

EIR

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Firsthand report: the Argentine resistance
Malaysia might boycott '92 'Earth Summit'
How usury took over the Farm Credit system

**Victory over Soviet coup
puts economics on the agenda**



LaRouche Delivers the Signal

A worldwide anti-Bolshevik resistance struggle

Issued on Nov. 14, 1988 by Lyndon H. LaRouche, Jr.:

Moscow's pre-orchestration of the forced resignation of West Germany's Bundestag President Philipp Jenninger set off the trip-wire warning.

In this circumstance, like that of the fabled Good Samaritan of the New Testament, I find myself in the circumstance the responsibility for a certain action falls upon me. So, as the Hand of Providence fell upon that Good Samaritan, in that fashion, it has demanded that I do an awesome deed, which I do here and now.

So, let the alarm be sounded; the trumpet shall not sound an uncertain note.

Let those who refuse to submit to Soviet worldwide imperial aggression rally to the ranks of a new, global resistance movement, prepared to fight the agents and accomplices of Soviet interest in the same spirit as anti-communist resistance organizations fought the fascist tyrannies of Germany and Italy.

Let us swear the Rütli Oath from "Wilhelm Tell." Let it be made clear, that wherever the communist imperial interest shall destroy governments, or subvert them to such a degree that they become virtually pro-Soviet varieties of Quisling rule which so cease, treasonously, to be lawful authority, the new Resistance shall launch what modern China's experience defines as "People's War" against the communists and their accomplices.

Let no one doubt, that once such conflict were forced upon us, there is no turning back, whatever the cost, until the mop-up of the last remnant of the adversary has been accomplished within each and all of our nations.

The Jenninger issue

For the occasion of the fiftieth anniversary of the Nazis' 1938 Kristallnacht atrocities against Germany Jews, the president of West Germany's lower house of parliament, the Bundestag, Philipp Jenninger, prepared the written form of an address. On the subject of the conditions leading into that Nazi crime against humanity, the written text of the address is among the noblest utterances in honor of the victims during the entirety of the past fifty years.

Almost the entirety of this address was delivered to the Bundestag's open session by Herr Jenninger. During that delivery, certain members of the Bundestag walked out in actual or simulated protest. Promptly, the KGB's assets and most of the European liberal press responded to the address with statements about it which are shown to be utter lies by comparison with the written text and electronic record of the oral reading.

Investigation shows that this reaction among the liberal press was pre-orchestrated, in cooperation with known assets of the Soviet KGB, such as the VVN organization.

This coincides with a pattern of recent and current developments which show institutions of Western governments capitulating to demands of Soviet agencies and KGB-controlled or KGB-complicit persons and agencies, in a more or less equally naked, and shameless way. The fact that Herr Jenninger was induced to resign his

post under such Soviet-pre-orchestrated pressures, makes that incident the signal occurrence within a pattern of developments requiring the mobilization of a global anti-communist resistance force.

The rules of resistance

Wherever we are faced with the conditions which compel the forces of anti-communist resistance to launch "People's War" against the adversary and his instruments, we shall wage such forms of war under the following rules and conditions.

- 1) It shall be a form of warfare described as "People's War."
- 2) It shall be fought according to those rules of justified warfare associated with St. Augustine.
- 3) The heroes around whom this resistance shall be mobilized is the memory of those anti-communist resistance fighters, who fought German and Italian fascism, and often communists, too, during the period up to and following 1945.

To affirm our honor to the memory of those heroes, we teach children to despise Beate Klarsfeld, and all witting accomplices of the KGB's VVN, as wearing the face of the enemies of God and humanity. For the same reason, we despise as low dogs those who betrayed U.S. justice and spat in the face of God, by sending the American citizen Karl Linnas to his death at Soviet hands. These persons are an example of those we demand be brought to trial for their crimes against God and humanity.

- 4) The enemy is communist authority and the accomplices of that authority's actions against our forces. All who fit that description are the forces of the enemy for the purposes of defining our actions of warfare. All these bear the face of the enemy, and shall be brought as low as required, whenever it serves the cause for which we fight that that be done.

- 5) All who die or suffer otherwise in this war shall be to us as martyrs, whose honorable deeds in this cause shall be legendary in the tales told to future generations.

- 6) If we are obliged to enter into such warfare, it would be the enemy who has forced this upon the world. Were he wise, he would hesitate to provoke this war.

Organization of the resistance

- 1) The resistance is organized and spontaneous, and whether organized or spontaneous, is variously open or covert.

- 2) Openly organized forms of organization, serve to carry the political banners of the resistance as a whole. These are the voices which define the principles and policies of the resistance.

- 3) Covertly organized forms of organization flank and envelop the enemy in the institutions of society from which the enemy seeks allegiance and support. Covertly organized efforts seek to cause those institutions to exist to the enemy's disadvantage.

- 4) The most covert form of activity is that which is either spontaneous activity, or is caused to appear so.

- 5) He or she is a member of the resistance, who adheres to the principles and policies of the resistance. These principles and policies are defined by the open political organizations associated with the resistance, from whatever location, and under whatever circumstances they are able to perform this function.

- 6) The combat functions of the resistance are estimated to be about one percent of its total warfare-effort.

- 7) For the most part, the resistance does its work silently, cloaked in mystery, avoiding as much as possible, to report what it has done, or not done, or to report where it has been or not been. As much as possible, the spoor of its work is a shadowy presence in the statistics until such time as its victories enable it to assert its presence and work in its own name.

You can join the resistance, where you sit or stand, without contacting any office or person to do so. But swear the Rütli Oath against communist tyranny and its accomplices, to God and to yourself, and you have joined. Thereafter, act accordingly, as your conscience, and your knowledge of the resistance's signals, principles, and policies, compels you.

EIR

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From the Editor

Facing this letter, we reprint an important memento of Lyndon LaRouche's role in shaping the ideas of the anti-bolshevik resistance: his call in mid-November 1988, on the eve of his own political show trial, for a worldwide struggle against the oppression of the communists and their western cronies.

The recent coup attempt in Russia—and I have no need to urge you to read our coverage in *International*—brought back strong memories of the autumn of 1988. Lyndon LaRouche was a candidate for President of the United States, opposing a lunatic, Michael Dukakis, and a thug, George Bush. (The thug won, and as LaRouche has recently observed, turned out to be a lunatic.) In a national electoral telecast, entitled "The Winter of Our Discontent," LaRouche warned of the political and strategic fallout from the economic storm looming over the socialist bloc. That October, he traveled to Berlin where he gave a celebrated speech in which he proposed that western governments should offer to rebuild the economy of Poland by offering a "food for peace" perspective—not the free market shock therapy imposed by the Harvard mafia—in exchange for which, the rulers in Moscow should permit the reunification of Germany. Although few knew it, the rebirth of free Germany was at hand.

In November 1988 the Anglo-Soviet "Trust" tried to crush that potential, by labeling the patriotic president of the German Parliament, Philipp Jenninger, as an apologist for Nazism. They succeeded in driving him from his post on the basis of this patently groundless slander. In response, LaRouche called into being the anti-bolshevik movement, even though it was already clear that his own trial, about to begin at the time, was pre-arranged as a political frameup that would railroad him to prison. He has been in jail since January 1989; the abuse of justice which allowed this, has now been presented in detail to the United Nations (see page 56).

Two weeks after LaRouche's call came the first major action of the resistance he evoked: Colonel Seineldín's military uprising in defense of Argentina on Dec. 3, 1988. Today in 1991, the Argentine patriots face their own political show trial. Our *Feature*, an exclusive report from Buenos Aires, is written by one of LaRouche's co-defendants of 1988, former political prisoner Dennis Small, and his wife Gretchen.

Nora Hamerman

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Salomon scandal just part of financial collapse

by EIR Economics Staff

George Bush has been temporarily bailed out once again, as the Soviet coup captured the headlines which would otherwise have focused on the unraveling U.S. financial system. Had this dramatic turn of events not occurred, however, the Salomon Brothers scandal was on hand as a convenient scapegoat for the fracturing of the Anglo-American financial system under the strain of economic depression.

The number one primary government bond dealer, Salomon Brothers, Inc., was caught with its pants down manipulating the U.S. Treasury auction by secretly purchasing more than its allowed 35% share of a U.S. Treasury auction.

Salomon Brothers admitted that it had committed "irregularities and rule violations in connection with its submission of bids in certain auctions of Treasury securities." The firm also admitted that it had bought more of some Treasury issues than allowed by law, and admitted that it had submitted bids "on behalf of persons who had not authorized such bids."

That Salomon would voluntarily make these admissions is surprising. Even more surprising is that Salomon chairman John Gutfreund—the so-called "King of Wall Street"—resigned within the week, as did his two vice chairmen, Thomas Strauss and John Meriwether.

According to the *Wall Street Journal*, the government had set a trap for Salomon after other securities dealers and investors complained that Salomon was manipulating the market. After getting caught red-handed, the *Journal* said, the firm decided to admit its violations in public, allowing it to apply its own "spin control" before the government could act. Furious at this tactic, the story goes, Federal Reserve Bank of New York president Gerald Corrigan demanded—and got—the head of Gutfreund.

Salomon Brothers a convenient scapegoat

Such behavior may well defy Treasury regulations, and be reprehensible, but it is hardly unknown or even uncommon on Wall Street. For years, U.S. Treasury markets have been routinely manipulated and rigged. This past May, Salomon Brothers was bragging in public of manipulating the market in government debt. It was also public knowledge that the company was being investigated by the U.S. Treasury Department, the Securities and Exchange Commission, and the Federal Reserve. The cited agencies, involved in disputes with Congress, and each other, over how to regulate the market in government debt, could not agree on how to proceed.

Nor is it exactly news that such crimes have been committed routinely, over at least the past 10 years, in the more than \$2 trillion annual market in government debt, and which is now at the astronomical figure of \$35 trillion a year.

In fact, the scandal itself is relatively old news, which actually broke in July of last year. It was then that the *Wall Street Journal* headlined its column on the credit markets: "Unfillable Bids Flood Auction of 7-Year Notes." In May, the *Washington Post* revived the story under the headline on the first page of the business section, "Fed Studies Possible Squeeze on Sale of Treasury Securities."

What is news is that these outfits are no longer capable of handling the huge volume of debt, about \$500 billion every three months, which the federal government now seeks to finance, or refinance. Failure of the U.S. government's last quarterly debt auction, during the first and second weeks of August, when nearly \$40 billion of federal debt was expected to be financed, has helped unleash a major crisis on Wall Street. The crisis is part of the developing international

potential for an unparalleled financial and monetary earthquake, perhaps to erupt sometime this fall.

With the United States government facing a projected \$362 billion deficit for fiscal 1992, according to the latest figures from the Congressional Budget Office, the Treasury will need to sell some \$2 trillion in securities—counting both new issues and “roll overs” of maturing securities—in fiscal 1992, which begins Oct. 1 of this year.

Police-state methods

The administration, flexing its police-state powers through the Treasury, the Securities and Exchange Commission (SEC), the Department of Justice, and the Federal Reserve, has launched a sweeping investigation of the government securities dealers.

In the third week of August, the SEC launched a formal investigation of all 40 primary securities dealers, the firms which sell government securities. In a letter to the dealers, the SEC asked for any documents which relate to “the submission of false bids at any auction for U.S. Treasury securities or any parking or similar arrangements.” The SEC is also seeking any information that customers at any of the dealers had submitted bids for any single Treasury auction at a single yield level that would exceed the 35% maximum, and whether any of the dealers have maintained “overstated, excessive or inaccurate information” in their records. Given the predilection of the investment banks to break the law, such investigations are a serious threat indeed.

