point the situation as far as who's in control in Monrovia is very confused." Doe's supporters were no longer thought a good investment.

Currently, about 4,000 troops under the direction of the Economic Community of West African States (ECOWAS), have entered Liberia to impose a ceasefire and set up the context for negotiations amongst the rival factions. As of October, this deployment, which is dominated by Nigeria, had the support of Prince Johnson, but failed in securing the cooperation of Taylor. Nigerian President Babaginda has been unsuccessfully calling on the U.S. and France to bring Taylor to the negotiating table.

The conflict has entered a phase of "irregular warfare." ECOWAS forces are now engaged in combat with Taylor's rebels. Taylor's Minister of Defense Woewiyu, reflected this grisly reality: "We do not have a specific location and our fighting force is not concentrated in any spot where anybody can throw a bomb." Warning against parachuting troops into rebel territory, Woewiyu said such a plan "is like committing suicide because every living Liberian on our territory is a soldier."

### **A new government?**

Most frequently identified as potential leaders of a new government are Amos Sawyer and Ellen Johnson-Sirleaf. Sawyer is being supported by ECOWAS.

An exchange student in the U.S., Sawyer completed his masters and Ph.D. in 1973 in political science from Northwestern University, Illinois. He has been a critic of the government since the early 1970s. Between 1981-83, he chaired a commission for a new constitution which was accepted in a national referendum in 1984. When he established the Liberian People's Party in 1984, it was banned by President Doe, and Sawyer was accused of masterminding a "communist plot" to install a socialist government. In 1986, Sawyer worked out of the African Studies Center of Indiana University. In January 1988, he helped establish the Association for Constitutional Democracy in Liberia (ACDL) operating out of Washington, D.C., conceived to shape American policy towards Liberia.

Tragically, Sawyer's people have no economic program to rebuild their nation. They support free enterprise, and little else. Sirleaf conceives of herself as the architect of the next government's economic program. Of course, that would place Liberia once again at the mercy of the World Bank.

# Is the drug mafia about to join the Colombian cabinet?

by Andrea Olivieri

On Dec. 9, election of delegates to a Constituent Assembly will be held in Colombia. The Assembly, which will meet shortly thereafter, will have sweeping powers to rewrite Colombia's National Constitution. There is a strong possibility that a significant percentage, if not the majority, of those delegates will be representatives of the cocaine cartels and their narco-terrorist allies. If that happens, Colombia will become the first nation to be "legally" captured by the international narcotics mafia—in much the same way that Adolf Hitler and his National Socialists came to power in Germany.

The alarm has already been sounded by former Interior Minister Carlos Lemos Simmonds, who was forced out of the previous government of Virgilio Barco for denouncing that government's suspected secret negotiations with narco-terrorists. In an Oct. 17 article published in the daily *El Tiempo*, the ex-minister wrote that "whoever controls a mere 36 of the 70 constituent seats—by conviction, persuasion, or intimidation—will have total control of the country. These 36 people could do what they would with the nation. They could, for example, turn the Republic into a state lax and permissive with crime, and in the name of peace could condone armed insurrection, turn kidnaping into a misdemeanor. . . . They could also, if they so pleased, do away with the institution of state of siege and drastically limit or eliminate military service—which would give the guerrillas an unexpected victory by electoral means—or they could create a 'popular army' into which the insurgent forces could enter. Under these conditions, naturally, they would make peace."

## Opening the door to treason

The door to this frightening state of affairs was opened by an Oct. 9 vote of the Colombian Supreme Court, which after first overturning as unconstitutional President César Gaviria's executive decree convoking the Assembly, yielded to pressure and intimidation from both narco-terrorists and the government and approved the decree. Twelve out of the 26 Supreme Court magistrates were on the brink of resigning their posts to protest the absurdity of the Court's being asked

to validate what is essentially a dirty deal between the government and various political tendencies who want to succumb to the mafia's pressure. They withdrew their resignation threats after acknowledging that this would only aggravate the degeneration of the Supreme Court.

In fact, the Supreme Court has been little more than a terrorized shell of the original institution ever since November 1985, when the M-19—under hire by the drug cartels—seized the Justice Palace, burned the legal archives, and executed most of the Court's magistrates.

But the real culprit is President César Gaviria himself, who violated his electoral mandate to wage war against narco-terrorism and instead invited Colombia's enemies into his own government. Under the much-abused name of "peace," Gaviria not only fully endorsed his predecessor's grant of full amnesty to the M-19 narco-terrorists, but gave their chieftain, Antonio Navarro Wolf, a cabinet ministry.

The President has now offered unprecedented state guarantees—dubbed "surrender terms" by critics—to the FARC, ELN, and EPL terrorists as an enticement to enter a similar agreement with his administration. Those guarantees include the promise of international oversight of a peace pact, protection of their civil and human rights, adherence to the Geneva Accord's Protocol II which would grant the highly coveted status of "belligerents" to the narco-terrorists, and representation in the Constituent Assembly. The only conditions Gaviria would impose are release of any kidnap victims and a ceasefire. Conspicuously absent are demands for disarmament and demobilization which were the hallmark of Gaviria's tough-sounding presidential campaign earlier this year.

The extension of Gaviria's "peace" policy to the cocaine cartels is also under way. His first offer to the traffickers, in the form of Decree 2074 which promised no extradition and reduced jail terms in exchange for surrender to and collaboration with the authorities, was described as a "trial balloon" by knowledgeable observers. The infamous Medellín Cartel of Pablo Escobar countered with the kidnaping of seven journalists—including the daughter of a former President, the

sister of a government adviser, and the managing editor of a major daily—to force the government to offer it terms comparable to those won by the M-19.

Gaviria responded with a considerable softening of his original offer, including: the elimination of confession and collaboration as a qualifying condition for no extradition; the pledge not to confiscate traffickers' assets; permitting traffickers to remain free while awaiting trial; and the promise to free detainees, including those facing complicated multiple charges, if not tried and sentenced within a year.

Pablo Escobar himself answered Gaviria's latest offer, through the prologue of a book on extradition written by one of his lawyers. In that prologue, the fugitive Escobar argued that the theme of extradition should be placed before the delegates to the Constituent Assembly and prohibited through constitutional reform. He argued against those "backward sectors of Colombian society" who would treat extradition as the "forbidden fruit" which must not be touched by the Assembly.

Escobar's partner-in-crime Jorge Luis Ochoa went even further in defining the conditions required for a "narco-peace." Responding to an open appeal from former ambassador to Spain and cartel benefactor Ramiro Andrade Terán to intercede for the release of the kidnaped journalists, Ochoa declared his readiness to assist provided he were given "assistance and guarantees by the authorities that I could move freely around the country to carry out what needs to be done." If this were acceptable to the authorities, declared Ochoa, "you can communicate to me publicly by issuing a state of siege decree, similar to that which occurred in the case of [M-19 leaders] Pizarro and Navarro," prior to their receipt of amnesty.

The cartels' "respectable" negotiators, such as former minister Joaquín Vallejo Arbeláez, are even bolder in their demands. Vallejo gained notoriety last year when, in admitting to representing the traffickers in a negotiating bid with the government, he revealed that he had urged the cartel to hire Henry Kissinger as its advocate in Washington! Now he is arguing for a general pardon *and* a cabinet ministry for the cocaine cartels. In an Oct. 11 article in *El Tiempo*, Vallejo wrote: "Colombians want peace, at the best price possible." That price, he argued, included granting a ministry to the M-19 narco-terrorists. Now, he says, "The citizen is doubtless prepared to pardon sins against law and public order, as the Church does with penitents. . . . Negotiated peace formulas should be generalized, because the country cannot put up with more violence and terrorism."

Along with the push for amnesty for the traffickers has come a renewed campaign to legalize cocaine. The dean of the law faculty of Bogotá's National University, Ricardo Sánchez, has already described the "gradual legalization of cocaine" as an inevitable part of the peace process, and a new magazine entitled *Palomas* is devoted entirely to achieving drug legalization as the "solution" to Colombia's ills.

## A pact with torturers and drug pushers

Who are the drugrunners and narco-terrorists that Gaviria would negotiate the country's future with? Like the M-19, now ensconced in the Gaviria government, the Communist Party's Revolutionary Armed Forces of Colombia (FARC) is up to its neck in the drug trade and has been repeatedly denounced by the Colombian Armed Forces as the country's "third cartel."

On Oct. 16, a military operation in the lower Magdalena Valley in the province of Bolívar, uncovered a huge cocaine complex composed of six laboratories surrounded by nearly 2,000 hectares of coca. The crops were protected by FARC guerrillas, on contract with the Medellín Cartel. Even more significant was the Oct. 20 bust, by Colombian Army troops, of one of the largest cocaine-refining centers ever discovered in Colombia, in Putumayo along the Colombia-Ecuador border. The complex included an enormous electricity-generating plant, housing for 200 people, with a restaurant, exercise room, swimming pool, and infirmary. The complex was entirely run by the FARC.

The National Liberation Army (ELN), partners of the FARC in the so-called Simón Bolívar Guerrilla Coordinating Group, have also continued to assault towns, kidnap company executives, dynamite oil installations, and murder at will. Two ELN encampments that served as sophisticated bomb factories were uncovered by the Army in Norte de Santander, and when the military began anti-guerrilla operations in the southeast province of Arauca, the ELN retaliated by murdering a soldier it had abducted six months previously. His body had been mutilated and showed signs of torture.

According to Mario Yori, the head of the state oil company Ecopetrol's exploration division, most of the country's best oil fields have been abandoned because of joint ELN-FARC sabotage and kidnappings. "The state of insecurity is nationwide. There is hardly a point in the petroleum basins not affected by subversion," he said.

Despite Colombia's descent into ignominy, voices of reason can still be heard. Columnist Tomás de Zumalacarregrui wrote in *La Prensa* of Oct. 10: "Something as important as the reform of our Constitution and of the criminal law of the state cannot be made subject to the impulse of terrorist acts and to the inspiration of enemies of the Constitution and of law, be they political or common criminals. The FARC, ELN, EPL, and drug cartels, with their terrorist actions and kidnappings, cannot and should not be advisers or promoters of a constitutional reform."

Alfonso Cano, brother of the murdered anti-drug editor of *El Espectador*, Guillermo Cano, penned an editorial Oct. 23 warning that the Constituent Assembly was intended to create the basis for "reintegrating the drug barons into civilian life under the rubric of 'honorable citizens,' cleansed of all guilt." He said the way for such an outcome was already paved by the cases of the FARC and ELN, who "collaborate with the drug traffickers whenever it suits them."

# 'Green mole' Sir James Goldsmith becomes top ecofascist warrior

by Herbert Quinde

Sir James Goldsmith, a headline-making "anti-communist" activist and billionaire corporate raider who figured in the Iran-Contra scandal and the judicial railroading of Lyndon LaRouche, has decided to show his true colors. Sir James has come out green.

Sir Jimmy, as he is known to his "right wing" friends, has announced his intention to give up his lucrative business career to "concentrate on the environment." Through a family foundation, he will campaign for the "preservation of rain forests and the ending of nuclear power programs," according to the Oct. 17 *London Times*. As a leading philanthropist and darling of the Reagan-Thatcher conservative movement, Sir Jimmy's reincarnation as a tree-hugging anti-nuke environmentalist should have a profound impact on those conservative cadre who still cling to the illusion that the "Reagan revolution" was not thoroughly prostituted to the Eastern banking establishment.

The *Times* quotes Goldsmith: "I have always campaigned that the Right should not abandon the overwhelming issues facing the world to the Left." Telling the *Times* that he is glad to see the awakening to environmental issues in Britain, Goldsmith cites the situation in the United States as a negative contrast: "Anyone who is concerned with environmental issues is considered by certain elements of the Right, in the United States, an enemy." He now wants to "convert" his friends on the Right to his point of view.

"In the United States, the main enemy is not Saddam Hussein but the environmentalists," complained a leading British environmentalist close to Goldsmith's circle, in candid conversation. "You hear it everywhere, from the oil interests, the chemical interests, the right wing groups. The U.S.A. is determined to ignore environmental requirements. They don't care about global warming, they don't care about the greenhouse effect. There needs to be more pressure to get them to change." He explained that Sir Jimmy wanted to change all this, through his "right wing" connections. "He's very well into the American right wing, and will try to bring people over to the environmentalist point of view."