Beyond Salomon Brothers, the list of primary dealers subpoenaed by the Securities and Exchange Commission over illegalities and irregularities in the trading of government bonds includes investment houses such as Goldman Sachs, Merrill Lynch, and Morgan Stanley, as well as a collection of the country’s largest commercial banks. Nothing like this has ever happened to the Wall Street Mecca of finance, not even in the days when New York U.S. Attorney Rudolph Giuliani’s goons descended on Goldman Sachs and hauled away operatives from the trading floor in handcuffs.

Bush’s financial reorganization

The simple fact is that the U.S. federal deficit is defying all attempts to control it under the prevailing assumptions of policy.

To keep the escalating cost of Treasury borrowing down, and to provide badly needed liquidity for the big banks, the administration must dramatically lower interest rates. Bush may be trying to diminish the clout of the Wall Street investment houses, in order to ram through some new reorganization.

The government’s debt financing requirements are growing astronomically, because the depression-driven economic collapse is wiping out the tax revenue base, even as the demands for debt service are increasing. Now, government financing is added to the insolvency of the insurance compa-

nies and commercial banks. Without a change in policy, all the subpoenas in the world will not be able to stop what is being unleashed.

The same forces of breakdown of the physical economy are at work undermining the “successes” of Bush’s foreign policy, as attested by the Art-B scandal in Poland, the attempted coup in Moscow, and the out-of-control conflict in what used to be Yugoslavia.

Kissinger crony moves in

Taking Gutfreund’s place at Salomon is Warren Buffett, the billionaire chairman of Berkshire Hathaway of Omaha, Nebraska. Upon taking the job, Buffett immediately promised Treasury Secretary Nicholas Brady that he would make sure Salomon obeyed the law.

Buffett is hardly a stranger at Salomon, however, as he owns 16% of the company. Buffett and his vice chairman at Berkshire Hathaway, Charles Munger, both sit on the Salomon board.

Salomon is not the only company Buffett has rescued lately, either. Within the last month, he agreed to invest \$300 million in the troubled American Express, and raised his stake in Wells Fargo, the troubled California bank, to 22% from 9.7%. On top of that, Citicorp Chairman John Reed is reportedly seeking financial help from Buffett.

Where does Buffett get the money to bail out all these sick institutions? one asks. And why would this supposedly cautious investor be willing to risk such enormous sums?

The answer is that Buffett, like most of the so-called self-made billionaires, is really a front for more powerful financial interests who prefer to keep their involvement secret.

One of the primary promoters of this “Wizard of Omaha” is Wall Street investment banker John Train, a key player in the “bankers’ CIA” and an organizer of the “Get LaRouche” task force, which has used its power in the government to put the main political critic of these vultures’ economic policy, behind bars. Train wrote two books, *The Money Masters* and *Midas Touch*, praising Buffett and promoting his career, a technique often used by the “bankers’ CIA” crowd to promote their assets. Buffett is also well-connected in Washington intelligence circles, counting among his friends the notorious Henry Kissinger.

Warren Buffett helped create the Franklin Credit Union in Omaha. Franklin chairman Lawrence E. King, a Republican Party influential, was implicated in money laundering related to the Iran-Contra affair, and is presently serving a 15-year sentence for defrauding his credit union.

Even darker are the links of Buffett, through King, to a pedophile scandal in Omaha, a scandal involving reports of ritual satanic murders of children. Two European magazines, *Avvenimenti* of Italy and *Pronto* of Spain, have printed exposés alleging that King runs a national child prostitution ring that serviced the political and business elite of both the Democratic and Republican parties.

Art-B scandal hits Poland; shows insanity of 'Sachs maniac' economics

by Konstantin George

On Aug. 7, Polish police raided the Warsaw offices of a huge Polish private holding company called Art-B, the offices of Poland's National Bank, and the country's largest state bank, the State Bank PKO. Seven leading bankers, including the vice presidents of both the National Bank and PKO, were arrested, and Grzegorz Wojtowski, the head of the National Bank, was suspended from office in disgrace. Art-B repeatedly manipulated the extreme tardiness of the Polish banking system in recording banking transfers, to create an operation where the same money was double-counted in two high-interest foreign exchange accounts at the same time, thus drawing two interest payments. In Poland, where foreign exchange accounts pay 60% interest, the ability to engage in such operations, accomplished by Art-B through generous bribes to state banking officials to look the other way, was extremely profitable.

The scandal, where the powerful Western and Israeli interests behind the far-flung Polish holding company Art-B cheated the Polish state out of up to hundreds of millions of dollars in precious foreign exchange, reveals in a stunning way the dirty underside of the radical "shock therapy" free market economy imposed by the International Monetary Fund (IMF) via Harvard economist Jeffrey Sachs. This "therapy" has brought unparalleled economic ruin to Poland, whose human cost is increasing at an accelerating tempo with each passing month, as the yardstick of unemployment shows. Between June 30 and Aug. 15, Polish unemployment went from 1.6 million to 1.9 million, and the peak of this devastation is nowhere in sight.

'Project Democracy' destabilizes Poland

According to Polish sources, any honest investigation would show that Art-B has been directly involved in Anglo-American operations to politically destabilize Poland. Last November and December, *EIR* had run exposés showing the Anglo-American hand behind a plot to destabilize Poland involving the presidential candidacy of the shady Polish exile, multimillionaire Stanislaw Tyminski. Tyminski, a radical free marketeer, had emerged from nowhere to challenge Lech Walesa for the presidency.

Tyminski had bragged on Polish television during the campaign that one of his closest friends is Zbigniew Brzezinski.

Brzezinski, national security adviser under President Carter, is one of the leaders of a U.S. intelligence operation called "Project Democracy." Under the guise of promoting democracy around the globe, this apparatus actually operates to install regimes and networks which allow or co-participate in radical free market looting of the country concerned.

Brzezinski's role in Project Democracy operations in Poland is a matter of public record. In Autumn 1989, the U.S. government provided some \$240 million through the Support Eastern European Development (SEED) Act to fund radical free market networks in eastern Europe. The operation was headed by Deputy Secretary of State Lawrence Eagleburger, a former U.S. ambassador to Yugoslavia and a close collaborator of Henry Kissinger. The SEED Act spawned the Central European Development Corp. and the Polish-American Enterprise Fund. The latter, as one of its operations, dispatched consultants to 65 Polish bank branches, a fact that may not be unrelated to the bank manipulation mechanics of the Art-B scandal.

What is confirmed, as reported in the Polish press, is that Tyminski and his campaign staff had used the offices of Art-B in Warsaw as his campaign headquarters.

Here we also have a potential link to the world of international drug-money laundering. As *EIR* documented last December, Tyminski's campaign staff included at least four members of communist Poland's secret police, two colonels and two captains. *EIR* had also documented how Tyminski, who held Canadian, Polish, and Peruvian passports, had made millions through business activities in the Iquitos region of Peru, a region notorious as a drug-production center, and that Tyminski's lawyer in Peru was Javier Valle Riestra, a spokesman for drug legalization.

The London connection

The financial killings of Art-B achieved through the "double deposits," generated a cash flow that created the "miracle" where a small company in two years became a holding company conglomerate owning some 200 Polish firms and engaged in widespread international transactions. Operating from a small palace called Pecice outside Warsaw, Art-B owned export-import companies involved in the wholesale purchase and resale of every possible type of con-

sumer goods, food and entertainment products, a private airline, and a plant for the component assembly of South Korean television sets. It was also involved in the international arms trade, with at least one confirmed case where it purchased 200 surplus Polish Army tanks for export.

Art-B's firms within Poland, according to accounts in the Polish press, employed up to 15,000 people, and had—under different names—some 50 overseas holdings in the West, in Israel, and in South Korea. These included a key office in London, out of which financial transactions involving tens of millions of dollars were recorded, to purchase holdings in Israel and elsewhere.

At the center of the biggest banking scandal in Polish history is a dirty money triangle between London, Tel Aviv, and Warsaw, and powerful Anglo-Saxon and Israeli financial interests whose identities remain hidden, while the frontmen, a colorful gang of brazen young Polish Jewish ex-jazz musicians who owned Art-B, have grabbed the headlines.

While many articles on the Art-B scandal have appeared in the continental European press, it has received almost no coverage in the press of Great Britain or the United States, even though, if accounts in the Polish press are correct, the London side of the Art-B complex was the linchpin of its international operations. The blackout on the London connection has been so tight that not even the name of the Art-B-linked firm in London has emerged in the public light.

The scandal first broke with the collapse of the Polish end of what's called the Art-B holding company, when the Polish state blocked access to further credit and began an investigation. While crucial details remain to be uncovered, the Art-B operation was punctured through a decision by Poland's Walesa regime. The move came at the end of July with the bankruptcy and closure of the giant Ursus tractor plant. The Art-B mafia had planned to make a financial killing, taking advantage of Ursus's desperate plight, to purchase for resale overseas 6,000 Ursus tractors at a large discount. This precipitated a state investigation into the finances and operations of Art-B, with the result that at least the details of Art-B's swindle of the Polish banking system would emerge.

Given the political repercussions should the identity of those behind Art-B become known, the investigation to date has revealed details centered mostly on the frontmen, the nominal owners of Art-B. This trio of young former jazz musicians was undoubtedly picked up by powerful financial interests with intelligence service connections in at least Britain and Israel, interests and personalities who remain out of the public light. The two main owners are: 1) Boguslaw Bagsik, 28, a Jewish orphan, raised by foster parents belonging in part to the German minority in Polish Silesia, family circumstances which provided the legal basis for Bagsik's backers to have him acquire and travel on three different passports—Polish, German, and Israeli. 2) Andrzej Gasiorowski, 32, also a Polish Jew, with Polish and Israeli dual

citizenship, co-owner and vice president of Art-B. According to the *Jerusalem Post*, another co-owner of Art-B is Meir Bar, an Israeli businessman who was involved in Art-B attempts to acquire holdings in Israeli corporations such as the Paz Oil Co. Other articles in the Israeli press mention a wealthy Australian businessman, Jack Lieberman, as heavily involved in the Israeli end of Art-B's operations.

The Polish secret police connection

The owners of Art-B however have emerged unscathed from the crackdown. Bagsik and Gasiorowski benefited from "invisible hands" backing their management of the Art-B operations that looted the Polish economy. One was their financial godfathers in Britain and Israel who pumped in the necessary liquidity to allow Art-B to emerge from its humble beginnings, with a mere 100,000 zlotys in founding capital on Feb. 16, 1989 (roughly \$600), to a conglomerate generating hundreds of millions of dollars by 1991.

Second, were the services provided by foreign intelligence services which used extensive capabilities drawn especially from middle and high-ranking "former" communists in the ministries and state apparatus, and from the "former" communist intelligence service and secret police that American, British, and Israeli intelligence agencies have been able to buy up wholesale in the past two years of economic degeneration.

In exchange for their services in helping to loot Poland, Bagsik and Gasiorowski were amply assisted when the lid blew. First, they received warnings far in advance that an investigation was brewing. Long before the scandal broke, Bagsik and Gasiorowski had quietly moved their families to a safe haven in Israel. On Aug. 2, the duo departed Poland, first for Hanover, Germany, and then on Aug. 7—always a step ahead of Polish authorities—flew in a private jet from Germany to Israel. For unexplained reasons, Polish authorities have not issued arrest warrants against the two. From Israel, the duo were able to sell their Art-B holdings to one Gawronski, the owner of the largest private bank in Poland.