## A whale of a swindle

Since Sir Jimmy has been known as a generous money-bags for the American and English-speaking right wing throughout the 1980s, especially its Project Democracy neo-conservative arm, it should not surprise anyone if Oliver North surfaces in the near future at Jane Fonda's side, chanting, "Save the whales!"

Sir Jimmy is not new to the cause. Several years ago, he established the Goldsmith Foundation, which has been contributing millions of dollars to "social and environmental issues." Now its resources are to be "substantially" boosted by the billionaire financier, reported the Oct. 19 *London Daily Telegraph*. Sir Jimmy told the paper that he finds his intensified commitment to environmentalism "amusing," while stressing that for many years he has funded his brother Edward "Teddy" Goldsmith and the latter's magazine *The Ecologist*. Also, he has been active recently in promoting "organic food production," a "social cause" whose boosters are led by the British royal family. He told the *Telegraph* that the world is now "in a period of massive change, environmentally, politically and geopolitically," in which context issues like "global warming or the destruction of our habitat" are coming to the forefront.

Despite his much-touted altruism, Sir Jimmy's love of the green doesn't have much to do with protecting Mother Nature. The May 4, 1989 *Financial Times* reported that Goldsmith was instrumental in convincing the cabinet of British Prime Minister Margaret Thatcher to support "green" issues, much the same way Czar Mikhail Gorbachov has advocated global environmental cooperation as a building block of the "new world order."

One such green issue is "debt-for-nature" swaps. The *Times* article, titled "Green Goldsmith gets his way," reported that he had "succeeded in overcoming Foreign Office doubts to win Mrs. Thatcher's backing for a radical proposal to preserve endangered rain forests. This would mean offering Third World countries a deal involving their crippling international debts. . . . Under the scheme, first mooted

some years ago, Britain would buy up Third World debt and agree to forgo interest payments on condition that tropical rain forests are left untouched. . . . The prime minister is attracted by the scheme's commercial implications, and has ordered further work to be done on it." The article also reported that the Prince Philip's World Wide Fund for Nature (formerly the World Wildlife Fund) gave a "cautious welcome" to the Goldsmith idea.

### **Mother Nature, or Mammon?**

While hiding under Mother Nature's skirts, Sir Jimmy's advocacy is a classic scheme for 19th-century British imperialist raw materials grab, and Brazil is one immediate target for a "hostile takeover." It turns out that Goldsmith's brother Teddy is a very good friend of Brazil's Environment Secretary José Lutzemberger. Recently Brazil, for the first time in principle, accepted foreign limitations on its sovereignty in the form of "debt-for-nature swaps," by agreeing to discuss the issue. Finance Minister Zelia Cardoso de Mello told a meeting of all Brazil's bank creditors that the mineral-rich country was prepared to accept converting part of the \$60 billion it owes them into environmental conditionalities. The issue is in the talking stage.

Bolivia, Costa Rica, and the Philippines have made debt deals during the past few years in which environmentalist groups such as the World Wide Fund for Nature buy from bankers at steep discounts the defaulted debt of those nations. The environmentalists put up 10-15% of the nominal value of the debt, and the government pays the full nominal value in local currency to their local front group to buy up lands, ostensibly for protecting them. Only the oligarchy associated with the green group can have access to these enclaves. There is already a scandal in Bolivia over looting of forests which were supposed to be protected.

The idea has been floated that for \$2-3 billion in debt relief, Brazil might be induced to put most of the Amazon Basin into a protectorate ruled by Prince Philip's minions. Thus, they would gain control over underground minerals and other resources probably worth a thousand times as much.

Sir Jimmy really does love trees, though. In 1985, he did a takeover of Crown Zellerbach Corp., an American forest products company with vast timber reserves. Until recently, when he swapped his timber for Lord Hanson's gold shares in Newmont Mining Corp., Goldsmith was the sixth-largest owner of timber, with huge reserves primarily in Washington, Oregon, Louisiana, and Mississippi.

Before Crown Zellerbach, Goldsmith had tried to grab St. Regis, another forestry products company. He told Moira Johnston, author of the 1986 book *Takeover: The New Wall Street Warriors*, "I do believe in forests. I do believe in forest lands. Everybody says they're a disaster. But they're still making profits. And forest lands will one day be as valuable as they were."

### **White House darling**

Prior to his "flower power" conversion, Goldsmith was known as a coldblooded and ruthless shark who perfected the art of leveraged buyouts (LBOs), hostile corporate takeovers, and "greenmailing." Along with Ivan Boesky, Michael Milken, and other bloodsuckers, Sir Jimmy contributed to devastating corporate America during the 1980s by leaving broken U.S. firms drowning in debt strewn across the corporate landscape.

By the late 1980s, Goldsmith had caused enough trouble that he was dragged up to Capitol Hill to answer questions before a congressional committee about his attempted hostile takeover of Goodyear. Goldsmith chewed out Congress, warning that the United States was in danger of catching the European disease of "a triangular alliance of big unions, big government, and big management." The rubber manufacturer was saved by favorable legislation, and the Congress subsequently upgraded the Committee on Foreign Investments in the U.S. (CFIUS), a multi-agency watchdog, for national security reasons. When the dust settled, the mayor of Akron, Ohio expressed the dominant sentiment: "We kicked that slimy bastard out." In late 1989, disgusted with America's "decline" into what he privately said was a recession, he redeployed his liquidity into Europe.

With such credentials, Sir Jimmy was extended the red carpet at the White House. A respected entrepreneur such as Goldsmith was a welcome booster of the mythical Reagan-Bush "economic recovery." His staunchly pro-Israel and anti-communist rhetoric also gave him input on foreign policy issues, as he roamed the corridors of power at the White House. A former senior Reagan National Security Council (NSC) staffer recalls giving a private briefing to Sir James and media mogul Rupert Murdoch on U.S. arms control policy in the office of Kenneth de Graffenreid, then head of Intelligence Programs at the NSC.

The "greening" of Goldsmith could well lead U.S. counterintelligence officials to examine the possibility of a national security breach. For all his right wing credentials, it is noteworthy that Sir Jimmy's chief U.S. corporate raiding strategist, Robert Pirie, is a flaming "pinko" according to conservative circles' criteria. Before making a name for himself as a hitman for Goldsmith and his cousins the Rothschilds, Pirie was deputy campaign manager of Sen. Eugene McCarthy's presidential bid in 1968. After McCarthy's defeat, Pirie co-founded a national committee to oppose U.S. development of anti-ballistic missile (ABM) systems. His backers included such key liberals as Sen. Edward Kennedy (D-Mass.) and former Supreme Court Justice Arthur Goldberg. This group was part of a general groundswell against ABM systems initiated by the Boston Bundy brothers and the Pugwash group, which fed into Henry Kissinger's 1972 negotiation of the ABM treaty.

Today, Pirie heads Rothschild, Inc., the U.S. division of the family's global financial empire. He cut his teeth as a

takeover specialist while working at the law firm Skadden, Arps, Slate, Meagher and Flom, which is also the law firm of the Anti-Defamation League, a group which targets political opponents of the Anglo-American Establishment.

### **Project Democracy ‘spook’ targets LaRouche**

As an Anglo-American Establishment insider, Sir Jimmy became part of the Reagan-Bush “secret government” apparatus known as Project Democracy. An official of the the CIA’s retirees lobby the Association of Former Intelligence Officers who served in the CIA London station described Goldsmith as a “member of SIS [British Secret Intelligence Services] old-boys’ board of directors” and the private financier who handles British intelligence’s “Israel account.” Sir Jimmy sits on the board of media magnate Conrad Black’s Hollinger Corp. along with Henry Kissinger and Peter Lord Carrington. Hollinger recently acquired the *Jersusalem Post*, which has become the mouthpiece for Israel’s Shamir war cabinet.

Documents released during Oliver North’s trial and from the congressional investigation of Irangate detail Sir Jimmy’s role in the “public diplomacy” program coordinated by career CIA official Walter Raymond who was working out of the NSC. Raymond ran a covert propaganda machine whose tasks included the discrediting of opponents of the Reagan-Bush administration’s Iran and Contra initiatives. One of Raymond’s co-workers was Roy Godson, a neo-conservative intelligence community gadfly who has spent a good part of his adult life as a member of the interagency “Get LaRouche” task force.

Goldsmith reportedly has collaborated with an international network of LaRouche haters not only in the U.S. but in London, Paris, Bonn, and Berne, Switzerland. James Jesus Angleton, the late former head of the CIA counterintelligence division, said that Sir Jimmy was the first to tell him the slander that LaRouche’s wife Helga Zepp-LaRouche was an “East German agent.”

In New York, Wall Street investment banker and intelligence “spook” John Train has been an intimate of Sir Jimmy, according to the Nov. 23, 1987 *Time* magazine. “There is a lot of internal rage in Jimmy,” said Train. “Goldsmith himself acknowledges, ‘When I fight, I fight with a knife.’ ” Train and Godson hosted the now-famous “Get LaRouche” task force meeting in April 1983, which plotted his frameup and illegal imprisonment.

Also at that meeting was Richard Mellon Scaife, another right-wing piggybank. Goldsmith and Scaife have collaborated in numerous philanthropic joint ventures to the benefit of Project Democracy. One is the funding of *The American Spectator*, a neo-conservative politico-literati monthly magazine edited by R. Emmett Tyrrell, which runs articles by such authors as John Train and Prof. Harvey Klehr, a collaborator of the ADL’s Mira Lansky Boland, who played a key role in the frame-up trials of LaRouche and six associates in federal and state courts in Virginia.

In London, Goldsmith bankrolled the kooky intelligence newsletter of Kenneth de Courcy, according to a former business partner (see *Feature*).

### **How did he get past U.S. Customs?**

Should any inquiring mind or U.S. government official decide to investigate how Sir Jimmy landed on America’s shores, he or she might well start by asking Arthur Ross. Himself a senior member of Manhattan’s liberal Establishment, Ross has been a politically influential Wall Street financier who had joined the board of the Grand Union supermarket chain in 1968. In 1973, Goldsmith established a beachhead on U.S. soil by buying 51% of Grand Union through his front company Cavenham Ltd. Goldsmith made his first big killing in Britain in 1971 when he bought out Bovril, another food chain. Grand Union, at the time the 10th largest supermarket chain in the United States, was purchased for \$62 million. The Dec. 4, 1973 coverage of the purchase in the *Wall Street Journal* observed that “Grand Union didn’t oppose the takeover.” They took a *laissez-faire* approach, forwarding Goldsmith’s offer to shareholders “without board recommendation.” Arthur Ross was a leading figure on the board of directors.

The wizard behind the deal was André Meyer of Lazard Frères & Co. Meyer was a business, political, civic, and social intimate of Arthur Ross. A May 19, 1973 article in the *New York Times* on Sen. Jacob Javits’s electoral campaign reports, “The Javits aides said the contributors were longtime friends of the senator, and included Arthur Ross and André Meyer, New York investment bankers.”

André Meyer is credited with being the American originator of the “complex big deal,” foreshadowing Boesky and company, according to his profile in *Who’s Who in American Finance and Banking*. “Meyer liked to call his operations ‘financial engineering,’ and David Rockefeller called him ‘the most creative financial genius of our time in the investment banking field.’ . . . Critics have accused him of ruthlessness and of helping to foster the conglomerate movement in the United States as a method of generating funds for his company.”

Ross has always been an Establishment heavy with significant input to Anglo-American intelligence and political circles. A Dec. 10, 1980 *New York Times* article lists Ross as an attendee at an exclusive dinner for President-elect Reagan hosted by Mrs. Vincent Astor in Manhattan. There were only about 70 people at the dinner; the list of attendees is highly suggestive of the network which was responsible for destroying whatever was good within the Reagan administration. Besides Arthur Ross, other attendees were William Paley (CBS), Lord Weidenfeld, Felix Rohaytn, Arthur Ochs Sulzburger, Douglas Dillon, David Rockefeller, A.M. Rosenthal, John Loeb, Henry Kissinger, Walter Wriston, Thomas Brokaw (NBC), William Buckley, Paul Volker, Lew Wasserman, George Will, and Sir Fitzroy Maclean.

## Is Germany safe from destabilization?

*The shooting of a cabinet minister reveals a weak spot in Germany's public security which must be corrected.*

Some 22 million citizens, one-third of the German electorate, voted in six state elections on Oct. 14—in the state of Bavaria in former West Germany, and in the five restored states of former East Germany: Mecklenburg-Pomerania, Brandenburg, Saxe-Anhalt, Saxony, and Thuringia.

This test run for the December elections for national parliament turned into a landslide victory for the Christian Democratic Union (CDU) party of Chancellor Helmut Kohl, which emerged as the strongest party in five of the six states.

Although the CDU will depend on the liberal Free Democrats (FDP) for a coalition government in three of the six states—Mecklenburg, Thuringia, and Saxe-Anhalt—this victory gives Kohl's governing Bonn coalition a crucial majority of 36 against 33 votes in the Bundesrat chamber of Parliament, which has veto power over all legislation. Economic recovery and stabilization of eastern Germany calls for rapid decisions, and the Bundesrat majority will help Kohl to accelerate the process.

Another key area of state policy is domestic security. Relics of the Stasi secret police apparatus that held East Germany hostage for 45 years are still there.

The Stasi has used the year between the refugee crisis of mid-1989 and German unification on Oct. 3, to covertly penetrate institutions that have become part of unified Germany. A highly select group has merged with the West German terrorist underground, utilizing contacts that existed throughout the 1970s and 1980s.

Some ex-Stasi officers signed contracts with foreign agencies that are hostile to Germany, offering to spy or do dirty tricks for them. This includes the use of discrediting files on politicians.

There is, therefore, a threefold threat to Germany's stability posed by Stasi sections that have moved into a Trojan Horse role: espionage, blackmail, and terrorism.

Police have spotted signs recently, of an increased threat of terrorist attacks on key politicians, and the BKA, the federal anti-crime agency, recommended that security measures be expanded and intensified. Interior Minister Wolfgang Schäuble endorsed the proposal, but the budgetary commission of the Parliament refused the plan because of fiscal austerity on Oct. 10.

The security threat that the budgetary experts played down, turned brutally concrete only two days later on Oct. 12, when Schäuble was gunned down after a CDU event in the state of Baden-Württemberg.

The attack was carried out by a 37-year-old man who fired three shots at the minister from a distance of about 2 feet. The first two shots hit Schäuble in the jaw and the chest. He underwent three operations in the first four days after the hit and has been showing signs of recovery, but he may remain paralyzed in the lower half of the body.

The gunman, Dieter Kaufmann, who was found to have a police record for drug-related crimes, was arrested at the scene. He had been sentenced to five and a half years in jail in 1983 but was released already in 1986, and

has been in psychiatric care since. Kaufmann said he wanted to kill Schäuble as a hated representative of the state that, as he put it, had "psycho-tortured" him over the years.

The fact that Kaufmann managed to get that close to Schäuble in spite of the minister's bodyguards, resembles the case of John Hinckley, who almost succeeded in killing Ronald Reagan in a similar situation in March 1981.

Schäuble is a confidant of Kohl and a key official who negotiated the German unification agreements, and has been in charge of anti-drug, counterespionage, and anti-terrorism affairs.

Some may say the case of this gunman's attack on Schäuble, and the Stasi affairs, are two different stories. They are not.

That the shooting was so easy to carry out shows a major flaw in German domestic security policy. As long as this flaw remains, terrorists will have an easy job carrying out their attacks, as in November 1989 when Deutsche Bank chairman Alfred Herrhausen was killed in a bomb attack, and happened again in July 1990 when Schäuble's assistant minister Hans Neusel survived a bomb attack on his car—this latter incident occurring only a few hundred meters from the Interior Ministry in Bonn!

Whether Kaufmann was a "lone, crazy assassin" or not, we must ask, *cui bono?*—who benefits?

Schäuble had a priority list for action in the coming weeks for 1) decisive moves against underground Stasi networks still active; 2) screening of evidence indicating recruitment of Stasi cells by foreign agencies; 3) neutralization of eastern Trojan Horse cells in the united Germany; and 4) legislation against laundering of drug money.

It is critical that these security measures be pursued with all necessary rigor.

## Peru's economy depends on drugs

*The Fujimori government admits that without the cocaine trade, the national coffers would be bare.*

On Oct. 19, Peruvian Central Bank (BCR) President Jorge Chávez Alvarez revealed that during the week of Oct. 8-14, his bank had been issuing intis (the Peruvian national currency) for the purchase of dollars on the black market at the rate of \$5-7 million a day, or \$1.8 billion a year. Several weeks earlier, BCR director Martha Rodríguez admitted that "among the dollars the BCR is acquiring are, unquestionably, dollars stemming from drug trafficking."

As if that weren't brazen enough, Agriculture Minister Carlos Amat y León said Oct. 3, "My God, I wouldn't want to imagine what would happen to our country if we eliminated the injection of \$1 billion from this 'productive sector.'" The minister was addressing a seminar of the Peruvian Association of Research Studies, which was presenting a book entitled *Cocaine: Problems and Solutions*. The "productive sector" to which the minister was referring was, of course, the cocaine trade.

At that same seminar, Brig. Gen. Alberto Arciniegas, former military commander in the coca-saturated Upper Huallaga Valley, argued against the eradication of coca crops, insisting that eradication would drive 45,000 *cocaleros*, or coca growers, into the hands of the Shining Path narco-terrorists. Instead, he advocated the solution proposed by the pro-drug legalization Institute for Liberty and Democracy (ILD): Grant property titles to coca-growers as a way of legalizing their "informal" activity and, presumably, of weaning them from

their reliance on the drug mafias and the terrorists. Arciniegas is infamous for having addressed 30,000 coca growers in the Upper Huallaga on the need to defend their crops.

Ironically, a virtually identical viewpoint was offered by U.S. Army Lt. Col. Steven Smallwood, in his address to a roundtable discussion of the Inter-American Press Society, held Oct. 16 in Kansas City, Kansas. Smallwood is a Special Forces Army instructor from Fort Leavenworth, just back from training Peruvian military officers in counterinsurgency techniques. Smallwood's argument was that "the greatest threat which confronts Peru is not the traffickers, but Sendero Luminoso [Shining Path]." It is this insurgency, he argued, which is preventing the government from confronting the drug traffickers. His conclusion: One cannot destroy the coca harvests, because that would force the growers into the arms of the terrorists, upon whom they rely for their livelihood.

Peru's *El Universal* on Oct. 17 encapsulated Smallwood's arguments under the headline, "Eradication of coca crops will fail."

Having presented the standard drug lobby argument against fighting the illegal narcotics trade seriously, Smallwood went on to protest the Peruvian government's recent rejection of \$36 million in U.S. military aid "to fight drugs"—money which was explicitly linked to the deployment of U.S. Special Forces into Peru.

The Washington office of "drug czar" William Bennett, according to

the Oct. 22 *Newsweek*, is similarly "outraged" by Peru's rejection of the aid offer, and is "plotting retaliation" against the Fujimori government. That retaliation, reports *Newsweek*, could mean "a cutoff of at least half of U.S. foreign aid, as well as U.S. votes against Peru at the World Bank and other multilateral lending organizations."

Why people like Smallwood argue against the possibility of winning a war against drugs and narco-terrorism, on the one hand, and argue for U.S. military involvement on the other, goes to the heart of Washington's criminal sabotage of a serious anti-drug effort, both at home and abroad. The fact is that the economic policies imposed by the Bush administration make the "narco-dependency" of such countries as Peru, Bolivia and Colombia the *sine qua non* of their survival. U.S. troop deployments to these countries—as in Panama—has nothing to do with fighting drugs, and everything to do with eliminating the role of these countries' armed forces in defending their national sovereignty.

Journalist Mirko Lauer wrote a devastating description of Peru's narco-dependency in *Página Libre* of Oct. 17. He described the Fujimori government's latest narco-laundering measures as "constituting the drug trade's triumph. The Upper Huallaga thus confirms its condition as principal business partner of the International Monetary Fund/World Bank program of liberalizing the economy. . . . For the legal economy, its options are to destroy drug trafficking, or unite with it. What we cannot continue doing is acting as if the flood of \$1 billion a year in bills which arrive on little Colombian planes don't exist. Instead, the government appears to have begun to count this money in its import plans against inflation. . . ."

## Bush puppets face growing resistance

*The Endara government is fast collapsing, and the only ones left supporting it are the bankers and the communists.*

An estimated 50,000 workers took to the streets of Panama City on Oct. 16, to protest against the U.S.-installed government and its plans to sell off state-owned companies and weaken the labor code. Rolando Miller, head of the telephone workers union, condemned the United States for returning to power the *rabi-blanco* ("white-tailed") aristocracy, which is laying off thousands of people and otherwise implementing the austerity policies of the International Monetary Fund.

The size of the protest, the largest demonstration seen here since the bloody U.S. invasion of last Dec. 20, shook up the U.S.-installed government headed by the corpulent Guillermo "Porky" Endara. Two days after the workers took to the streets, on Oct. 18 Panama's Attorney General Rogelio Cruz, a partner of the Cali cocaine cartel, came out with the wild story that the march was part of a plot led by former police chief Col. Eduardo Herrera, to overthrow the government.

Herrera, an admitted CIA agent and former Panamanian ambassador to Israel, is already at the center of a growing international scandal. He was deeply involved in the transfer last year of a cache of Israeli weapons to Colombian Gonzalo Rodríguez Gacha, a kingpin of the Medellín cocaine cartel. The weapons were originally obtained by Gen. Pinchas Shajar (ret.), Col. Yair Klein (ret.), and other agents of Israel military industry and the Mossad, Israel's intelligence agency, for an anti-Noriega force organized by the CIA that was to be led

by Herrera.

Cruz said that Herrera might have believed that the supposed coup had the backing of the U.S. government. But this was denied by U.S. Ambassador Dean Hinton, Bush's proconsul in Panama. Panama's labor leaders also rejected any connection with Herrera and said that the government invented the coup plot to stop the mass protests against "its plans for economic adjustments that will impoverish the population."

As have other governments in the Western Hemisphere that have hitched their wagons to George Bush's free-market "Enterprise for the Americas," the U.S.-installed Panamanian regime plans to privatize state-owned ports, railroads, utilities, including the telephone and the electric company—and even plans to privatize the Panama Canal.

According to reports published in Panama, Gilberto Guardia, who was recently sworn in by Bush as administrator of the Panama Canal Commission, said that the privatization of the canal is being considered as a serious option. "One of the alternatives being considered is for an agency to administer and operate the waterway after the year 2000," when the United States is supposed to turn over control of the canal to Panama, said Guardia. According to the Oct. 10 *La Prensa*, the other option under consideration is outright privatization of the canal. "That means putting it up for sale on the open market for a price still to be determined."

Endara's embrace of George Bush's economic prescription has re-

ceived support from an unlikely source: Panama's pro-Moscow communist party, officially called Partido del Pueblo (People's Party). In an official statement issued through their newspaper *Unidad*, the Panamanian communists endorsed the Bush plan, saying it "will help Latin America to overcome its backwardness . . . by dealing with three issues that affect our countries negatively: foreign debt, international trade, and capital investments."

Otherwise, the Endara regime enjoys little support. Unemployment exceeds one-third of the labor force. There has been a total breakdown of law and order since the invasion; armed robberies, once an unknown phenomenon, are now daily occurrences. Drug trafficking, the ostensible reason for Bush invasion, has increased.

"As confidence in Mr. Endara wanes, many Panamanians who welcomed the invasion feel they have been betrayed by Washington, which has provided only \$78 million of the \$460 million in promised aid," reported the *Baltimore Sun* on Oct. 23. The article by John M. McClintock also contained much the same information previously reported by the Oct. 19 *EIR*—namely, that the 300-pound Endara is on the board of directors of Banco Interoceanico, also known as Interbanco, which is linked to "Colombian cartel chieftains, men such as Gilberto Rodríguez Orejuela of the Cali Cartel, and Jorge Luis Ochoa Vasquez, of the Medellín Cartel."

In what is sure to be a damning revelation, the *Sun* adds that "U.S. drug agents say the Bush administration knew of the bank's ties to the Colombian cartels since 1984, but chose to ignore them in its efforts to oust General Noriega. Instead, the U.S. helped finance Mr. Endara's 1989 presidential campaign."