The sale was confirmed from a telephone discussion with an Israeli citizen, Avishai Amir, who had been the Israeli spokesman for the Art-B group. The new name for the operation is Polyco and, according to Amir, Bagsik uses the premises as his office when he is in Tel Aviv. Meir Bar, the Israeli partner in Art-B, is now in the same office working for Polyco.

The Art-B scandal could wreck the entire dirty side of the Sachs mafia looting of Poland. The Art-B investigation, if pursued correctly, could spark other formerly communist countries of central and eastern Europe to unearth and destroy the Art-B-style looting operations in their countries. It could spark a desperately needed "Second Revolution" where these nations can break with the mafiosi world of the radical free marketeers, as two years ago they threw off the yoke of Bolshevism.

Cholera coverup aids contagion's spread

by Valerie Rush

The Salinas government's coverup of the cholera epidemic hitting Mexico has health authorities in the United States for the first time publicly contemplating the implications of serious cholera outbreaks at home.

U.S. Public Health Service director James Mason returned from a visit to Mexico to announce a plan to alert Americans to the danger of contracting the disease. He warned that few U.S. physicians had familiarity with cholera symptoms or treatment. Mason was definitive that "the U.S. should prepare for cases of cholera," but claimed that if proper precautions were taken, the fatality rate in the U.S. could be kept to under 1%.

Texan health specialists Laurance Nickey and Jorge Rosenthal were quoted by the *Wall Street Journal* Aug. 16 warning, "It is not a matter of if [cholera] will hit, but when," and, "There is a huge possibility it'll hit the border. With the conditions in the poor *colonias* [immigrant camps on the U.S. side of the border], if someone gets it there, they could begin the chain of disease." In parts of southern California, Mexican immigrant workers are already being screened for cholera carriers, and the Ibero-American cholera strain has been found in U.S. oyster beds in Alabama, off the Gulf of Mexico.

A U.S. Department of Health and Human Services memorandum has been issued suggesting that the course of the cholera epidemic in the Western Hemisphere is "unpredictable," and the U.S. Centers for Disease Control in Atlanta, Georgia have been forced to issue guidelines for the diagnosis and treatment of the disease in their *Morbidity and Mortality Weekly* report, widely read by U.S. doctors.

Mexican government lies

New evidence is appearing daily that confirms a coverup of the spread of cholera inside Mexico. Fatalities are going unreported in many parts of the country, and laboratory tests are being confiscated by government health officials instead of returned to the requesting physician. A ban on speaking to the press has been imposed on all medical practitioners, while Health Minister Jesús Kumate has lied that the cholera outbreaks are largely limited to poverty-stricken regions along the Guatemala border. Scores, perhaps hundreds, of

cholera cases are being presented as "severe diarrheal conditions," while public demonstrations are being held outside health centers and government offices in parts of Hidalgo and Veracruz states, demanding that emergency measures be taken.

Opposition politician Cuauhtémoc Cárdenas told the press Aug. 8 that at least 1,000 cholera cases were being covered up in the impoverished agricultural region of Huasteca, encompassing the states of Hidalgo, Veracruz, and San Luis Potosí. Cárdenas demanded that a "national emergency" for the region be declared.

The Aug. 16 *Los Angeles Times* devoted a front-page story to the Salinas government's deliberate downplaying of cholera statistics, as much out of fear of alarming its own impoverished and vulnerable population as of tainting ongoing Mexico-U.S. negotiations for a free trade pact. One local health official, speaking anonymously, told the *Times*, "Our analysis of why they prohibited us from talking is that it is not good for it to be known that what happened in Peru is starting in Mexico. That would affect the free trade agreement."

The consequence of the Mexican government's refusal to admit the true scope of the disease in that country, of course, is that both its own population and that of the U.S. is put at considerably greater risk of a rapid spread of the potentially deadly contagion.

Few resources to fight the epidemic

Central America, which has been bracing for a cholera onslaught ever since the epidemic surfaced in Peru, is now struggling against odds to contain the disease. Guatemala, which has adopted the Mexican strategy of drastically underreporting the incidence of cholera, is nonetheless facing a possible ban by nervous Mexican authorities on the crossing into Mexico of over 70,000 Guatemalan coffee workers. Those workers, who depend on picking the Mexican coffee harvest for their livelihood, and the 47,000 small Mexican coffee producers who depend on the extra labor, are threatened with ruin if the ban is carried out.

According to the Mexican daily *La Jornada*, a severe epidemic of shigellosis dysentery is afflicting hundreds of Guatemalans. The disease, which mimics cholera but which requires antibiotic treatment as well, can similarly be fatal. The same newspaper also reports that Honduran authorities are preparing mass graves in the capital city of Tegucigalpa, in anticipation of cholera outbreaks there.

In Nicaragua, Health Ministry squads are deploying to the poor *barrios* of Managua to attempt to educate the population on how to contain what is considered an imminent cholera contagion in that country. Hospital personnel are, however, confiding to the press that "the situation is a total disaster," the result of years of economic devastation wrought by the Sandinista regime.

The director of one hospital admitted to only three days'

worth of serum stocks, while another had only aspirin to dispense. Detection of sugar in the urine, a traditional test for diabetes, is now being conducted at these hospitals by having the patient urinate on the ground to see if ants would be attracted to the puddle. Said one nurse, "I don't know what we'll do when cholera arrives. What I am sure of is that thousands are going to die." Another commented ironically: "We have dengue, malaria, rubeola, Sandinista mobs, measles, tuberculosis, and soon, cholera. The seven plagues of Egypt have descended upon us."

In Peru, a resurgence of the cholera epidemic that claimed thousands of lives earlier this year is being predicted by the authorities when summer begins next December. Although the epidemic had slowed somewhat in the Andean highlands and coastal regions over the past few months, it has continued unabated in the tropical lowlands, and remains endemic throughout the country. Lima still reports 20-30 cholera cases a day.

Peru's former Health Minister Dr. Uriel García insists that the reduced intensity of the epidemic has absolutely nothing to do with government measures taken to fight the disease. "It has gone by itself, absolutely by itself. [The government] took no measures to supply Lima slums with emergency sources of clean drinking water, and feeble government educational efforts accomplished nothing." García predicted that "recurrent surges of cholera will be inevitable" until the billions of dollars required to build water and sewage infrastructure are allocated.

A 'malthusian' mentality

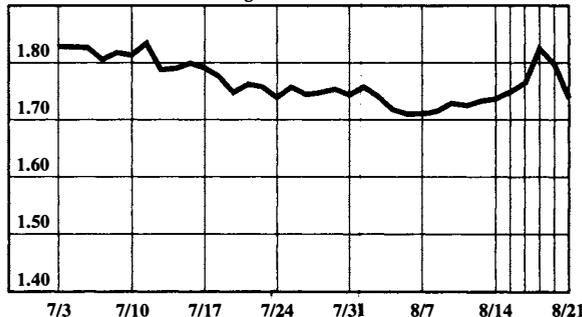
That it is not entirely a question of dollars invested, but also a question of drastically altering government priorities, was emphasized by an article published by journalist Antonio Cerda Ardura in the latest edition of the Mexican magazine *Siempre*. Cerda denounces the population control obsession of the superpowers toward, especially, the Third World, and suggests that lack of funding for sanitation infrastructure, adequate housing and medical care, and so forth, are the deliberate products of the "malthusian mentality" behind the international credit institutions, which are as interested in collecting their debt as they are in de-populating the underdeveloped nations of the world. To accomplish these goals, writes Cerda, "it has been indispensable to create more misery and to turn the 'rabble' in the countryside into a breeding ground for epidemics; that is, to conduct virtual biological warfare."

Cerda also documents the work of a task force set up in 1974 by "the controversial U.S. economist Lyndon H. LaRouche," who warned that the continued enforcement of the austerity policies of the World Bank and the International Monetary Fund would lead to "biological holocaust" in the developing sector. Cerda concludes that the outbreak of cholera in Peru and in the rest of Ibero-America reflects a deliberate IMF plan to "Africanize" the continent.

Currency Rates

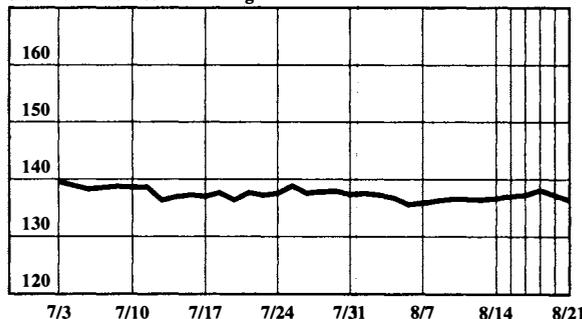
The dollar in deutschemarks

New York late afternoon fixing



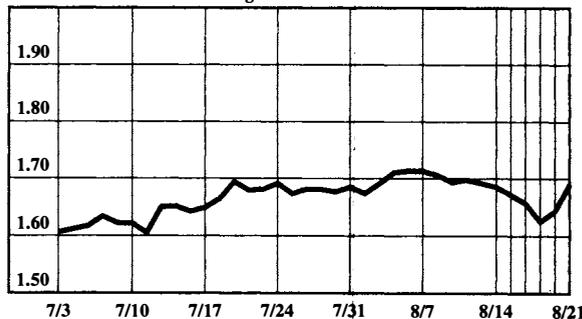
The dollar in yen

New York late afternoon fixing



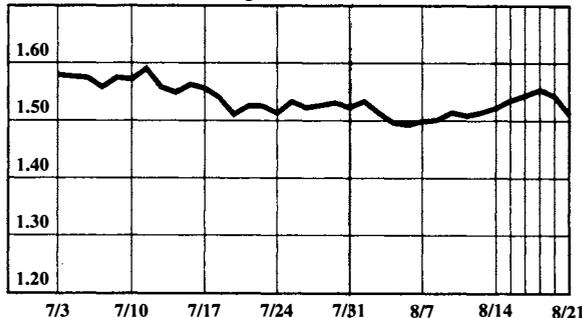
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Malaysia and Brazil putting up resistance to 1992 Earth Summit

by Marcia Merry

The prime minister of Malaysia, Dr. Mahathir Mohamad, announced on Aug. 16 that his country may boycott the Earth Summit (Eco-92), planned for Brazil next June. Mahathir scored the terrorism being waged against his people, done in the name of the "environmental situation" in Malaysia, by powerful international environmental groups. He said that attending the Earth Summit may be pointless, because, "If they have decided to oust Malaysia from the world, there is no need for us to attend."

Mahathir's statement is the latest and most outspoken against the Eco-92, which is drawing fire from leaders in Brazil and Africa as well. Summit organizers include the United Nations, government agencies in the United States and Britain and the panoply of conservationist groups. The intention is to ram through a worldwide treaty prohibiting economic development in the name of preserving the environment.

Dr. Mahathir said if the conference was used to suppress the Third World, it would be better for these nations to hold their own meeting where the developed countries would be excluded. "It is only then that we can learn what is the real situation" on the environment. He added that the developed nations were polluting the environment, and not Malaysia.

Mahathir made his remarks to newsmen in Petaling Jaya, where he came to open the annual meeting of the Malaysian College of General Practitioners. After his address he discussed with journalists, including *The Star*, a report that environmentalists had launched a global assault on Malaysia. That report, published by *The Star* on Aug. 17, was picked up from the article by Rogelio Maduro in *EIR's* Aug. 16 issue, which detailed how the greenie gangs picked Malaysia as their first target.

Beyond Malaysia, the eco-terrorists are moving on Brazil and India, in a countdown to the Earth Summit. Dr. Mahathir called the coordinated actions a new form of imperialism. He said, "The environmental groups are very well organized and rich. I am sure they are funded by certain economic lobbyists to break the laws of this country and to create problems." He told reporters that the originating countries of

the groups claim they have no control over the actions of these groups.

Cavemen to gawk at?

Dr. Mahathir spoke out strongly on the question of the living conditions of the jungle nomads, the Penans, whom the environmentalists claim as their concern. Oct. 7 has been set as an environmentalist day of action on behalf of the Penans. Mahathir said, "They want to preserve the Penans as jungle inhabitants who do not need care and supervision. They wish to see the Penans remain as museum pieces and as remnants of the cavemen for them to gawk at." The government, on the other hand, he noted, wanted to see the Penans enjoy the fruits of development like all Malaysians. Mahathir said the Penan issue was merely a new approach devised by the developed nations against Malaysia, which had already seen some development and had become bold enough to speak up.

Two days later, the Aug. 18 the Malaysian paper the *New Sunday Times* ran an editorial stating, "The Penans have become a convenient rallying point for the passions of international environmental groups. Shades of precious *fin de siècle* romanticism; visions of the noble savage stalking big game in arboreal groves, in grunting communion with the voices of the land. The same kind of claptrap that got natives all over the world sold down the river into slavery; decimated by smallpox and hopeless helplessness.

"The noble savage may play well in documentaries and glossy magazine features, but such a role not only reflects condescension and patronage, but it also often leaves out images of illness and death, of ignorance and a hanging on to the nostalgic tail-end of relevance. Should we trot out our natives as anthropological curiosities for the edification of foreign scholars or tourists?"

An assault on Brazilian sovereignty

In Brazil in early August, a number of articles have come out blasting the Eco-92 conference, penned by Gerardo Mello Mourao, a writer and poet who formerly worked for

Folha de São Paulo in Beijing. In the Aug. 4 issue of that paper, Mello Mourao warned, "It won't be easy to row against the current of that type of ecological epidemic, unleashed against our country, [which] threatens the structure of our cultural, spiritual, and political values, and against our very national sovereignty." He criticizes President Fernando Collor de Mello for staging a phony defense of Brazil's sovereignty against the International Monetary Fund, but saying nothing about the fact that "the First World's ecology leaders" met in Brussels in late July for the purpose "of determining the fate of the Amazon."

Ecology, Mello Mourao explains, "is merely the most modern form of the onslaught against the Amazon." There have been other, implicit ones, he says, such as studies done by the U.S. Hudson Institute; as well as explicit ones, "such as the one I have before me, in the minutes of the Munich conference in 1938." On this occasion, writes the Brazilian journalist, "recognizing the legitimacy of Hitler's territorial revanchism, Messrs. Chamberlain and Daladier, heads of the governments of England and France, calmly offered the Brazilian Amazon to the Führer." Hitler reportedly observed that since the Amazon was in South America, the United States would cite the Monroe Doctrine and reject a German occupation of Brazilian territory. "Chamberlain and Daladier responded that the proposal had Washington's backing," which, Mello Mourao notes "could, or could not, be true."

Mello Mourao blasts the "fraud of ecology" used as the cover for those wanting to occupy the Amazon. "The rich countries, which never saved anyone's life" now want to save Indian tribes, "the Amazon forests, the lungs of humanity, and the defense of the planet against the holes in the ozone layer." He cites an important European scientist, who said that Eco-92 is "a fraud and conspiracy by the rich nations, who want to prevent Brazil's development, the only underdeveloped country in a position, in the short term, to join the club of the First World. They invented ecological fanaticism to prevent exploration of the Amazon's prodigious mineral and vegetable wealth, and to paralyze economic expansion."

Mello Mourao recommends that supervision of next year's conference, scheduled for Rio de Janeiro, should be given to people who know how to defend Brazil's interests: the staff of Itamaraty (Foreign Ministry) and the general staff of the armed forces.

In Brasilia, on Aug. 20, *EIR* correspondent Lorenzo Carrasco gave extensive testimony to the congressional commission of inquiry on the "internationalization of the Amazon." Carrasco briefed 10 congressmen on the details of the conspiracy against the Amazon, intended to impose limited sovereignty on the country, and identified the role of George Bush and Henry Kissinger, and also that of Britain's Crown Prince Charles and the international environmentalist groups. Carrasco scored the ecologists for attempting to replace Christian principles with "pagan animism," "centered around the adoration of Gaia, Mother Earth."



Malaysian Prime Minister Dr. Mahathir Mohamad



Lorenzo Carrasco

Philip Ulanowsky

On Aug. 15 in the *Folha de São Paulo*, Mello Mourao also wrote of the "great apostasy and heresy of the century as the deification of the anti-spirit, the revocation of what is sacred, the negation of everything transcendental." He said, "Today, with the exacerbation of real or imagined ecological values, deifies nature. Just as Comte's positivism deified reason, the ecologists today deify nature." Such Rousseauvianism, with its notion of the "noble savage," degrades any notion of humanism, Mello explains. "It was thanks to humanism that our poor and prodigious planetary race got this far, building an anthropocentric culture and civilization. In our culture and our civilization . . . many things are admired, but nothing more so than man . . . that's why the oceans, the land, the insects, and the trees are at his service."

Today, however, ecologists want to remove man from his rightful place in the cosmos, Mello Mourao says, preaching an eco-centrism which says that the planet's existence is just an *oikos* possessed by nature. "We don't need either the spirit or the grace of God for salvation, only the bugs of the earth, and nature." The rights of nature become unlimited, he notes, and "the rights of man end where those of living species begin; there are those who even question . . . the legitimacy of using insecticides and antibiotics, since the cockroaches and the AIDS virus are living beings, part of nature's equilibrium."

The journalist warns that what Brazil faces today is a modern-day Pelagian heresy, "maintained by the gold from the rich countries." Progress was always defined as "man's fight against nature . . . to take away that right, by deifying ecological values, is an assault against progress, against the spirit, against the faith in the potential of man, lord of created things, lord of the planet. Before making any commitment to the lakes, the cobras, and the lizards, we have a commitment with time and eternity."

U.S. ecologists get government status

by H. Graham Lowry

The genocidal cult of pagan nature-worshippers, known as the environmentalist movement, is in the process of being officially integrated into government policymaking in the United States. Two precedent-setting developments during the past month have elevated leading environmentalist organizations—beyond their already pervasive influence and direct control of appointed positions—to the status of governing bodies in their own name.

The major development, little publicized nationally and even less understood, occurred Aug. 15 with the signing of a new “clean air” pact on combustion-engine fuel emissions. Representatives of the U.S. oil industry signed an agreement to reformulate their gasolines to reduce “smog-forming and toxic” emissions by 15% by 1995, under a formal compact negotiated with the Sierra Club and the privately run Natural Resources Defense Council, *to be enforced by government regulations*.

Under the terms of the pact, all signatories—extending to auto makers and state governments—are legally barred from litigating or even lobbying against the regulations which will enforce the agreement. In fact, those provisions do not even exist yet!

Rule by decree

The regulations are to be drafted by the U.S. Environmental Protection Agency, headed by George Bush's appointee from the openly genocidalist World Wildlife Fund, William Reilly. The provision for rule by decree has been gleefully celebrated by the environmentalists, who foresee the end of years of court wrangling and “regulatory paralysis” that have slowed other attempts at wholesale restrictions on industrial and agricultural activity. The agreement is also considered the most sweeping regulatory negotiation, or “reg-neg,” ever achieved in the United States.

The precedent which has been established, more than the specifics of supposed “clean air” provisions, was the environmentalists' primary objective. Under the hoax of pollution control, the new regulations on fuel emissions will nonetheless take their intended toll, imposing further shrinkage of the motor transportation system through lowered efficiency and higher costs. The oil industry is expected to spend about \$3.5 billion to modify its refineries, and gasoline prices will rise at least 5¢ a gallon.

California's 'Brave New World'

A week before the federal gasoline agreement, California environmentalists extracted a similar compact on urban water restrictions, to be imposed statewide. The vision of a fascist utopia which British satanist Aldous Huxley brought to California in 1937 is moving ever closer to reality. These are no temporary, “common sense” conservation measures in response to the drought conditions which have plagued the state since 1986. Instead, they are a central component of permanent, enforced reductions in water supplies, aimed at reducing the population of California cities.

For years, the environmentalists' strategy has been to reduce food supplies by cutting off water to farmers; to control population growth by strictly limiting the water available to urban areas; and to dump massive amounts of fresh water into California's river deltas, in the name of “environmental restoration” and (non-human) “species preservation,” depriving both cities and farms.

In late July, a federal district judge in California, deciding in favor of a suit brought by the Natural Resources Defense Council, ruled that the U.S. Bureau of Reclamation has been illegally providing subsidized irrigation to farmers in 17 Western states since 1987. The ruling threw out the Bureau of Reclamation's finding that supplying irrigation water to federal reclamation districts, including the tremendously productive growing regions of the San Joaquin and Imperial valleys, had “no significant impact” on the environment. The decision, crowns the NRDC, “will force the bureau to rewrite the rules and fully consider the environmental impact. The bureau's regulations allow unlimited water to huge corporate farms.”

On Aug. 8, Los Angeles became the first city to formally approve the mandatory water restriction plan hammered out by the environmentalist-dominated State Water Conservation Coalition after four years of negotiations. The Sierra Club, Mono Lake Committee, and Friends of the River are official parties to the agreement. It enjoins all parties from lobbying or litigation efforts against its enforcement, as long as the *conservation* targets are met—thus leaving only environmentalists with the right to interfere. Other water agencies from San Diego to San Francisco are expected to adopt the scheme this month, at a cost of \$100-150 million per year statewide. The 16-point program, which includes auditing of home and industrial water use and banning all but “ultra-low-flush” toilets after Jan. 1, 1992, also creates a new independent agency—the California Urban Water Conservation Council—to monitor everything from conservation incentive programs, to restrictions on new industrial, commercial, and housing development. The agreement also makes “environmental restoration” and “protection” of river deltas and bays a *precondition* for any project to transfer or expand water supplies to the cities. Finally, to ensure the stranglehold on water use, urban supplies are to be met through conservation—and transfers from agriculture.

Book Reviews

Earth First! agenda for scorched earth

by Margaret Sexton

Green Rage: Radical Environmentalism and the Unmaking of Civilization

by Christopher Manes

Little Brown and Co., Boston, 1990
277 pages, hardbound, \$18.95

Confessions of an Eco-Warrior

by Dave Foreman

Harmony Books, New York, 1991
240 pages, hardbound, \$19.95

Christopher Manes of Earth First! has written a chilling book. Chilling, because if everyone adopted his philosophy, millions of people, starting with those who are darker-skinned and living in poor countries, would be condemned to death, in the name of saving the Earth from "environmental degradation." Earth First! is the U.S.-based environmental group known for its philosophy of "ecotage," or acts of terrorism such as tree-spiking, or bombing high-voltage towers, that are supposed to stop man's destruction of the Earth. To Earth First!, this means also locking up hundreds of millions of acres of "wilderness," in a bizarre, Soviet-style "collectivization." The philosophy expressed by Manes in *Green Rage* would not save the Earth from pollution, mismanagement of natural resources, or problems of industrialization. Solving environmental problems requires a scientific understanding of the biosphere and how it interacts which scientists are beginning to understand, but few environmentalists have grasped. If Manes's political agenda and philosophy were enacted as envisioned in *Green Rage*, most of us would go back to the Stone Age.