# International Intelligence

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## ***Israeli analyst: Arabs did not provoke massacre***

The official Israeli line that the Oct. 8 massacre of Palestinians at Jerusalem's al-Aqsa Mosque resulted from a "planned Arab provocation," was demolished by Israel's leading military commentator Ze'ev Schiff, writing in the daily *Ha'aretz* on Oct. 10. Schiff cited new evidence showing that the Palestinians had merely intended to defend themselves against the "Temple Mount Faithful," a group of Jewish terrorists vowing to rebuild Solomon's Temple on the site of the mosque.

Schiff ridiculed the Israeli police explanation that Arabs had been massing stones on the Temple Mount for an attack on Jewish worshippers at the Wailing Wall. According to Schiff, stones are easily available there and need not be massed, since there is ongoing work at various construction sites.

In an interview with the British Broadcasting Corp. on Oct. 11, Schiff added that the claim by Israeli police, that they had only sent a few men to the Temple Mount in the early hours of Oct. 8 because they didn't want to send police onto religious sites, was "not good enough for me." He wondered why the police reaction was so tough, minutes after the Palestinians began throwing stones. His implication was that the police were deployed to act in a provocative manner, after allowing the confrontation to occur.

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## ***Purges hit Cuba's Communist Party***

The leadership of the Communist Party of Cuba announced plans to purge up to 50% of its bloated bureaucracy, as the party enters the most serious crisis in its history.

Even the important military committee is being dissolved. Advisory departments to the Central Committee are being cut from 19 to 9, and the secretariat to the CC, which has the real power, is being restructured so that it will be run by Fidel and Raúl Castro and three secretaries. Eliminated from the

body are Jorge Risquet, who was thought to have been a rising star in the bureaucracy after negotiating Cuba's withdrawal from Angola, and Carlos Rafael Rodríguez, known as Moscow's man in the hierarchy and who has been the head of the CP since before Castro came to power. A large number of those being purged will be used in the fields for agricultural labor.

Soviet Chief of Staff Mikhail Moiseyev headed a military delegation to Cuba in early October, vowing support for the Cuban Communists. "We are faithful to the roots of our friendship and particularly the agreements . . . regarding economic, political, and military relations," he said.

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## ***Top Stasi 'mole' is arrested in Germany***

The arrest of Klaus Kuron, a high-level operative of the Stasi, the former East German intelligence service, proves *EIR's* contention that the Stasi and the KGB are working to establish a "Trojan Horse" network in united Germany.

On Oct. 6, three days after the unification of Germany, Kuron met one of his Stasi liaison officers, who handed him DM 10,000, and also met a KGB liaison officer at the Red Army base at Berlin-Karlshorst.

The 54-year-old Kuron was the number three officer at the BfV, the West German counterespionage agency in Cologne, and has worked for the Stasi since 1982. Kuron's official BfV assignment was to supervise Stasi spies that had been "turned" by Western agencies, to be able to monitor Stasi operations in the West. In reality, Kuron was guiding Stasi spies that were believed to be turned, to monitor the functioning and operations of the BfV for the Stasi and KGB.

Heribert Hellenbroich, head of the BfV in the early 1980s, said in several interviews that the Kuron case is a very grave one: "It is the prime objective of any intelligence service to have a man in the enemy's counterespionage center, and this was exactly where Kuron was working."

Nine of Kuron's agents were also arrest-

ed, most of them highly placed engineers in the military-industrial complex of the former West Germany, at companies like MBB and MTU. Among the secrets they sold to the Stasi and the KGB, were data on the Tornado jetfighter, on a new main battle tank project, and on helicopter development.

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## ***Indian groups blast Spanish colonization***

Indian delegates from several Ibero-American countries met in Mexico City early in October, to denounce the upcoming 500th anniversary of Columbus's discovery of America, and the evangelization of the continent.

Representatives from Cuba, Argentina, Paraguay, Honduras, Peru, Venezuela, Panama, and the Dominican Republic gathered at the headquarters of the Independent Central of Agricultural Workers and Peasants (CIOAC) of Mexico, a Communist Party-linked group, to organize their campaign of "500 years of Indian and popular resistance."

They issued a call to Mexican organizations to demand constitutional recognition and respect for the identity and self-determination of the Indian peoples. They also called on "the social and intellectual forces of Mexico to convoke a national dialogue" on the question of Indian and popular resistance to the Spanish colonization.

As *EIR* reported in our *Feature* of Oct. 19, the anniversary of the evangelization is being used by the Anglo-American Establishment, in an assault against Christianity in South and Central America.

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## ***'British troops in Gulf lose their pants'***

The crack British troops known as the "Desert Rats," sent by Margaret Thatcher to take the point in the Anglo-American Gulf confrontation, cannot keep their breeches up, according to a report by the Italian news agency ANSA published Oct. 19.

"They ran out of the Italian-made buttons for their uniforms, and in order not to risk the loss of their image, and their pants, in the face of the enemy, it was necessary to pull them back from the front lines."

The report adds that "the warriors, who move among the dunes, were given combat uniforms for the virgin jungles of Malaysia and Belice: green, black, and brown camouflage uniforms, with branch-covered helmets." For the press corps, tired of the endless desert, where "not even a green shadow is ever seen, to see the leaf-covered infantrymen, gives one a pleasant, refreshing, feeling." The problem is that Cookeon and Clegg, the Lancashire firm responsible for manufacturing the sand-colored uniforms needed for the desert, was unable to get from its supplier sufficient buttons of the type ordered by the British Defense Ministry, in time to suit the Desert Rats when they were shipped from Germany to Saudi Arabia.

"In any case, the brigade cannot leave its base camp for at least two weeks," reported ANSA. "Beside the uniforms, they also need to retrofit their tanks and armored vehicles for desert warfare and, in many cases, that could prove even more important than the buttons."

## Services in Moscow's St. Basil's Cathedral

The first church services since 1917 were held in Moscow's St. Basil's Cathedral on Oct. 14, in a move that the London *Times* says brings the Orthodox faith a step closer to being restored as Russia's state religion.

Construction of the golden domes of this cathedral was commissioned by Ivan the Terrible in 1555, to celebrate the victory of "Holy Russia" over the Tartars. The services on Oct. 14, says the *Times*, were in celebration of the Virgin Mary's intercession to alleviate human suffering, "in particular her reputed appearance on an airborne shroud to save the Greeks of Constantinople from an Arab invasion in 910."

In an editorial Oct. 15, the *Times* emphasized that the Soviet Union is now "in the

grip of a titanic religious reformation," but expresses the hope that the church will not "abuse its new-found freedom" to resume its classical historical role as "an arm of the imperial Russian state," whether under the leadership of Gorbachov or his successor.

## Growing anger in France over Gulf war policy

Former French Prime Minister Maurice Couve de Murville has accused the French government of craven subordination to Washington's aims in the Middle East.

Couve de Murville, a Gaullist, charged that French President François Mitterrand is pursuing a policy of *suivisme*, or "followism." Speaking of the Gulf crisis, he stressed that a political solution is possible, if Iraq wins the concession of access to the sea. But he warned that the situation has been made worse by the French government's subservience to the U.S. operation in the Gulf, an operation which he labels "very brutal and even violent."

Mitterrand's policy also came under heavy criticism from another leading Gaullist, Jacques Chirac, who questioned the supposed "autonomy" of French troops deployed in the Gulf.

## Pol Pot gang lays siege to major city

The Khmer Rouge, who killed an estimated 2-3 million Cambodians during their brief reign (1976-78), now equipped for the first time with tanks, have bulldozed a network of supply roads through the jungle to lay siege to Siem Reap in northwestern Cambodia. The People's Republic of China has supplied the Khmer Rouge with the tanks in the past two months, according to a report in the *Bangkok Post* on Oct. 15.

A journalist who accompanied Sihanoukist guerrillas into Cambodia the week before, confirmed that the Khmer Rouge had bulldozed a road to the outskirts of the city, one of Cambodia's largest.

● **THE TRILATERAL** Commission met in Venice in mid-October, to discuss the "problem of world government 'in the new era,'" reported the Milan daily *Il Giorno* on Oct. 20. For the first time in the history of the commission, representatives of the former communist world will be present: the foreign ministers of Yugoslavia, Hungary, and Czechoslovakia.

● **THE FIRST** Franco-German brigade was inaugurated by Defense Ministers Jean-Pierre Chevènement and Gerhard Stoltenberg, in a ceremony at Malsheim Air Base in southwest Germany on Oct. 17. After two years of preparation, the highly mobile brigade of 4,200 men is now fully operative, and its first field exercise is scheduled for spring 1991.

● **THE COMMISSION** to Investigate Human Rights Violations will hold an international conference in Paris on Nov. 23-24, under the slogan "Fight for human rights and freedom in East and West—America must free political prisoner Lyndon LaRouche!"

● **A BRITISH COURT** found George Washington not guilty for his role in leading the American Revolutionary War, AP reported on Oct. 19. In a mock trial in London before three judges, Washington was charged with treason to the Crown under the Treason Act of 1351, and, after lengthy argument, was acquitted.

● **A SHIP** belonging to the ecological terrorist group Greenpeace was expelled from Soviet waters Oct. 13. It was seized during a protest against the resumption of nuclear testing on islands in the Barents Sea, according to the KGB. The ship then headed for Norway. Greenpeace, infamous for its multimillion-dollar fundraising operation and its phony film footage about alleged cruelty to animals, opened an office in Moscow earlier this year.

## George Bush may be forced to eat his broccoli yet

by Kathleen Klenetsky

The man who thought he was God has entered into the roughest political waters of his life. The U.S. economy is in a desperate free fall, and neither he nor his vast army of advisers has the faintest idea what to do about it. His Caesaresque march into the Persian Gulf is threatening to become a political liability, with opposition, both at home and abroad, mounting by the day. Members of his own party turn tail and run when he shows up to campaign for them. And, to the extent opinion polls can be believed, the so-called "popularity President" is suffering one of the swiftest declines in approval ratings in recent memory.

Under these circumstances, it is hardly surprising that the sharks are circling. Bush is coming under some of the most severe criticism yet heard since the final days of Jimmy Carter, and is heading toward the same political bottomless pit into which the hapless Carter tumbled back in 1979-80.

### Gods of Olympus warn Bush

Bush has apparently fallen into such disfavor with some portion of the policy elite that even James Reston, the former *New York Times* columnist who inherited Walter Lippman's mantle as the Establishment's media oracle, came out of retirement to deliver a broadside against the President. Writing in the Oct. 21 *New York Times*, Reston charged that Bush has created a host of "not only avoidable but predictable troubles for himself," which have "hurt him because they raise questions about his judgment."

Accusing the President of stupidity, flippancy, and lack of foresight, Reston went on to knock what are supposed to be Bush's greatest foreign policy victories: his raid on Panama and his invasion of the Persian Gulf. In Operation Just Cause, Bush "invaded Panama against his treaty commit-

ments to the United Nations in order to capture a two-bit dictator, and he didn't know what to do with him when he caught him." Then, "having defied the U.N. in Panama," Bush relied on it for Operation Desert Shield. "It wasn't enough for him to blockade Iraq and punish Saddam Hussein as 'another Hitler,' but he insisted on sending the biggest U.S. Army since the last war into the desert, not knowing how to get it out and facing once more the taunts of the armchair warriors, who say he must not only restore the independence of Kuwait, but also get rid of Saddam Hussein and the threat of Iraq's Army as well."

This is a "dangerous place for a President dropping in the popularity polls and facing both a deficit crisis and a midterm election," commented Reston, adding, in an allusion to the secret Yale society of Skull and Bones, that Bush sometimes is "all bones and no skull. In such a pickle, a little half-time skull practice won't hurt."

Any number of scandals exist which could bring Bush down, the Panama invasion being just one. On Sept. 23, CBS News's "60 Minutes" aired an exposé about the thousands of civilians who had been killed needlessly by U.S. soldiers, which hit Bush hard. Although hushed up in the U.S. media—*EIR* was the first to break the story last January—the fact that so many innocent lives were destroyed by American forces was hardly a secret. Thus, the decision to broadcast the story signaled a potential move against Bush.

The same theme has now been taken up by Norman Cousins, the former editor of *Saturday Review* and member in good standing of the Establishment's liberal wing, in the Oct. 16 *Christian Science Monitor*. Citing the "60 Minutes" segment, Cousins wrote: "The question logically arises whether the President was part of a coverup," and suggested

that the U.S. government was involved in war crimes, and that appropriate action under the law should be taken if CBS's charges prove true. "The Panama episode is part of a continuing series of events pointing to a fundamental change in the relationship of government to the American people," he charged. "The big difference between what happened in Nazi Germany and what is happening now is that the American people not only have the opportunity to redress despicable actions, but have a mandate to do so."

Moreover, the scandals around the S&L antics of Bush's sons Neil and Jeb have popped up again. The same issue of the *New York Times* which carried Reston's warning shot, also ran a lengthy article on Jeb's less-than-savory dealings with a now-bankrupt S&L in Florida, while the case of Neil's involvement in the Silverado thrift bankruptcy is still simmering away.

### Depression daze

While Reston may be right that most of Bush's troubles were predictable, whether they were avoidable is another question. After years of flat-out lies that the United States was experiencing an economic recovery, the reality of the national depression has finally caught up with Bush in the form of the budget mess. Bush's fundamental problem is that he adamantly refuses to drop the policies that led to the current catastrophe.

The flip-flops, temper tantrums, and other infantile indulgences—epitomized by his contemptuous "read my lips" remark—with which Bush has responded to the economic crisis underlying the budget fiasco, has been read correctly by many Americans as indisputable proof that the man in the White House can't do his job.

Bush's budget follies have drawn an extraordinarily negative response. His inept handling of the budget has made him a "wounded President" who may never recover, says CBS television news, and has created "high anxiety" internationally, according to a recent *Time* magazine cover story.

As a consequence of the President's incredible performance, the Republican Party is headed for disaster in the November elections. "I'm afraid we're in a free fall," a top GOP campaign consultant confessed to the Oct. 11 *Washington Post*. "With the President waffling on the tax issue, our base is eroding and the Democrats' base, especially among senior citizens, has a real chance to firm up." Said another GOP strategist: "We're really getting slaughtered, because the President looks indecisive and the administration looks rudderless." Some analysts predict that the Republican Party will lose 15-20 seats in the House—which would mark their worst congressional showing since 1982.

Bush has become such a political pariah that Republican candidates are actually refusing to show up with him at pre-scheduled joint campaign appearances, or, in some cases, are going ahead with the event, but denouncing the President in his presence.

The polls paint a bleak picture. A *Los Angeles Times-Mirror* survey published in mid-October showed that Bush's approval rating had plunged 21 points since early August, to 55%, the lowest rating of his presidency. According to a survey taken by the Wirthlin Group for the National Republican Congressional Committee (NRCC), 69% of voters think that the country is headed in the wrong direction. This is the highest number the Wirthlin poll has turned up since the last months of the Carter presidency.

More recently, an ABC News-*Washington Post* poll found that nearly eight out of ten persons questioned believe that the U.S. was "pretty seriously off on the wrong track." The President has undergone his sharpest decline among the elderly and blacks—those sections of the population which are being hurt the most by the depression and the administration's pathetically inept response to it.

And things will just get worse. Even though it seemed, as *EIR* went to press, that some form of budget accord was about to be reached, that will only resolve the immediate problem of whether the government will continue to operate a little longer. Otherwise, reports about the agreement's contents indicate that it typifies the same tax hikes and spending cuts approach which will simply exacerbate already severe depression conditions.

### Cry havoc

Ironically, Bush chose to launch his Operation Desert Shield partly to divert attention from the country's economic woes. Yet, what is happening instead is that Bush's inept handling of the budget is setting off a train of thought in the mind of many people that goes like this: "If the President is doing such a rotten job on the economy, can we really trust his judgment when it comes to the lives of thousands of American soliders, and maybe the world's oil supplies?"

A spate of recent polls suggests that Bush's dirty little war is becoming increasingly unpopular among average Americans. A CBS News-*New York Times* poll taken in mid-October, showed that those who disapprove of Bush's handling of the Gulf crisis had risen dramatically, from 17% in August, to 34% in early October. Bush's biggest decline in approval ratings on the Gulf crisis registered among Americans 65 and older—hardly hippie leftist types. In an ABC poll conducted a week later, 64% surveyed said they support Bush's policy in the Mideast, down 14% in a month.

Meanwhile, anti-war activism is on the upswing. On Oct. 20, tens of thousands of people bearing signs reading "No Blood for Oil" and "Fill Stomachs, Not Body Bags," poured into the streets of 20 cities to protest Bush's imperialist intervention into the Persian Gulf. In New York, where an estimated 10,000 people turned out, former U.S. Attorney General Ramsey Clark told the crowd: "We're here because we have an imperial presidency as unrestrained as any military dictatorship that ever lived. . . . We're here because we have a paralyzed Congress."

# Damages sought for U.S. 'bad faith' actions against LaRouche movement

Two former political publishing companies and an internationally renowned scientific foundation associated with Lyndon LaRouche on Oct. 19 filed a multimillion-dollar claim for damages against the U.S. government, announced Warren J. Hamerman, staff director, Constitutional Defense Fund (CDF).

The three organizations were brutally shut down by the U.S. government in a "forced bankruptcy" on April 21, 1987. Two-and-one-half years later, on Oct. 25, 1989, one of the nation's leading federal bankruptcy judges, Judge Martin V.B. Bostetter, found that the government action was unlawful when he ruled that it was:

- 1) done in "objective bad faith."
- 2) conducted through "a constructive fraud on the court."

To cover its tracks in its unlawful persecution of the LaRouche movement, the U.S. Justice Department then tried to appeal this decision to a federal judge in the Eastern District of Virginia, but lost again. The second federal judge, after an independent review, found the same thing that Bostetter did. The government acted unlawfully, "in objective bad faith" and through a "constructive fraud on the court." The Solicitor General of the United States decided to throw in the towel and announced that the government would not appeal further.

Legal observers believe that, if there is no continuing *fraud* on the court system by the government, the innocent LaRouche shall gain an early release.

## Police-state actions

What was the bad faith action of the "Get LaRouche" task force? In the early morning on April 21, 1987, from coast to coast, without any warning, U.S. Marshals launched a raid—bursting in, seizing, inventorying, and sealing the offices of nationwide publishing, distribution, and scientific organizations. Approximately 150 persons were robbed of their family's livelihood. Clothing and personal belongings, books, and papers of journalists and scientists were seized. *New Solidarity*, a nationwide twice-weekly newspaper with 150,000 circulation, was shut down. Books and pamphlets were confiscated in utter contempt for the Constitution. The

Fusion Energy Foundation, a leading scientific association, of which Lyndon LaRouche was a member of the board of directors, and which was making vital contributions on scientific policy to the White House, Congress, and scientific community, was snuffed out.

Not only were the very creditors the government claimed to protect severely harmed by the government's own actions, because the companies could no longer repay loans to thousands of their supporters, but, in an act of "double bad faith," the government turned around and falsely prosecuted LaRouche and his associates for not repaying these same loans. This is the so-called "crime" for which political prisoner LaRouche was thrown into prison one and three-quarters years ago to rot and die. LaRouche and his associates were imprisoned in the same week as the inauguration of George Bush as President of the United States. Bush has personally suppressed secret files which prove beyond all doubt that LaRouche is innocent and that the government deliberately framed him up.

The repercussions of the government's actions are legion:

- LaRouche and his associates have been unjustly held in prison for 21 months for economic crimes the government committed and then pinned on him, through a continuing fraud on the court system;
  - The government squandered tens of millions of dollars to fund a federal, state, and private multi-jurisdictional task force whose job it was to make the unjust prosecution of LaRouche and his associates "stick";
  - An extensive distribution network of political literature was dismantled;
  - An internationally respected scientific foundation was demolished;
  - Numerous supporters were *foreclosed* by the government from being able to obtain repayment on loans extended to support these companies.
  - None of the publications or journals were produced or distributed again; no scientific seminars were organized or sponsored by the Fusion Energy Foundation; subscriptions went unfulfilled; and all income-generating activities ceased.
- Now the government must pay for its bad faith actions.

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## Documentation

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*The following are excerpts from papers filed demanding government payment of damages.*

### **Motion for attorneys fees, costs, and damages**

Come now, Caucus Distributors, Inc., Campaigner Publications, Inc., and Fusion Energy Foundation (collectively the "Former Alleged Debtors") . . . for . . . attorneys fees and costs jointly and severally against the United States of America . . . the Commonwealth of Virginia, and the other creditors . . . and . . . for an Order setting a hearing to determine the amount of damages which [they] may recover from the Government . . . on account of the bad faith filing of the involuntary Chapter 7 bankruptcy petitions . . . and, as grounds therefore, respectfully state . . . :

1. On April 20, 1987, the United States filed involuntary petitions . . . against Caucus, Campaigner, and Fusion.

2. In connection with filing . . . the Government filed motions seeking the appointment of an interim trustee for each corporate entity, and requesting that the Court hear the matter *ex parte*. That motion was granted . . . and no record of that hearing was made.

3. On or after April 21, 1987, the United States Marshals Service seized, inventoried, and locked many offices believed to be those of the Former Alleged Debtors located. . . . In addition, the Interim Trustees seized every known bank account. . . .

4. On October 25, 1989, two and one half years after their businesses were destroyed, this Court dismissed the involuntary petitions. . . . In its Memorandum Opinion, this Court concluded that "the Government's actions could be likened to a constructive fraud upon the Court, wherein the Court may infer the fraudulent nature of the government's conduct," (citation omitted), and that "on an objective level . . . the government filed the petition[s] in bad faith." (Citation omitted.)

5. The Government filed an appeal from this Court's decision, and the Former Alleged Debtors filed cross appeals. On July 19, 1990 . . . Judge Hilton affirmed this Court's decision in its entirety. . . .

6. . . . the order dismissing the involuntary petitions is now final.

7. Before these cases may be closed entirely, however, it remains for this Court to determine the extent to which the Former Alleged Debtors are entitled to recover from the Government . . . the attorneys fees and costs incurred in successfully defending the involuntary petitions and . . . whether the entities are entitled to recover any damages suffered as a result of the Government's actions.

8. . . . the Code provides as follows: If the Court dismisses a petition . . . the Court may grant judgment —

(1) against the petitioners and in favor of the debtor for—

(A) costs; or

(B) a reasonable attorney's fee; or

(2) against any petitioner that filed the petition in bad faith, for—

(A) any damages proximately caused by such filing; or

(B) punitive damages. . . .

10. The question of whether the Former Alleged Debtors are entitled to any damages based upon the conclusion that the filing of the involuntary petitions was done in objective bad faith was not resolved in the comprehensive Memorandum Opinion . . . or in any subsequent proceedings, including the appeal. The question properly was not addressed by this Court because, during the course of the proceedings up to and including trial, the Former Alleged Debtors had not, nor could they have, made any formal request for damages. . . .

11. As to their entitlement to damages, the Former Alleged Debtors submit that where . . . there is a finding of objective bad faith, the plain meaning of [the Code] allows the recovery of damages.

12. The measure of damages remains to be determined at a hearing. The net effect of the Government's filing of the involuntary petitions . . . was the complete shut down of all business activities. Approximately 150 persons were evicted from their livelihood and thousands of contributors and supporters were harmed because the Former Alleged Debtors were unable to repay loans made by those individuals. Indeed, the very people the Government claims it filed the petitions to protect were more severely harmed by the Government's own actions than by any action taken by Caucus, Campaigner or Fusion.

13. The destruction of their businesses left Caucus, Campaigner, and Fusion with substantial unpaid obligations and damages. The damages incurred by each of the Former Alleged Debtors . . . include, but are not limited to the following categories: (a) loans from individuals outstanding as of April 20, 1987, for which no funds have existed for repayment; (b) interest on the . . . loans at varying rates of interest . . . ; (c) trust fund, payroll, and other federal, state, and local taxes due as of April 20, 1987; . . . (g) unfilled subscription obligations; and, (h) business good will and reputation. The Former Alleged Debtors contend that, in light of the Court's finding of objective bad faith, the burden of these damages properly should be borne by the United States, NCNB, MCI Communications, the Commonwealth of Virginia, and the other Intervening Creditors. To the extent the Court concurs, Caucus, Campaigner, and Fusion respectfully request the Court to schedule a hearing on the amount of damages they are entitled to recover. . . .