At the core of Manes's philosophy is the view that no one should have any faith that technology created by man might solve our environmental problems. He also explicitly repudiates the words of the Book of Genesis, that man should "subdue the earth."

He argues for "Deep Ecology," a term coined by the Norwegian Arne Naess, which Manes says has a "fundamental antipathy" with New Age thinking. Deep Ecology is defined as a "prephilosophical sense of identification with the natural world." Although the New Age described by Marilyn Ferguson's *The Aquarian Conspiracy* seems deeply rooted in occultism and other irrationalities, Manes equates the New Age with its "patriarch" Teilhard de Chardin (a Jesuit theologian), who, Manes says, espouses that "humankind's purpose on Earth is to be the 'steward' over evolution, creating a humanized landscape without the imperfections of free nature brought about by the Fall. . . ." Deep Ecology requires a belief in "biocentrism," displacing "anthropocentrism": Man's "cultural achievements may not be the center of the biosphere after all, may in fact be no more important from the perspective of evolution than the simplest bacteria in a mud puddle," Manes writes.

From there, he attacks what he calls reason: "a cherished principle of the Enlightenment . . . the pretensions of the major religions of Judaism, Christianity, Islam, Hinduism, and Institutional Buddhism." This also leads Manes to condemn less "radical" environmental groups, such as the National Wildlife Federation, Sierra Club, and Greenpeace: "On what grounds humans have the right, much less the obligation to control the planet remains a question largely unexamined by these thinkers. They usually place great emphasis on the uniqueness of human consciousness and reason, but why the possession of consciousness as opposed to the possession of feathers or poison fangs . . . bestows planetary hegemony as a matter of right is a consideration left to dangle."

For Manes, the "reason" argument comes from Kant and the Enlightenment. He finds no difference between reason and "ethical systems," or reason as defined and practiced by Plato, versus Kant. Thus, for Manes, reason "became a justification for exactly the kind of indignities to individuals it was intended to prevent. In its wake, the Nazis could fabricate an 'ethical system' that condoned persecutions and murders of Jews and other minorities by defining them as *Untermenschen*, subhumans, half-animals, bereft of the glorious rationality of the master race. . . ."

This also fits right in with Manes's views on "authoritarianism," a code word of the so-called Frankfurt School philosophy, to which Georg Lukacs and Michel Foucault, both favorably cited by Manes, adhere. He comments that "it is unpleasantly obvious that in today's corporate society, the monolithic, authoritarian form of technology predominates. Nobody asked society at large if it wanted nuclear power or DDT or asbestos insulation." Nobody asked society if it wanted euthanasia, deliberate famine, or AIDS, either.

Earth First! and natural law

Manes's philosophy seems to be a setup for his espousal of Earth First! and "ecotage." For example, Manes quotes William Ophuls, author of *Ecology and the Politics of Scar-*

city: "In a situation of ecological scarcity . . . the concept of inalienable rights, the purely self-defined pursuit of happiness, liberty as maximum freedom of action . . . all require abandonment if we wish to avoid inexorable environmental degradation and perhaps extinction as a civilization."

Having muddled a philosophical definition of reason, mis-defined the New Age, and denied man's unique role in creation, including St. Augustine and the Bible, Manes then justifies a "biocentric civil rights movement" with civil disobedience of the Earth First! sort. He cites the "necessity defense, which allows a person who breaks the law to be considered innocent if his or her actions were carried out with the reasonable expectation of preventing harm to others. The theory of natural rights was incorporated into the traditional civil rights movement, though purged of its Augustinian origins in the belief that reason was the key to discerning natural law."

For Manes, "ecotage also responds to principles higher than secular law in the defense of place."

He concludes by condemning the Renaissance, the Industrial Revolution, the Enlightenment, and industrial society, for alienating us "from nature and from each other." For Manes, the solution is "the deconstruction of civilization." "Our culture," Manes writes, "finds it all but impossible to face up to the terrible fact that a large percentage of humanity . . . may be subject to this kind of ecological redundancy. . . . Mass starvation is not a pleasant thought. But recognition that human populations are subject to the same ecological limitations as other living beings is necessary."

Or, as Earth First! would say, "Back to the Pleistocene!"

Declaring war on humankind

Then we have "eco-warrior" Dave Foreman, one of the founders of Earth First! (in 1981), who in his auto-philosophical book, talks about World War III: "the war of industrial humans against the Earth." Although Foreman seems less rabid than Christopher Manes, he makes it clear that he also considers Earth's fundamental problem to be "human overpopulation"; that the human race has exceeded "the carrying capacity of its habitat."

And to make sure that the "carrying capacity" remains limited, Foreman calls for locking up hundreds of millions of acres of land in the U.S. (to say nothing of Malaysia and other countries of the Third World, recent targets of Earth First!), including allowing land that has been "developed" in some fashion, whether that be a road traversing it, a dam, or national park, to "revert" to a former condition where the hand of man has not touched it, and won't be allowed to in the future.

He never discusses what the loggers in the Pacific Northwest will do to support their families when logging is stopped to save the spotted owl; or what people in the desert Southwest will do for water and electricity now provided courtesy of Glen Canyon Dam; or what people are going to eat if the livestock industry in the U.S. is shut down by prohibition of

grazing on public lands, or what will happen to the U.S. economy if no minerals are allowed to be extracted.

This is to say nothing of the effect on the economy of a nation like Malaysia, which is heavily dependent on timber harvesting, and whose people do not have a standard of living or quality of life nearly as high as the U.S.

For that matter, Foreman presents no scientifically based plan for how "endangered species" of animals, plants, etc. are going to be restored to newly designated wilderness areas. Or does he think the grizzly bears are going to organize the ecology?

Although Foreman states that he, being a "Deep Ecology" conservationist, has split from the group, he nevertheless spends quite a few pages defending Earth First!'s most loathsome practice, "monkeywrenching."

Monkeywrenching can be loosely defined as acts of vandalism in defense of the wilderness, and is supposedly not directed at humans: "Monkeywrenching, ecological sabotage, ecotage, ecodefense, or 'night work'—these are all terms for the destruction of machines or property that are used to destroy the natural world."

Since he states (with some truth) that "our system is far from democratic—owing to the excessive power wielded by wealthy corporations to influence politicians through campaign donations, and outright bribes," he then justifies monkeywrenching, especially tree-spiking. He defends tree-spiking in general, recounting what he says is the only instance that resulted in human injury: the Cloverdale, California sawmill incident in 1987, in which George Alexander was hit in the face by pieces of a saw blade that struck an 11-inch spike embedded in a redwood log. Foreman blames it on Louisiana-Pacific Lumber, which owned the mill, for not replacing a defective saw blade!

Foreman states that "those who support ecological sabotage in principle hold biological diversity and life in higher regard than they do inanimate private property." Apparently, he also holds this "principle" higher than human life itself. Like Christopher Manes in *Green Rage*, Foreman defends monkeywrenching and such activities as responding to the "higher values" that "conflict with the laws of a political entity."

He likens such sabotage to civil disobedience, e.g., the Boston Tea Party, Martin Luther King and the civil rights movement, or Mohandas Gandhi, these examples of trying to change laws which govern man. (He ignores that King and Gandhi were willing to die, and in fact did die, for their principles of nonviolence against the mankind Foreman abhors.) But because Foreman does not agree with anti-abortionists, whose stated goal is to preserve human life, Foreman won't allow their efforts to shut down abortion clinics to be counted as civil disobedience. To Foreman, saving the lives of unborn children and those living in poverty and misery, and just cleaning up our environment merely means that there will be less wilderness for the grizzlies and wolves to enjoy.

Moscow coup disrupts grain trade

But after temporary chaos, the cartel companies are resuming their designs for looting and food control.

On Day One of the Moscow coup, chaos hit the world grain markets and the cartel grain deals alike. On Aug. 19, grain prices fell the limit on the Chicago Board of Trade, only to resume a "nervous normal" later in the day. In London, ocean freight futures also plunged. One hour after markets opened, the Baltic Exchange closed because prices fell so fast for ocean freight futures contracts.

Dry bulk grain shipments are a large part of present-day world shipping. Annual grain shipments (from all points) to the Soviet Union have been over 35 million tons out of a yearly total grain trade of 190 million tons. Of the \$1.5 billion in export finance guarantees that Bush pledged to the Soviet Union in June, about \$593 million have already been activated to contracts with the cartel companies: Cargill, Archer Daniels Midland (ADM), Continental, Bunge, Garnac/André, ConAgra, Louis Dreyfus, among others. About two-thirds of the money went for feedgrains (mostly corn).

The remaining \$900 million worth of guarantees were expected to be activated in two segments, with \$500 million this October and \$400 million in February 1992. All this was put "on hold" by the Moscow coup.

Grain trade analysts at first likened the situation to the 1980 Carter administration grain embargo against the U.S.S.R., after the Soviet invasion of Afghanistan.

On Aug. 19, Bush said that assistance would have to be reviewed. Sen-

ate Agriculture Committee chairman Patrick Leahy (D-Vt.) issued a statement saying, "President Bush should consider suspending the unused portion of export credit guarantees granted to the Soviet Union in June. We should not provide any additional assistance, through export credit guarantees, the granting of Most Favored Nation status, or otherwise, until we know the full repercussions of these events."

However, within 72 hours of the first coup events, cartel food companies were continuing their campaign for special deal-making and government subsidies for their pet U.S.-U.S.S.R. trade plans.

First, there is the plan to accelerate the schedule for using all of the \$1.5 billion in food trade credits authorized by Bush on June 11. Agriculture Secretary Edward Madigan had been working on this before the Moscow eruption.

On Aug. 19, grain trade analyst John Schnittker observed, "If the U.S.S.R. political succession is orderly and not threatening, expect sales already made to be shipped. Expect credits already authorized to be made available in the new fiscal year, perhaps delayed a few weeks or months."

Moreover, cartel companies want expanded financing from Washington for the Soviet grain trade. On July 30, testimony outlining such a cartel-serving credit facility was presented to the House Agriculture subcommittee on the grain trade by Carol Brookins from the Washington, D.C.-based

World Perspectives group. The chairman of Cargill, Whitney MacMillan, was quoted in an Aug. 19 *Journal of Commerce* special on the grain trade saying, "The United States should create a stable, predictable environment by establishing a 'revolving fund' of credits or credit guarantees for this important customer."

Though one would have thought such schemes were up in the air (where they belong) after the Moscow upheavals, nevertheless, the USDA and congressional trade consulting staff played down the crisis in deference to resuming a cartel-serving business-as-usual approach. Greg Frazier, staff consultant for the House Agriculture Subcommittee on Wheat, Soybeans, and Feedgrains, said Aug. 20, "It's only been 24 hours. There will be lots of speculation, but it is premature to conclude anything."

The Soviet grain trade deals are massive U.S. government subsidies to the companies involved, with next to no benefit to the farmers of the exporting nation nor long-term benefit to the consumers, who need massive agriculture infrastructure aid. In particular, the USDA has been using its powers to subsidize cartel trade deals against the grain trade of the European Community and Australia, two of the top five grain-exporting entities.

Among recent proposals for U.S.-based cartel food deals, is that announced Aug. 6 by Burlington Northern Railroad (BN), the largest grain hauler in the Western Hemisphere. BN signed protocols with officials of the Russian Republic to facilitate food flows between the northwestern United States and the eastern part of the Russian Republic. Michael Karl, BN's vice president and managing director of international business development, said, "Burlington Northern Railroad's goal is to create a reliable new demand for American grain."

The fraud of privatization

The U.S.-installed narco-government officials fight among themselves for the right to fleece taxpayers.

One of the first measures adopted by the government of Guillermo Endara after it was installed in power by the bloody U.S. invasion of December 1989, was to ground Air Panamá, the national airline. Claiming that the state-owned airline was "inefficient" and a drain on resources, Endara ordered it sold to the private sector.

Endara assigned Treasury Minister Mario Galindo to handle the privatization of Air Panama in May of 1990. But despite the fact that several bids have been made for the company, it remains unsold. In a paid advertisement published in Panama in August, Air Panama's employees, who have been out of a job since Endara grounded the airline, charged that Galindo has deliberately dragged his feet for 16 months with the purpose of forcing the permanent demise of the company. Galindo, according to the employees, is a shareholder and the legal representative of COPA, a competing airline.

Unless Air Panama is up and flying again by Sept. 7, it will lose its international routes. These will then be assigned to whatever Panamanian airline is operating, presumably COPA, "without it having to make any investment whatsoever," charged the employees. In the meantime, Air Panama remains grounded, "costing the state millions of dollars in additional losses," they added.

Galindo is tied to drug banking. Along with current Chief Justice Carlos Lucas López, Attorney General Rogelio Cruz, and Jaime Arias Calderón, brother of First Vice President Ricardo Arias Calderón, Galindo was

on the board of directors of First Interamericas Bank, a drug-money laundering bank owned by Cali cocaine cartel capo Gilberto Rodríguez Orejuela in partnership with Medellín cocaine cartel kingpin Jorge Ochoa.

It is worth noting that the information about Galindo's connection to the competing COPA was leaked after Evergreen, a Taiwan-based shipping company, failed in its bid to buy Air Panama. Evergreen's representatives in Panama are the President's law firm, Solís, Endara, Delgado, and Guevara. Endara and his law partners were tied to the late Gonzalo Rodríguez Gacha, the former Medellín Cartel kingpin, through Banco Interoceánico. They are also tied to the Falcon-Majluta cocaine smuggling gang, now facing trial in Florida.

How Air Panama became a state-owned enterprise, is an interesting story. The line retailed by the high-priests of the idolatry of free enterprise in the Bush administration, is that ambitious government bureaucrats invested unwisely in areas that were best left to efficient private entrepreneurs.

But that was definitely not the case with Air Panama. According to Panamanian government documents obtained by *EIR*, Air Panama was set up by a group of private investors headed by the brothers Fernando and Carlos Eleta Almarán. One of the bagmen employed by the CIA to deliver funds to Endara's 1989 presidential campaign against General Noriega, Carlos Eleta, was arrested in Macon, Georgia on charges of plotting to smuggle 600 kilo-

grams of cocaine per month into the U.S. The charges against Eleta were dropped after the invasion by the U.S. Justice Department, headed by Attorney General Richard Thornburgh.

The Eletas and other investors, including Jorge Rubén Rosas, the current labor minister, and Juan David Morgan, a lawyer who was also part of the U.S. anti-Noriega campaign, obtained government loan guarantees through Cofina, the National Finance Corp. In no time, Air Panama went belly-up and Cofina was left holding the bag for \$6.5 million owed by Air Panama to the Spanish airliner Iberia, which owned 49% of the Panamanian carrier.

Cofina paid off Iberia and in exchange got Iberia's Air Panama stocks. That's how the Panamanian government ended up in the airline business.

As reported in the July 5 *EIR*, essentially the same group of investors (the Eleta brothers plus Morgan) pulled off another similar scam against Cofina for more than \$6 million with a fishing company, Promarsa, which they set up with Celso Barreiros, arrested on drug-trafficking charges last year in Spain. And they are not the only ones who raided the treasury in the name of encouraging private enterprise. Comptroller General Rubén Darío Carles, First Vice President Arias Calderón, his brother Jaime Calderón, and Galindo, all rabid proponents of ending state subsidies for the poor, are among those who have still not repaid Cofina for their government-guaranteed loans.

Ironically, Iberia, which helped to force Air Panama into becoming a state-owned company, just bought the controlling interests in the Argentine and Venezuelan international airlines being "privatized" by those governments. Iberia is owned by the Spanish state.

What frightens businessmen the most?

Not the prospect of Mexico becoming one big maquiladora, but acknowledging the failure of Salinas's economic policy.

According to the Planning and Budget Department (SPP), Mexico's trade deficit in the first five months of 1991 was \$1.514 billion. The Bank of Mexico, contradicting the SPP, maintains that the deficit was \$3.843 billion.

Part of the discrepancy is due to the fact that the SPP excludes from its figures freight and insurance charges for imports, while including as part of its export earnings the added value of manufactured goods produced by the *maquiladoras*, the largely foreign-owned assembly plants clustered—so far—along the U.S.-Mexican border. According to the Bank of Mexico, the added value produced by the *maquiladoras* between January and May of this year was \$358 million, while insurance and freight charges for imports were \$630.7 million.

Yet with these additions and subtractions, one still doesn't arrive at the \$1.514 billion trade deficit figure offered by SPP. Added together, the \$988.7 million reduces the Bank of Mexico's figure for a real negative balance to \$2.8543 billion. At this point, the SPP reduces the deficit by another \$1.3406 billion worth of exports by the *maquiladoras* (without specifying for what period). And thus the SPP arrives at its trade deficit figure, although it admits that the trade surplus of the *maquiladoras* for the rest of 1991 still won't cover the global trade deficit of the economy as a whole.

The truth is that whatever the predominant imports—be they consumer

goods, intermediate goods, or capital goods—the tendency is for the entire national economy to serve as a single *maquiladora*, or assembly plant, for the United States and Canada. The change in the Foreign Investment Law is but a formalism.

The Board of Economic Research for Banco de Comercio (Bancomer) recently offered an opinion on this subject. According to Bancomer's analysts, "one of the most difficult aspects of the Mexican economy this year, and in the coming years, will be its foreign accounts, and, in particular, the manufacturing trade balance."

During 1990, the total trade deficit reached \$3.025 billion. Total exports grew 17.6% while imports grew 27.3%. According to Bancomer's report, the manufacturing industry in 1990 only exported 13.6% more than in 1989, while its imports grew 30%. Of the nine divisions that make up the manufacturing sector, only *non-metallic minerals* (mainly glass and cement) showed a surplus of \$312.2 million. However, in 1991, even that sector risks getting lost in the U.S. economic recession, especially with the *anti-dumping* blockade against the Lorenzo Zambrano cement company.

Information from the national statistical institute INEGI presents another facet of the same process that is turning Mexico into a *maquiladora* for export, and a consumer of all kinds of imported products, which are largely sold to Mexico from the United States.

During the first five months of this year, imports under the Temporary

Import Program to Produce Export Goods (Pitex) increased by 64.3%, compared with the same period the year before. Pitex, which does not include the *maquiladoras*, was launched in 1985 for the purpose of "financing and facilitating imports to achieve exports," according to then Trade Secretary Héctor Hernández, Bancomer's current director.

Pitex has resulted in a dramatic rise in the value of imported inputs, in relation to Mexican export products. At the end of 1989, the value of temporary imports in relation to total exports was 22.3%, while the ratio for the first five months of 1991 was 32%.

Included in the areas which fall under Pitex, in addition to resins and synthetic fibers, secondary petrochemicals, basic chemicals, and iron and steel, is the automobile industry—including its auto parts sector, which according to the Bank of Mexico, contributes up to 60% of the value of Mexico's non-petroleum exports. The automobile industry's imports have grown to the point that in March, it registered a \$170 million deficit.

According to the Banco de Comercio Exterior (Foreign Trade Bank), under whose authority Pitex falls, "the greater part of non-petroleum sales abroad are carried out by the great consortiums which represent less than 2% of existing companies." According to this institution, the bulk of the country's industrialists and merchants "are outside of export activity," i.e., slated for extinction.

But what most frightens Mexican industrialists—the 95% of the manufacturing sector made up of small and medium-sized industries which absorb 50% of manufacturing workers—is not their own imminent disappearance, but the fact that they are forced to publicly acknowledge the utter failure of the Salinas government's economic program.

Business Briefs

Research and Development

India to sell research reactors

India's state-controlled nuclear industry says it plans to sell reactors to developing countries for research purposes, Radio Australia reported Aug. 12. The move is connected to India's need to boost the country's foreign exchange reserves.

The director of the reactor group of India's atomic research center, Mr. S.K. Nata, said India was prepared to sell nuclear reactor engineering, isotope and radiation technology, and electronics and instrumentation.

Although he did not disclose the names of the countries, he said the technology would be sold to countries that strictly adhered to international safety standards.

Poverty

Swedish report calls Peru poorest nation

The Peruvian population has become the poorest in the world, according to a Swedish think tank. A study recently released by the Radda Barnen Foundation, entitled "The Shock of '90," documents this claim, pointing out that prices of almost everything rose between 2 and 30 times under President Alberto Fujimori's International Monetary Fund "shock program" of last summer, while wages only increased 100%. Yet, since there is still inflation, by the IMF's reasoning, "demand" is still too great.

Fujimori's measures brought poverty to previously unheard-of depths, and there is no immediate potential for an improvement.

The study showed that thousands of workers have been thrown out of work, many small and medium-size factories have closed as sales have fallen, and this has produced a continuing "recession." The Peruvian living standard was already below that of 1950 before Fujimori introduced the IMF program on Aug. 10, and

now unemployment and underemployment levels have reached 8% and 81%, respectively. Many households cannot obtain even half of the prescribed weekly market basket.

The program's introduction "is difficult to understand in a country like Peru, where 60% of the population already had problems of subsistence due to low incomes," the study said.

Children were also interviewed on how they have been affected, including the growing numbers who must leave school to work for their families. The number of abandoned children has jumped from 100,000 to 190,000, and those who only eat one meal a day has jumped from 0.3% to 3%. The number who only eat two meals a day has increased from 10 to 21% of the population. And 50% of families who should see a doctor can't, while the government fails to maintain an emergency social program to compensate the poor.

AIDS

No vaccine research on African strains

There is currently no AIDS vaccine research being done for the strains hitting the most affected countries. No current research focuses on the African strains of the virus, Prof. Peter Piot, head of the microbiology department of the Institute of Tropical Medicine in Antwerp, Belgium, says in an article in the magazine *The Courier*.

"Since a future vaccine will be most useful in the developing world, it will be essential that it protect against 'divergent' HIV isolates widely circulating in Africa. Unfortunately, current vaccine research in Europe and North America does not consider this issue. Will we come to the cynical situation in which there is a vaccine, but that it will not protect those populations who need it most?"

Dr. Michael H. Merson, director of the World Health Organization's Global Program on AIDS, says in the same magazine, "We don't have anyone working on a vaccine for HIV-2, which is prevalent in West Africa."

Energy

Indonesia seeks first nuclear reactor

Indonesia is shopping around for its first nuclear power plant. According to the Aug. 14 *Los Angeles Times*, President Suharto has decided that Indonesia should proceed to buy its first commercial nuclear power plant, though it has large reserves of coal and natural gas. Westinghouse and Mitsubishi are most aggressively wooing the Indonesians to garner the contract.

Opposition has come from government "economists," who are worried about Indonesia's \$4.3 billion projected balance-of-payments deficit and its \$45 billion debt, and from the World Bank and Asian Development Bank, which are expected to rule out financing for the project.

Westinghouse is offering various financial and other incentives to get Indonesia to buy its AP-600 advanced design reactor, a standardized 600 megawatt plant. The Indonesians have indicated that if the price is right, they will go with the Westinghouse offer.