### **Memorandum of points and authorities in support of motion for attorneys fees, costs, and damages**

. . . The dismissal of the involuntary petitions has been affirmed. . . . Thus, it is now appropriate to consider the

Former Alleged Debtors' claims for attorneys fees and costs. Collectively, Caucus, Campaigner, and Fusion incurred over \$550,000 in legal fees in their defense to the involuntary petitions and their efforts to seek dismissal, and an award of the balance due is proper.

The second issue, i.e., the entitlement to damages presents a different, and unique question. . . .

The fundamental policy question presented by this issue is whether the Government and the Intervening Creditors may escape ultimate financial responsibility for the economic harm and ruin caused . . . by the improper involuntary petitions . . . and the secret, *ex parte* appointment of Interim Trustees. The key legal issue is whether the finding that the Government perpetrated a constructive fraud upon the Court, and the conclusion that the filing of the single creditor, involuntary petitions was, objectively, bad faith, entitle the Former Alleged Debtors to an order of judgment awarding damages. . . .

. . . the salient facts and sequence of events which led up to and immediately followed the filing of the involuntary petitions by the Government; [were] the request for an *ex parte* hearing at which the motion for the appointment of interim trustees was entertained, the request to seal all Court records for a 24-hour period, and, the orders which went out to the [U.S.] Marshals Service to seize offices of each Former Alleged Debtor . . . and to stop the payment of all pre-petition debt.

These pre-filing activities, alone, should support an award of damages. In determining the entitlement to such an award, however, the Court also should consider the consequences which the Government's actions had on the business activities . . . employees, contributors and supporters. In other words . . . the economic harm caused by the involuntary petitions; a perspective which has not previously been presented to the Court. . . .

Collectively, Caucus, Campaigner, and Fusion occupied numerous offices around the country, employing approximately 150 individuals; many of whom had served as writers, editors, computer programmers, sales representatives, etc., for 10-15 years. On April 21, 1987, however, every office was sealed shut, every employee was forcibly evicted from his/her livelihood, and many subscribers and supporters of these concerns were disenfranchised. . . .

The repercussions from the Government's actions are legion: an extensive political distribution system was dismantled, an internationally respected scientific foundation was demolished, and numerous supporters were foreclosed from obtaining repayment on loans extended to support these corporations. Following the filing of the involuntary petitions, none of the Former Alleged Debtors conducted business operations, none of their publications or journals were produced or distributed and no seminars were organized or sponsored. More importantly, all revenue-generating activities were entirely shut down, making it impossible to repay thousands of

supporters and to fulfill obligations, such as subscriptions, to those whose contributions and loans had sustained the three corporations for years. . . .

. . . An award of attorneys' fees not only is appropriate, but mandated by the Code. In enacting Section 303(i)(1), Congress plainly intended that unsuccessful petitioning creditors should be required to pay for the burden they created. . . .

. . . During the course of a three-year period the Former Alleged Debtors incurred well over \$550,000.00 in legal fees in the successful defense of the involuntary petitions filed against them by the Government. . . . Absent full compensation of these costs from the creditor who initiated the involuntary proceedings, the entire burden of this defense will fall squarely upon the targets of the improper filings, a result patently at odds with the intent of [the Code]. . . .

. . . The involuntary petitions filed by the Government destroyed these business entities. The damages . . . remain to be detailed at a hearing, but the sum total of all damages . . . is substantial.

If the Court denies the Former Alleged Debtors the right to seek any damages, it would effectively allow the Government, and the Intervening Creditors, to escape entirely from any responsibility for the economic harm caused by the involuntary petitions. This result would sanction the very conduct the Court decried as improper.

If creditors are certain that, absent a finding of both objective and subjective bad faith, there is no risk of financial liability or any other penalty for improperly invoking the jurisdiction of a bankruptcy court, then there would no longer be any disincentives built into the system to discourage such actions. The consequence to the judicial system posed by this result is unthinkable.

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# Soviet military trades space for time

by Leo F. Scanlon

The Pentagon's 1990 edition of *Soviet Military Power* was released in September with none of the usual publicity and fanfare. The almost embarrassed treatment given by the Secretary of Defense is the Bush administration's declaration that it is unfashionable to talk about the military capabilities of enemies which pose a real threat to the United States. This season, it is the ill-equipped militaries fielded by underdeveloped nations which make strong men weep and women faint on Capitol Hill. But the booklet outlines realities more ominous than anything to be found in the Mideast.

The facts presented show that the Soviet command has responded to the collapse of the Warsaw Pact system with a well-executed strategy of "trading space for time." They have trimmed the mass of their Armed Forces by eliminating outdated equipment and replacing it with new systems which have reduced logistical requirements, and have preserved a vigorous production base in all major weapons systems. Despite the economic crisis in the Soviet economy, "there is no evidence confirming that any major weapon development programs have been stretched out or canceled, and research and development of follow-on systems in all major weapon categories appear to be continuing with no sign of decline."

*Soviet Military Power* warns that "Soviet military planners have not given any signs of reducing their efforts to achieve a qualitative leap in military capabilities by developing a new generation of weapons based on emerging advanced technology. Likewise, they appear determined to develop a fundamentally new class of weapons by exploiting new, cutting-edge technologies such as plasma, directed energy systems, and biotechnology in order to be prepared for what they see as a revolutionary change of the nature of the future battlefield."

The authors warn that at the end of the current "reform" of the Russian empire, "the Soviet Union will have the greatest military potential of any single country on the Eurasian landmass, likely retaining an army of around 3 million men, and weapons with thousands of nuclear warheads."

## Arms treaties protect Soviet capabilities

Despite the propaganda surrounding the Bush administration's arms control agreements, the consequences of these treaties is that Soviet strategic and theater capabilities are

well preserved, even if the threat of ground attack in Western Europe has declined. It is emphasized that the strategic arms limitation (START) treaty "does not restrict the rapidly evolving technologies which have resulted in the deployment of increasingly capable Soviet strategic offensive and defensive weapon systems. As a result, even as Soviet weapons are reduced, overall Soviet capabilities may remain largely unchanged and could even increase over time."

The main effort in reorganization of Soviet strategic forces has been to replace their aging silo-based missile systems. *Soviet Military Power* reports: "By eliminating these silo-based systems the Soviets are streamlining their [intercontinental ballistic missile] ICBM force and giving it a decidedly mobile character. . . . With the three ICBM systems currently being deployed, the Soviets have the flexibility to adjust their force composition over the next few years. *Should the START process be interrupted, the Soviets could resume their modernization efforts without regard to START limits*" (emphasis added).

The report continues, "it should be noted, however, that the importance of theater nuclear forces in Soviet strategy has not decreased, and that short-range nuclear forces withdrawn to Soviet territory remain within the Western Theater of Operations."

In the post-Conventional Forces in Europe (CFE) treaty environment, Soviet ground forces will maintain their robust character, according to *Soviet Military Power*. The report provides the understated conclusion: "What has not been widely publicized is the fact that the new structure is a well-balanced combat force featuring a significant increase of artillery systems, armored infantry fighting vehicles, and personnel."

The report stresses that Soviet defenses are not matched by the United States. "Soviet strategic defenses are capable of degrading the effectiveness of U.S. offensive forces," both air-breathing and rocket-powered. "U.S. air defenses are less extensive," it continues. "In short, we would probably be able to detect Soviet bombers coming but would be limited in our ability to stop them from completing their attacks."

This array of Soviet land- and space-based systems are described in scant detail in order to downplay Bush's decision to abandon the Strategic Defense Initiative program. It nonetheless admits that "despite these obvious asymmetries, the Soviet Union continues to modernize its strategic air defenses. Indeed, current funding for these programs continues to show support for a long-term commitment to strategic defense."

While Bush hypes his "new world order," "Senior Soviet leaders insist that . . . the military danger to the Soviet Union has not significantly decreased and may, in fact, be growing." With Gorbachov, "the politically mandated disavowal of surprise attack has not yet been completely correlated with traditional Soviet operational requirements."

# Death penalty bill advances police state

by Leo F. Scanlon

The one good thing about the crime bill passed by the House on Oct. 5 is that it will probably not become law this year. But the fact is that Representatives voted by an overwhelming margin of 368-55 for a bill which will greatly expand the use of capital punishment and make it nearly impossible to overturn such a verdict, no matter how corrupt the prosecution or incompetent the defense.

Within days of the vote, the Commonwealth of Virginia demonstrated what this bill will make commonplace, when it executed a prisoner who had been sentenced on the basis of tainted evidence, then denied access to exculpatory material which would have mitigated his sentence. It took nearly eight years for attorneys for Wilbert Lee Evans to prove that the state hid crucial evidence from the defense. If H.R. 5269 is enacted into law, a prisoner will have only six months to expose such corruption and file for federal *habeas corpus* relief.

Even then, he will be facing a U.S. Supreme Court which treated the proven injustices in the Evans case with indifference. In a ringing dissent against the 8-1 decision not to review Evans's case, Justice Thurgood Marshall denounced the Court's action and the immorality which lay behind it. "A death sentence that is dead wrong is no less so simply because its deficiency is not uncovered until the eleventh hour," he said. He predicted that "a system of capital punishment that would permit Wilbert Evans's execution, notwithstanding as-to-now unrefuted evidence showing that death is an improper sentence, is a system that cannot stand."

But the Bush administration is determined to try to make such a system stand, if it has to rid the legal code of all natural law to do so, and the crime bill passed by the Congress is the vehicle for that effort.

The fight over the death penalty provisions of this crime bill is part of a more profound dispute which goes to the root of the constitutional protection against tyranny. Demagogues of every political stripe are exploiting a lynch mob atmosphere in the population, but it is the Bush administration and a cabal on the U.S. Supreme Court which triggered the furor in order to further their schemes against the Bill of Rights as a whole.

At the core of that attack is an attempt to weaken and destroy the "great writ" of *habeas corpus*, which has always been a protection against corrupt and politically motivated

prosecutions by the government. Ever since the U.S. Supreme Court lifted its 1972 moratorium on all state and federal applications of capital punishment, the *habeas corpus* procedures have been the primary grounds for delaying an execution long enough so that a competent defense could be mounted.

## 'Blood lust' fuels amendments

Under mounting pressure from a pro-death lobby led by Chief Justice William Rehnquist and many prosecutors, a committee led by then-Justice Lewis Powell studied the issue and proposed a set of limitations on the use of *habeas corpus* proceedings to overturn a death sentence, including a time limit beyond which no appeal would be possible. These limits were rejected by the House Judiciary Committee, which said that such limits deter lawyers from taking complicated cases, and perpetuate the errors committed by inexperienced counsel in capital cases.

The House Judiciary Committee also limited capital punishment to 10 crimes, demanded that a jury find two aggravating factors in addition to the crime itself before being allowed to impose the death sentence, and proposed standards for state-appointed counsel in death sentence cases.

When the bill reached the floor of the House, a mood which one Member described as "a lust for blood" took over the debate, and a series of amendments was passed—while opponents derisively shouted "Kill, Kill, Kill"—which transformed the House bill into a carbon copy of the monstrosity passed by the Senate last summer.

Rep. George Gekas (R-Pa.) led the charge, presenting amendments which increased to 30 the number of capital crimes, reduced to one the number of aggravating factors required to impose the sentence of death, and allowed the prosecutor to ask a sentencing jury to consider aggravating factors which are not part of statute law, without approval of the trial judge or notice to the defendant. This latter violation of the Constitution was specifically proposed in the Justice Department's blueprint for a prosecutorial police state.

A showdown was staged over the provisions governing the use of *habeas corpus*. Rep. Henry Hyde (R-Ill.), a so-called leader of "pro-life" forces in the Congress, introduced a compromise amendment which will make optional the six-month limit on *habeas corpus* actions proposed by the Powell commission, but specifies that a state which chooses the option must provide an attorney for the defendant. However, state-appointed attorneys will not be required to meet any standards of competence, and a defendant cannot cite incompetence by his attorney as the basis for bringing a *habeas corpus* action.

In short, capricious and arbitrary executions will become more widespread. The beneficiaries of this act will be Bush and his mermidons, for whom "crime control" means exemplary executions of the poor, the black, and the indigent. It is terrorism, pure and simple.