Ecological Holocaust

WHO releases alarming statistics on disease

The World Health Organization's latest figures on global diseases are alarming. According to WHO:

- Malaria remains one of the most serious and widely spread tropical diseases in the world today. Over 40% of the world's people are still exposed, in varying degrees, to malaria in some 100 countries. However, another 32% are unlucky enough to live in regions which, having seen the reduction or even elimination of malaria, are now witnessing its re-emergence. Nearly 200 million people, mostly in tropical Africa, live in high-risk areas with virtually no strong anti-malaria programs. WHO believes that between 1 and 2 million malaria-related deaths occur in the world every year.

Briefly

- Vitamin A deficiency is by far the most common cause of preventable childhood blindness. There are at least 40 million preschool children in 37 countries who are vitamin A deficient.

- Pneumonia and diarrhea—the two major preventable childhood diseases in the Third World—caused 7.5 million childhood deaths in 1990 alone. This is more than half of all childhood deaths. Those children who do manage to survive attacks of diarrhea or pneumonia often suffer from varying degrees of malnutrition or retarded growth.

The number of deaths due to diarrhea can be slashed by one-half by the end of this decade, mainly by treatment with oral rehydration salts. In the same time span, deaths due to pneumonia can be reduced by one-third, through the timely use of simple oral antibiotics. Both these treatments typically cost less than 50¢.

- WHO believes that about 30% of the world population has little or no regular access to essential drugs. Over two-thirds of the world's people live in developing countries, but in terms of medical drug consumption, they account for less than one-third of the world's market.

The most serious illnesses in Africa listed by WHO are:

- Schistosomiasis: About 141 million people on the African continent are infected with this tropical disease caused by water-borne parasites, which contribute to malnutrition, especially in children. The largest number of cases occur in Ghana, Mozambique, Nigeria, Tanzania, and Zaire. For less than \$1, a patient can be cured. The disease can be wiped out by installing and sustaining clean water supplies and sanitation.

- AIDS: The conservative WHO estimate is that nearly 6 million African adults are already infected with HIV. By early 1991, WHO estimates that over 1 million men, women, and children had developed AIDS in sub-Saharan Africa. In the coming decade, more than 10 million HIV-infected children will be born, and an additional 10 million are likely to be orphaned by the death of one or both parents from AIDS.

- Sexually transmitted diseases: Some 45 million infections with sexually transmitted agents occur annually in Africa. As 5-15% of

pregnant women are infected with gonorrhea or syphilis. Ophthalmia neonatorum, a potentially blinding disease transmitted from mother to fetus, and congenital syphilis are extremely common in newborns. It costs 70¢ per pregnant woman to prevent these conditions.

- Measles: An estimated 11 million children contract measles in Africa each year. Of these, more than 500,000 die. This disease can be easily prevented by immunization.

Soviet Economy

Medicine shortage reported desperate

"Medicines are in catastrophically short supply" in the Soviet Union, wrote the Soviet Communist Party daily *Pravda* Aug. 14. "Not only are pharmacies empty, hospitals lack even basic medicine for surgical operations. Doctors warn that unless medicine is received as soon as possible, thousands of ill people will die." Sanitation in the hospitals is bad, and infant mortality is high. The situation is the worst in Central Asia, where there is no running water in the hospitals.

The trade union daily *Trud* wrote, "During the war and at the hardest time of dislocation, the situation with medicines was never so disastrous."

Industry

Production called key to wealth

The view that a service economy will replace industrial society is wrong, declared Karl Heinz Kaske, chairman of Germany's electronics giant Siemens, in a journal published by his company Aug. 13. He called the post-industrial attitude a "dangerous mistake."

"We are not on the way from a production to a services society," he wrote. "What is in fact happening is that we are moving from one kind of industrial society to another, but production remains the only guarantee of wealth."

- **FIVE CASES** of HIV-2, a strain of the AIDS virus prevalent in West Africa, have turned up in Montgomery County, Maryland. They are the first of 30 known HIV-2 cases in the United States which have not been traced to West Africa. There may be many more, since it took a well-equipped hospital, going beyond the normal AIDS testing procedures, to discover the virus.

- **ARGENTINE** President Carlos Menem and U.S. Vice President Dan Quayle signed an agreement for space cooperation in Buenos Aires on Aug. 8. It is the first bilateral space agreement between the U.S. and an Ibero-American country. The first joint project will be development of a satellite to study solar physics and astrophysics.

- **SOUTH KOREA** will spearhead an effort to form a Northeast Asia Development Bank, according to the economic daily *Seoul Kyungje Shinmoon*. It will seek equity from Japan, China, the U.S.S.R., Hong Kong, and North and South Korea. Such a bank would further reunification and "be useful for special economic zones North Korea and China envisage and a free trade zone in the Nakhodka area of the Soviet Union," said the newspaper.

- **COMMERCE** Secretary Robert Mosbacher has threatened an embargo against South Korean and Taiwanese seafood products, accusing the two countries of "blatant violation of our driftnet agreements," involving the use of driftnets outside the boundaries set by agreement. Sanctions exist under the Pell Amendment to the 1967 Fisherman's Protective Law, which has never been used before.

- **INVESTMENT** in Britain's industrial sector dropped 21% by the end of the second quarter this year, despite lower interest rates. Worst off is the construction sector, which may have to lay off 150,000 workers and employees by spring 1992 and another 100,000 next year.

How the Farm Credit System was taken over by usury

by Sue Atkinson and Suzanne Rose

Between 1970 and the present, the farm sector in the United States has become the victim of powerful usurious private bankers and cartels which have used a combination of high interest rates and low prices to bleed dry the family farmer, toss away his carcass, and restructure agriculture, so that even greater looting can take place. In this they have been aided by Congress and the courts. In this article we shall show how lending institutions that were set up by the U.S. government to help the farmer became the tools of usury against him, and that during the 1980s, a usurious debt bubble, created over the previous 15 years was deliberately burst, eliminating hundreds of thousands of family farms. This has left 80% of food production in the hands of a few large owner-operators and investors whose markets, prices, and oftentimes methods of farming itself, are controlled by the cartels. Farming has been transformed from the means of feeding the population, through the efficient, productive family farm system, into a "food industry" run for power and profit which will give select international bankers finger-tip control over the world's food supply.

How did this happen? Through the policy of the U.S. government itself, acting on behalf of liberal establishment financiers: The Farm Credit System (FCS), the widely heralded, "farmer-controlled" cooperative of 37 banks and credit associations, and the Farmer's Home Administration, (FmHA), the government's "lender of last resort," were their instruments.

The Farm Credit System or so-called "farm cooperative system," and the FmHA (set up by Congress), were entrusted with the well-being of the nation's food supply. Instead, they became instruments of unparalleled usury, which, between 1970 and 1985, transferred over \$40 billion in accrued inter-

est on real estate debt alone out of farming into the hands of megabanks, insurance companies, and investors. A comparable if not greater amount was accrued in interest on operating loans for feed, livestock, and other credit advances related to production. The fact that FCS and FmHA were government backed proved to be the undoing of the farmer, as the U.S. government enforced the usury.

Which were the banks that benefited? The list includes the Wall Street and international banks that were authorized by the Farm Credit System to buy and sell its securities for their own gain and that of chosen customers, such as: Chase Manhattan, Citibank, and Chemical Bank; the three largest agricultural lending banks, Wells Fargo, Security Pacific, and BankAmerica; as well as brokerage houses, including Salomon Brothers, Bear Stearns, and Goldman Sachs. Internationally, the Dutch giant Rabobank participated with American agriculture banks in agriculture real estate loans which were backed by FmHA loan guarantees. When farm borrowers were liquidated in the mid-1980s, Rabobank siphoned off the government guarantee money.

The origins of the Farm Credit System

On July 17, 1916, President Woodrow Wilson signed the Federal Farm Loan Act, creating what we now know as the Farm Credit System. Twelve Federal Land Banks (FLBs) were set up, one for each of 12 districts covering the country, to assure farmers access to long-term real estate loans. They could provide farmers up to 50% of the worth of the land, which was used as collateral. The amount of credit they issued was limited by congressional appropriations.

The Federal Reserve System, created in 1913 as an instrument of Wall Street control over lending, began choking off

credit to rural banks in the 1920s, leaving them unable to extend credit to agriculture. Congress passed the Emergency Farm Mortgage Act in 1933 in response to public demands for credit. Eighty-nine percent of this money was used to refinance selected loans formerly held by banks, insurance companies, and other creditors, into the Farm Credit System. The rest of the borrowers were allowed to go under. Because of the depressed conditions at the time, Congress also passed the Farm Credit Act of 1933, which created the Production Credit Associations (PCAs) for financing production. By 1935, the Federal Land Banks held 48% of the farm mortgage debt.

During World War II, the productive potential of our farmers was unleashed. Farmers were given the credit they needed to produce under a system of full farm parity prices. During the period of parity pricing, much of the debt was paid down. After the war, many Americans thought—and quite correctly—that the United States had the technological capabilities to end hunger. But the policy was to be otherwise. The liberal establishment released a series of plans to effect the top-down transformation of agriculture away from the family farm system. The parity price system, through which a farmer is paid the cost of his production plus a profit to reinvest to maintain his productivity, was phased out, beginning in 1954.

The most important of these liberal establishment planning groups was the Committee for Economic Development (CED). It was set up in 1942 by the Wall Street elite to plan postwar economic policy for Europe and the United States. The group included S.D. Bechtel, chairman of the board of Standard Oil; Don David from the Harvard Business School; Thomas J. LaMont, from J.P. Morgan investment bankers; Nelson Rockefeller; and William Benton from the University of Chicago. Their agriculture policy called for “free trade”: curtailing and controlling technological progress, dumping goods on poorer markets, decreasing acreage of cultivated lands, and decreasing farm price supports.

In 1962, a CED blueprint for agriculture was released which demanded a complete restructuring of agriculture by reducing the number of family farmers. Entitled “An Adaptive Program for Agriculture,” the report advocated utilizing “positive government action” to facilitate and promote the movement of labor and capital out of the family farm system of agriculture to areas where a higher rate of return on investment could be achieved by financial institutions. They considered family farming the leading case of misuse of resources in the American economy: “Agriculture’s chief need is a reduction of the number of people in agriculture.” They claimed that many more children are born and raised on farms than will be needed to produce the nation’s food and fiber: “They must be educated, trained, and guided to non-agricultural employment.”

A decade later, in 1971, “The Young Executives’ Report” appeared. It was written in conjunction with the CED

by a committee of “young executives” from the U.S. Department of Agriculture (USDA). The committee included Eric Thor, who was simultaneously participating in a commission to restructure the Farm Credit System, called the National Commission on Agricultural Finance. The report stated that by the year 2000, some 2 million family farmers should be eliminated and that the nation’s food supply could be maintained by 500,000 corporate farms. The plan recommended that farm policy disregard the incomes of farmers and be concerned only with ensuring enough production to meet needs of the domestic and export markets. The “young executives” speculated that 78% of the farms would be eliminated.