# DoJ 'national security' unit caught in anti-LaRouche tricks

*New evidence shows that a special Justice Department unit with "national security" duties coordinated the 1987 bankruptcy seizure and shutdown of three companies operated by associates of Lyndon H. LaRouche. The seizure—later ruled to be illegal by two courts—resulted in the loss of tens of millions of dollars to citizens who had lent money to the three firms. It also resulted in the indictment of LaRouche and six associates for their alleged failure to repay those same loans—after repayment was prevented by the Justice Department's actions.*

*Legal papers filed on Sept. 27 in the civil rights case LaRouche, et al., v. Webster, et al., pending in federal court in New York, show that the seizure was coordinated by the General Litigation and Legal Advice Section (GLLAS) of the Justice Department's Criminal Division. The legal brief filed by the plaintiffs in that civil action (who include LaRouche and Edward Spannaus, both currently in prison) shows that the General Litigation unit has responsibility for handling civil matters involving national security investigations. This "national security" unit has been involved in all matters concerning LaRouche for the past 10 years, at a time in which the Justice Department and FBI have always denied that there was any national security investigation of LaRouche and his associates.*

*(All references to exhibits have been omitted.)*

## **Excerpts from Plaintiffs' Supplemental Memorandum in Opposition to Defendants' Motion for Summary Judgment**

Plaintiffs file this supplementary memorandum in order to bring to the Court's attention new information which bears upon the fundamental issues before the Court in this case. . . .

What the plaintiffs have now discovered is that there is a special unit in the Justice Department that has operated under national security authority and has been involved in *all* matters involving the plaintiffs since the early 1980s up to the present time. This unit, called the "General Litigation and Legal Advice Section" of the Criminal Division, has been involved in the following matters that are known to plaintiffs (and there are undoubtedly other matters which are not known to plaintiffs):

- It ordered the FBI to conduct an investigation, under

a terrorism classification, of the complaints made by Henry Kissinger against plaintiff LaRouche and associates in 1982-83.

- It ordered this investigation after various other appropriate units of the FBI and DoJ had declined to authorize an investigation.

- It litigated the civil suit brought by Lyndon LaRouche against Secretary of the Treasury Donald Regan for denying LaRouche Secret Service protection during the 1984 presidential campaign.

- It coordinated the April 1987 bankruptcy seizure and shutdown of three publishing companies associated with plaintiffs; this was allegedly also a civil, noncriminal proceeding.

- It was somehow involved in the negotiations between counsel for some of the plaintiffs herein and Justice Department officials preceding the criminal indictments of LaRouche, Spannaus and others in the fall of 1988. . . .

Far and away the most damaging of the activities known to plaintiffs with which GLLAS was involved was the bankruptcy seizure. This was a flagrant interference with plaintiffs' First Amendment rights—and in some instances even their employment. *New Solidarity* newspaper with a circulation of over 160,000, *Fusion* magazine with a circulation of over 100,000, and other publications were extinguished overnight, and over one hundred employees were put out of work. The companies were also unable to repay loans to their political supporters as a consequence of the shutdown. . . . On Oct. 25, 1989, the bankruptcy Court ruled that the government had initiated the involuntary bankruptcy proceeding unlawfully and in bad faith, perpetrating a "constructive fraud" on the court. The court dismissed the government's petitions. . . . On July 19, 1990, the dismissal was affirmed by the U.S. District Court for the Eastern District of Virginia.

As set forth in the Spannaus affidavit, GLLAS was involved in coordinating the collection of civil contempt fines against plaintiffs' companies as well as the bankruptcy action that was the culmination of these efforts. To date, plaintiffs have received no explanation as to why the same team of individuals who handle national security matters for the GLLAS unit of the DoJ's Criminal Division, has been involved in coordinating these civil actions against them.

## Bush is warned against starting Mideast war

Senate Majority Leader George Mitchell (D-Me.), in an interview on "Meet the Press" on Oct. 21, warned President Bush that he cannot unilaterally start a war with Iraq.

"It is important to remember," said Mitchell, "that under the American Constitution, the President has no legal authority to commit the U.S. to war. Only the Congress can make that decision."

Mitchell said that both he and House Speaker Rep. Tom Foley (D-Wash.) were prepared to reconvene Congress, which is about to go into recess, if Bush acts without congressional approval.

In hearings before the Senate Foreign Relations Committee on Oct. 18, committee chairman Sen. Claiborne Pell (D-R.I.) warned that he was "not giving advance approval of a U.S. unilateral military action."

Sen. Joseph Biden (D-Del.) released on Oct. 18 a draft joint resolution that would, in effect, forbid the President from ordering a unilateral, unprovoked attack on Iraq without consulting Congress and seeking a war declaration.

Sen. Richard Lugar (R-Ind.) warned, however, that military action in the Gulf was "an ominous prospect."

## House raises debt ceiling to \$5 trillion

As part of its deficit reduction package, the House quietly inserted a provision raising the U.S. debt ceiling from the current \$3.7 to \$5 trillion.

The *New York Times* reports that the lawmakers hope this will prevent the embarrassing annual ritual of having to raise the debt ceiling just days or

hours before the federal government defaults.

But, as a memo from a U.S. Senator who attended a July White House budget summit noted, the growth of federal debt, from 165% of GNP to 230% of GNP today, now requires \$1 trillion in interest payments annually, after rising \$274 billion in 1989. Two-thirds of this debt is to be rolled over in the next five years.

## Outcry provoked over Bush civil rights veto

On the advice of White House Legal Counsel C. Boyden Gray, on Oct. 22 President Bush vetoed the Civil Rights Act of 1990, causing an outcry from civil rights groups and trade unions. Bush claimed that the bill introduces "destructive quotas into our nation's employment system."

The dispute has largely centered on the defenses available in the legislation to employers sued for "unintentional" discrimination. The bill's proponents claim that it essentially would have restored the law of employment discrimination that had been in force for nearly two decades, prior to six recent Supreme Court rulings that made it more difficult for minorities and women to win discrimination suits.

House Speaker Rep. Tom Foley (D-Wash.) expressed his dismay: "I think it is an historic and important redraft of the civil rights of Americans, and I have been hoping up until recent hours that there would be a decision on the part of the President to sign it," said Foley.

Sen. Edward Kennedy (D-Mass.), the chief sponsor of the bill in the Senate, called the Bush charges of quotas "part of a disreputable tactic to

appeal to public resentment and prejudice."

National Association for the Advancement of Colored People executive director Benjamin Hooks said that the NAACP is committed "to mobilizing its considerable resources to persuade Congress to override the veto." The AFL-CIO took the same stand. Robert Lifton, president of the American Jewish Congress, called the veto "a cruel slap in the face of thousands of African-Americans, women, Hispanics, Jews, and other minorities who are the victims of employment discrimination."

On Oct. 23, the Senate failed to mount the number of votes required to override President Bush's veto.

## Red China most favored status rejected

The House rejected on Oct. 18, by a vote of 247-174, the recommendations of the President to extend non-discriminatory Most Favored Nation treatment to the products of the People's Republic of China.

The rejection was followed by a resolution which would allow the President to extend conditional MFN status in the next fiscal year if the President will certify that the P.R.C. has accounted for those citizens who were detained or accused as a result of the non-violent expression of their political beliefs during events in Tiananmen Square; released citizens who were imprisoned after detention or accusation; and has made significant progress in 1) terminating martial law throughout the P.R.C., including Tibet; 2) reversing the pattern of gross violations of human rights; 3) easing the restrictions in the P.R.C. on freedom of the press and on broadcasts by the Voice of America; 4) terminating

the acts of intimidation and harassment of Chinese citizens in the U.S.; 5) removing obstacles to study and travel abroad for students and other citizens; and 6) taking appropriate action to promote improvement in the observance of internationally recognized human rights in the P.R.C. and greater opportunities for freedom and democracy in that country. The amendment passed 347-74.

## Special funding tucked away for Israel

"Congressional friends of Israel have tucked provisions that could be worth hundred of millions of dollars into last-minute money bills—with little or no public discussion," an AP wire reported Oct. 17.

The pro-Israel lobbyists "know our budget better than we do," a congressional staffer said. Sources who insisted on remaining anonymous said that the two sponsors of the provisions are Sens. Daniel Inouye (D-Hi.) and Robert Kasten (R-Wisc.).

The funds were put into the Defense and Foreign Aid appropriations bills for FY1991. With the provisions, Israel will be eligible for contracts under the Pentagon's Overseas Workload program which provides for local service and maintenance of military facilities. The bill asks the Pentagon "to identify and develop new specialized capabilities in depot maintenance and repair in Israel," and that Israel be given the inside track on maintaining U.S. F-15 fighter planes and converting 400 F-4 aircraft to drones. The bills also establishes a new 4.5 million-barrel strategic petroleum reserve for Israel.

The Pentagon is also requested to award future defense contracts to Israel in areas like Stealth technology, the

Strategic Defense Initiative, anti-terrorism, and helicopter development.

## Boren says Bush knew of Iraqi invasion plans

Sen. David Boren (D-Okla.), chairman of the Senate Intelligence Committee, and Rep. Dave McCurdy (D-Okla.), ranking member of the House intelligence panel, said that the Bush administration was aware of plans of the Iraqi invasion 30-60 days before the actual assault.

"And three days before the actual assault, we knew it was going to happen," Boren said.

McCurdy said that for two weeks before Kuwait was invaded, he had been reading CIA reports indicating there would be an Iraqi action. But, he said, government "policy makers" were ignoring the signals.

## Budget wranglers differ little on tax increases

While Congress and the White House wrangle in marathon sessions to attempt to come up with a budget, all sides are advocating taxes that will hit the middle class and poor.

On Oct. 22, as negotiators appeared to approach a "deal" on a combined package of tax hikes and budget cuts, the agreement seemed to fall apart the next day as Democrats split on whether to accept the Republican proposals on cuts on Medicare and limitations on taxes on the wealthy.

But the Democrats' claim of "taxing the rich" is ludicrous, since they are demanding a mere 33% tax rate as opposed to the Republicans' 31%, whereas between 1960 and 1963, the maximum marginal tax rate on highest-income Americans was 87%.

House Ways and Means Committee chairman Rep. Dan Rostenkowski (D-Ill.) has also proposed delaying the adjustment for inflation in income tax rates, which would mean a tax hike of over \$200 per year for an average family.

On Oct. 21, White House Chief of Staff John Sununu and Office of Management and Budget Director Richard Darman stormed out of the meeting.

Despite negotiations the next day, House Minority Leader Rep. Robert Michel (R-Ill.) admitted that the votes for a package were simply not there. "We've started counting votes and when you're at the margin you have to be very careful. You want to be sure. You don't want this to go down again."

The third emergency spending bill expires on Oct. 24, putting the government technically into default.

## Negotiators batter strategic defense funds

Senate and House negotiators reaffirmed on Oct. 22 their decision to reduce spending on the Strategic Defense Initiative and restricted how the money can be spent, despite pressure from the Pentagon to maintain a semblance of serious funding.

The measure prepared by the Senate and House Armed Services Committees and reaffirmed by the panels would provide \$2.9 billion for anti-missile defense, \$1.7 billion below the administration's request. This would be the first time since 1986 that funds for the program have dropped below \$3 billion.

The bill also limits the money that could be spent on development of the first phase of the system.

# National News

## Va. Attorney General cited for conflict

Virginia Attorney General Mary Sue Terry, who has based her political career on the prosecution of associates of Lyndon LaRouche, is being sharply criticized by Virginia Common Cause and the Republican Party for awarding a \$38,000 contract for publication of a management handbook to the husband of one of her close assistants and political fundraisers.

Terry, who was warned beforehand about "possible ethical problems," according to the Oct. 13 *Richmond Times-Dispatch*, awarded the contract to Dr. George Rimler of Virginia Commonwealth University, the husband of her assistant, Anita Rimler. Terry's office says it's not a conflict because state laws on procurement and bidding processes don't apply. Some \$23,000 of state money will be used to develop the handbook, and the National Association of Attorneys General (of which Terry is president) also contributed \$15,000.

Terry's action "doesn't look like the way to run government," said Julie Lapham of Common Cause of Virginia. Republican Party spokesman Steve Haner said, "It's unethical, taking public dollars to reward friends; it's political abuse of office."

The *Times-Dispatch* noted in a lead editorial, "Who furnishes state agencies guidance as to legal matters and possible conflicts of interest? Why, the Attorney General, of course. So who keeps the Attorney General clear of entanglements that hint of political favoritism? Well, reportedly, her staff warned her . . . but Ms. Terry went ahead with it nonetheless."

## Cardinal O'Connor deplores ethic of death

John Cardinal O'Connor of New York deplored the "consistent ethic of death" in the U.S. during the Galveston-Houston Diocese's annual Red Mass for attorneys and other members of the legal profession held Oct.

10. O'Connor later said a poll commissioned under a \$3 million public relations campaign found slightly more than 70% of Americans personally opposed to abortion.

During the homily, Bishop Joseph A. Fiorenza talked about issues associated with the abolition of the death penalty. Texas Catholic bishops all oppose the death penalty, based on the religious belief and Church teaching that all life is sacred. Both O'Connor and Fiorenza said that personal and moral beliefs should guide professional conduct and decision making. "There are no critical public issues that are not moral issues," O'Connor said.

## EPA logging ban a gift to Bush contributors?

The Environmental Protection Agency (EPA) decision banning logging on federal forest lands on the basis that the spotted owl is endangered, was a White House "gift" to George Weyerhaeuser, a key contributor to George Bush and the Republican Party, according to reports circulating in Europe.

The EPA decision will cause loss of at least 102,000 lumber industry jobs and some \$200 billion. But the ruling will leave untouched the largest lumber products conglomerate in the Pacific Northwest whose trees are all on *private* land—Weyerhaeuser Corp.

George Weyerhaeuser, a friend of Bavaria's Prince Johannes von Thurn und Taxis, was a member of Commerce Secretary Robert Mosbacher's "Team 100," a group of 249 wealthy individuals who pledged at least \$300,000 each to Bush and the GOP for the 1988 and 1992 elections.

## Supreme Court a Mandarin bureaucracy?

With the passing of Justice William Brennan from the Supreme Court, a situation now exists where, for the first time in the Court's history, no Justice personally scans petitions looking for cases worthy of Supreme Court review, the Oct. 13 *Wall Street Jour-*

*nal* reported.

Brennan was the last Justice to perform the task by himself, rather than relying on clerks to screen the petitions and prepare summaries for him. The Court acts on 5,000 cases a year, and only about 200, or 4%, are granted review.

William Rehnquist, Byron White, Harry Blackmun, Sandra O'Connor, Antonin Scalia, and Arthur Kennedy have a pooling arrangement to review petitions. One law clerk, chosen on a rotating basis among the 23 clerks employed by the six Justices, prepares a summary of each of the 5,000 cases and distributes it to all six.

Justices John Paul Stevens and Thurgood Marshall have their own clerks sort through the petitions and make recommendations to them.

"It is dispiriting to know that the only Justice who looked at these petitions is no longer around. . . . We're really writing petitions for the law clerks now," said one prominent attorney. He added that the arrangement means that the petition is actually two steps isolated from a Justice.

When a proposal was made some years ago to create an appeals court to do the screening, Justice Brennan fiercely opposed the transfer of function as "an indefensible abdication of his responsibilities by any Justice who does so."

## Judge rules pro-life donors may be liable

U.S. District Judge Louis Oberdorfer ruled on Oct. 4 that financial donors to the pro-life group Operation Rescue could be held liable for any monetary fines assessed against the group, including contempt sanctions or attorneys' fees. The decision resulted from a lawsuit filed against Operation Rescue by the National Organization for Women to stop it from blocking access to abortion clinics.

Operation Rescue leader Randall Terry told a press conference Oct. 17 that Oberdorfer's decision was unconstitutional and an "affront to freedom." "If they can intimidate our donors," he said, "they can do it to other groups." He said that the decision

means that if "someone called us up and said they wanted to pay our light bill, they could be responsible for paying a \$5,000 contempt fine and \$42,000 in attorneys' fees."

Terry announced that his group was going underground as a result of the judge's decision. He and other Operation Rescue leaders burned a copy of the court order that he said has "pratically strangled our ability to raise money and pay our electric bills."

## Effi Barry calls for new civil rights effort

Effi Barry, in a speech to the Hampton University Student Leadership Program on Oct. 7, called on 150 black student leaders to become as active as she and those students who had participated in the civil rights movement, had been in the 1960s.

Effi Barry, the wife of Washington, D.C. Mayor Marion Barry who was persecuted by the government, warned that such activism was needed because "during the 1990s the Supreme Court will try to take away the rights of blacks." Barry scored those conservatives who held anti-abortion beliefs, yet allowed cutbacks in social programs and continued to dismantle affirmative action programs and busing policies for public school children, according to the Oct. 8 *Norfolk Virginia-Pilot*.

Barry decried the federal government for publicly castrating her husband, and for "harassing black officials." She called on the student leaders to "wake up young people; know the history of the past and present. Black may be beautiful but knowledge is power."

## Kinsey exposed as homosexuality promoter

Sex researcher Alfred Kinsey is a hoaxster, according to a new book entitled *Kinsey, Sex, and Fraud* by Dr. Judith Reisman and Edward W. Eichel which was reviewed by Pat Buchanan in his Oct. 20 column.

The book voluminously documents that the assertions made by Kinsey about the prevalence—and thus "naturalness"—of various sexual deviancies, were carefully cultivated frauds.

Kinsey's conclusion that 10% of the population is organically homosexual, for example, was drawn from a survey which included prison inmates, ex-cons, and sex offenders as 25% of the sample.

According to Gershon Legman, a former associate of the Kinseys, the purpose of the fraud was to propagandistically "respectabilize homosexuality and certain sexual perversions."

The *Playboy* publishing empire was founded when sociology student Hugh Hefner wrote his thesis based on Kinsey's research. Kinsey's work was key in the resulting battle to legalize and spread pornography in the U.S.

Buchanan points out that this hoax is the basis for the "intellectual validation of pedophilia." He reports that at the 31st annual conference of the Society for the Scientific Study of Sex, an expert on sex offenders and child sex abuse argued that pedophilia may be an orientation, not a perversion.

## Jeb Bush caught in thrift scandal

Another of President Bush's sons, Jeb Bush, is now involved in a controversy surrounding a savings and loan institution. Jeb Bush was the beneficiary of loans from a savings and loan which were eventually paid off by the government, according to a report in the Oct. 16 *Los Angeles Times*.

Jeb and partner Armando Codina, partners in a Miami partnership called 1390 Bricknell, borrowed \$4.6 million from Broward Federal S&L of Sunrise, Florida, to purchase a Miami office building. When Broward failed in 1988, Bush and Codina negotiated a settlement with the government, in which they repaid only \$505,000 of the loan and kept control of the building, while the government paid the rest. The loan from Broward was arranged by J.E. Houston Financial Group, headed by J. Edward Houston, an associate of the pair.

● **AN EARTH FIRST!** call for eco-terrorist action has officials in three states concerned, the Oct. 14 *Houston Post* reported. "Shooting cattle is like . . . recycling your bottles and cans," a way "to make the world a better place," the piece read.

● **A PHILIP MORRIS** donation of 2 million cigarettes, arranged by Sen. John Warner (R-Va.), to U.S. soldiers in Saudi Arabia, was refused by the U.S. Army. Pentagon "policy is that smoking is one of the leading preventable causes of disease and death among military personnel," said Philip Morris spokesman John A. Kochevar.

● **ARGONNENATIONAL** Laboratory, in a time of budget cuts, is being forced to spend \$222,000 to relocate and protect wetlands—a 1.1 acre depression and a beaver pond—in order to proceed with construction of the laboratory's Advanced Photon Source, an accelerator that will provide the world's brightest source of X-rays for research.

● **ATTORNEY GENERAL** Richard Thornburgh aide Henry Barr faces four witnesses ready to testify against him that he was a frequent user of cocaine, the Oct. 11 *Washington Times* reported.

● **WILBERT LEE EVANS**, 44, was executed in Virginia on Oct. 17, despite new evidence of his heroism in rescuing prison employees during an escape. The U.S. Supreme Court refused to review the case, and the Fourth Circuit Court of Appeals criticized a federal judge for requesting a trial to evaluate the new evidence.

● **VISTA MAGAZINE**, an English-language insert in about 25 major U.S. newspapers that reach Hispanic communities in the U.S., ran a commentary Oct. 16 by *EIR* correspondent Valerie Rush which attacked Bush's "Enterprise for the Americas" proposal as designed to turn the U.S. workforce into a cheap labor pool.

### *Henry Kissinger's Mideast massacre*

We have warned that by putting over 200,000 American troops in Saudi Arabia, President Bush, at the instigation of Prime Minister Margaret Thatcher, has threatened to unleash a war in the Mideast and a third world war as well. With the Syrian invasion of Lebanon we have seen the beginning of this process. The deaths of over 700 Christians in Lebanon can be laid directly on the doorstep of Thatcher and Bush.

Without their approval, the terrorist Hafez al-Assad would never have dared to launch his blitzkrieg attack against Lebanon. The bitter irony is that the same Washington and London crowd who call Saddam Hussein a reincarnation of Adolf Hitler have nothing to say about Syria's annexation of Lebanon.

The fact that the Syrians used their Air Force to bomb and strafe Gen. Michel Aoun's headquarters, confirms that Israel, Britain, and the United States gave the go-ahead for the holocaust. Use of air power had been previously forbidden the Syrians on the grounds that Assad would be tempted to violate Israel's airspace as well. What has been arrived at is a tacit agreement among London, the Bush administration, the government of Syria, and the government of Israel, to throw the Christians out of the Mideast.

Coupled with the reign of terror being imposed upon the Christians in Lebanon, is the treatment of the Palestinians by the Israeli government—less brutal only in numbers, not in kind. There is every reason to feel that the Adolf Hitler of Israel, strongman Ariel Sharon, will prevail in his wish to impose a final solution to the Palestinian "problem"—the massacre and forced evacuation of the Palestinians now living in the Occupied Territories.

Despite the fact that every Western intelligence agency is aware that it is Assad's Syria which has been a coordinating center for international terrorism, Assad was given a green light in Lebanon in return for his support of a war against Iraq. Despite a coverup by the British and U.S. governments, it is documented that the bombing of Pan Am Flight 103, which exploded over Lockerbie, Scotland in December 1988, killing 270 innocent passengers, crew members, and Lock-

erbie residents, was an act of terrorism coordinated by Assad's intelligence services.

It is well known that the Bekaa Valley in Lebanon is the center through which Hafez al-Assad coordinates a large chunk of the world's international opium and hashish traffic; that Assad is linked, as are factions in Israel, to narco-terrorism in Central America, as well to as the cocaine traffic into Europe.

This brings us to the role of the evil Henry Kissinger, close friend of Ariel Sharon and self-avowed admirer of the terrorist dictator Assad.

Henry Kissinger, the follower of Metternich and Castlereagh, and the epigone of the British Foreign Office for all of his active political life, has systematically led the United States down the path of neocolonialism and balance of power politics. U.S. occupation of the Gulf is the end game of Kissinger's Mideast strategy, which called for the systematic destruction of any groupings among the Arabs who wished to invest their oil revenues in infrastructure and development projects, in order to transform the desert into an oasis.

In the 1970s, Kissinger condemned Lebanon to death by exacerbating the civil war there. We now see what Kissinger's policies of the 1970s have come to: in the Gulf, in Lebanon, and in his support for Assad of Syria.

Kissinger must be repudiated. We must repudiate Kissinger-like thinking and policy from our government, or we're going to be in a worse mess than Kissinger left us, under his administration, in Southeast Asia. It is an outrage that the United States is unwilling to support the censure of Israel for its violence against the Palestinians, is unwilling to admit what Assad is doing in Lebanon, but is seeking any pretext on which to escalate its war against Iraq.

Assad—this butcher, international terrorist, and drug trafficker—is the man admired by Henry Kissinger, and the man to whom the present administration in Washington caters.

Let us bring this to an end. No civilized nation can tolerate the slaughter of the Christian community of Lebanon.

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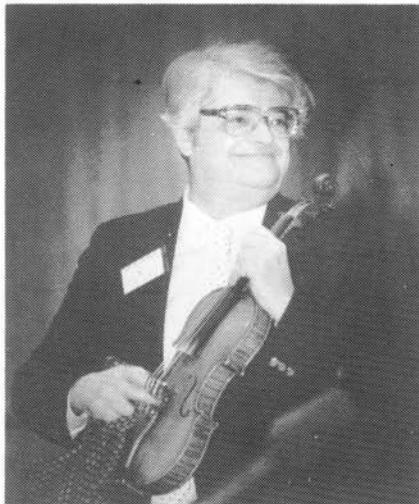
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