How they did it

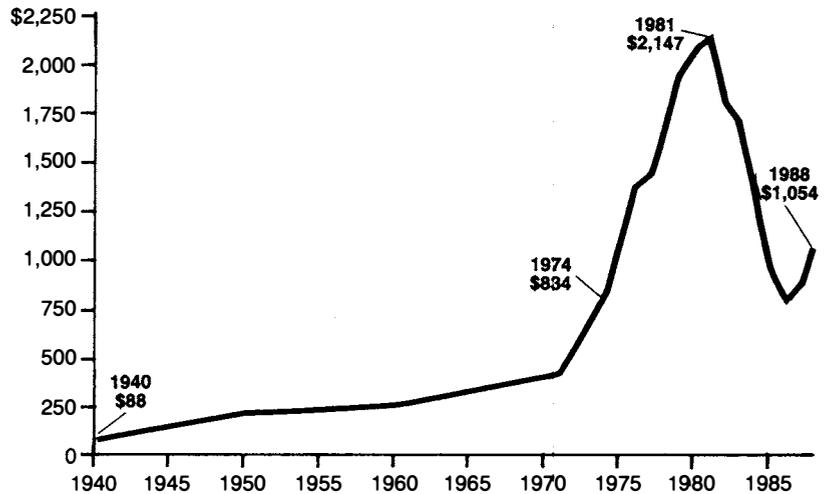
From the late 1960s onward, changes in regulations, banking practices, and procedures took place in the Farm Credit System and the FmHA which facilitated the practice of usury. Deregulation began in 1968 when the Farm Credit System repaid its government capitalization and became fully private. At the same time, FCS enjoyed the reputation of being a “government-backed” system: that is, it was understood by investors that the government would back Farm Credit System securities, if necessary. Decision-making control over the system’s banks and associations, however, was nominally vested in the farmer-elected boards, both national and local. The National Commission on Agricultural Finance was formed in 1969 to plan long-term changes in the system which would put it completely in the pocket of Wall Street. Serving on the commission were representatives of the CED, the Farm Credit System, the media, all of the major farm groups, and the Federal Reserve.

Many of the recommendations of the commission were incorporated in the 1971 Agricultural Credit Act. This act was the first major overhaul of the system since 1933. It further deregulated agricultural finances. Under the act, the USDA would no longer supervise the Farm Credit System. From now on, auditing of its banks would be done on a regional level. The conditions were ripe for a heist.

The act was passed the same year the Nixon administration took the dollar off the gold reserve standard. The postwar monetary crisis had hit full force, and Wall Street found it necessary to find new sources of liquidity and new avenues for debt creation, and sources of profit through usury. Hence, the dollar was unmoored and an unprecedented orgy of speculation began. The farm sector was a juicy target. The 1971 overhaul of the FCS put into place mechanisms which would trigger, and then manage, the mass liquidations that had been recommended in the “Young Executives Report.”

One of the highlights of the 1971 act was an increase in the amount the Federal Land Bank could loan against farmland as collateral to 85%. The collateral would now be valued according to its “market value” instead of its productive value. This not only increased the amount of money lent, but

FIGURE 1
Iowa land values, 1940-88
 Current dollars per acre



Source: *The Farm Debt Crisis of the 1980s*, by Neil Horl, Iowa State University Press, 1991.

also the risk exposure, because the ability of farmers to repay debt was simultaneously being undermined by government-led moves to reduce farm prices below parity levels.

By 1972, when the Soviet markets were being opened up for U.S. grain sales, massive amounts of credit were being infused into farmland. The demand for U.S. grain exports suddenly exploded and transformed the face of U.S. agriculture. At the same time, government-backed farm price supports were dropping. The 1970 five-year farm bill lowered prices by 15%, driving more than a million farmers off the land during the 1970s.

Drive farmers out on a limb

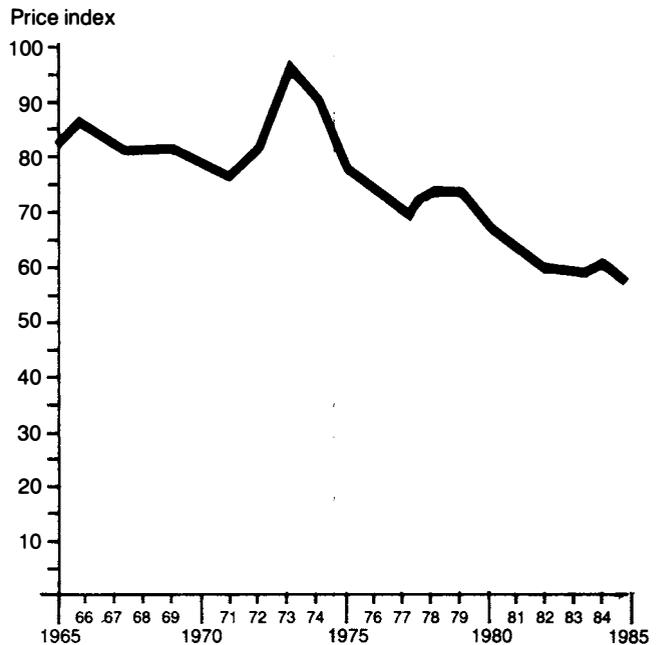
Young, new farmers came into the system through the offers of plentiful cheap credit which were made through the Farm Credit System. Established farmers borrowed in order to help their children, all to meet the need for the growing U.S. export market for grain shipments to the Soviet Union. The small, diversified farms, which had historically been the center of U.S. agriculture, gave way to larger monoculture tracts, which grew wheat and corn for export to the Soviets, and the cartels' new specialty for export to Europe, soybeans.

Land prices soared and land speculation took off, fueled by credit provided through the Farm Credit System (Figure 1). The farmers' costs rose, too, as a result of the speculation. Farm taxes tripled, fuel costs had tripled, interest charges multiplied, and by the end of the seventies, a farmer's price had been cut in half (Figure 2). Farmers who prided themselves for not becoming indebted, were forced into debt because of the high costs created by the speculation.

Contributing also to the need to borrow was wide fluctuation in prices during the 1970s. The price collapse at the end of the decade fueled the need for more borrowing, even as the farmer dug deeper into his family's living expenses to meet his debt payments.

Interest rates on Federal Land Bank loans were 8-10%

FIGURE 2
The parity price index for commodity prices to farmers shows steep decline, 1965-85



Index base: 1910-14

Source: USDA.

Graph shows the real prices paid to farmers averaged for all commodities based on a parity index for the years between 1965-85.

during the 1970s. A farmer never makes more than 3-4% real profit from production, even in the best of times. Usurious interest rates, in many instances, put the cost of interest per acre close to or above the actual farm income per acre! For a while, a usurious rate of return (anything over 2% on credit

extended) can be extracted from farming, if the farmer cannibalizes on the family's living expenses, cuts costs in maintaining the productivity of his land and equipment, and increases output.

The 1971 Farm Credit Act also established loss-sharing agreements both within the banks and associations of a Farm Credit District and between the 12 districts. This assured that the entire system would have to cover any losses, which it surely would have, once the land bubble burst. That was only a matter of time. There were also subtle changes introduced into the regulations to shift the control away from the borrower-elected farmer board members to the hired, "professional" administrators. Such a move was necessary for the Wall Street high-rollers, because farmers would have a tendency to try to save themselves, instead of the investors in the system's securities, when the bubble burst.

Refinancings began to increase during the 1970s as equity was taken out of the farm operations to restructure debt, to expand operations, and to meet short-term obligations. Off-farm income grew to the point that it was nearly 60% of the total farm income, as farmers were forced to work in town to earn enough money to make their payments and cover their costs.

During the land price boom of the 1970s, owner investors in farm assets averaged \$53 billion annually in capital gains from land speculation. About one-third of the increase in value went to non-operator landlords. The rest was split among farm operators, most of whom owned only part of the land they farmed.

By 1978, land prices were 78% higher than they had been in 1973, an increase which was three times that of farm income. The increase in land values created more equity on lending institutions' balance-sheets, which permitted them to increase borrowing. At this time the Farm Credit System began issuing consolidated system-wide bonds to finance their lending, further ensuring that the entire system would be responsible for the total debt, rather than just the amount each district bank had borrowed.

The bubble grows

Beginning in 1979, when Jimmy Carter chose Paul Volcker to head the Federal Reserve, Volcker increased interest rates sharply. As interest rates rose, funds flowed from low-interest deposits to higher-yielding money market certificates. Rural banks did not have the ability to tap sources of funds such as foreign deposits, larger negotiable certificates of deposit, or other instruments available to larger urban banks. This undercut the ability of rural banks to lend to farmers during a year when loan demand was high. As a result, farmers turned to Farm Credit and to FmHA. Farm Credit's share of total farm debt rose to 30%, while the Land Bank's share of the real estate debt rose to 35%. At the same time, the system began issuing a substantial number of long-term "non-callable" bonds to investors at interest rates be-

tween 11 and 17%.

Farm Credit Act amendments in 1980 allowed the Land Bank to loan up to 97% of the market value of the farmland collateral when the loan was guaranteed by some government agency. Congress also passed the Young, Beginning, and Small Farmers lending program which made more opportunities for lending available to the Farm Credit System. Farmers continued to refinance in order to stretch out their debt load, continuing to borrow against an inflated equity, created by the bloated land values. Over half the growth in farm debt was secured by farm real estate. Farm real estate debt grew at the greatest rate in 60 years. Assisting in the vast flow of funds into the Farm Credit System was their ever-higher interest rates offered to investors, which reached over 15%.

The bubble is burst

The five-year 1981 farm bill, called the Agriculture and Food Act of 1981, allowed the commodity loan rate, or the basic price support mechanism for grains, to be reduced another 10%. Then in 1985, the five-year farm bill took loan rates off a parity standard entirely and caused a massive collapse of prices. Farm price supports were dropped 40%, and farm incomes overall fell 15% between 1985 and 1990.

Here is what farmers faced: The interest rates on Federal Land Bank mortgages rose to 13% in 1984. Farm cash receipts however, increased only 4.6%, while production expenses rose 8.6% on a cash basis.

Almost half the loans made by the Farm Credit System at this time were to refinance existing debt. Moreover, nearly 75% of the net increase in farm real estate debt was provided by the Land Banks. Their share of all debt secured by farm real estate rose to 43%. Farm debt, which was almost negligible before 1970, rose from \$52 billion in 1970 to \$204 billion in 1984. It grew during this period to 1,350% of net farm income (see **Figures 3 and 4**).

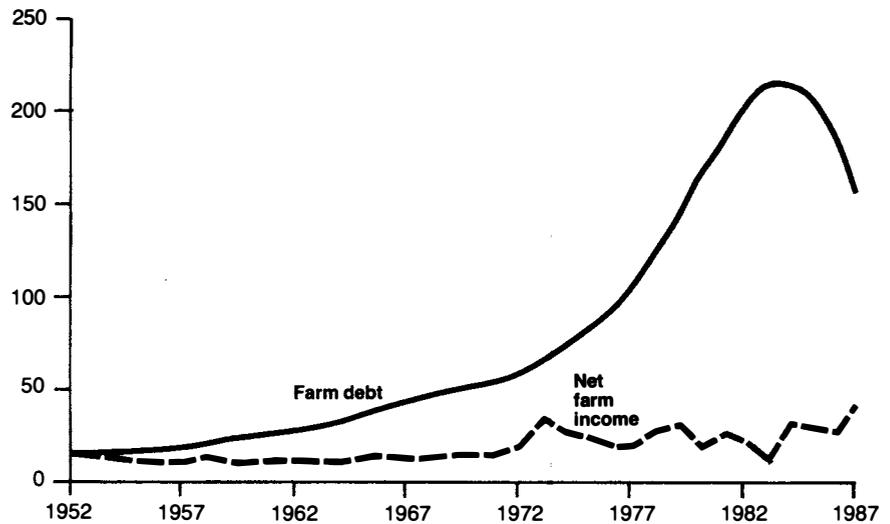
By 1982, the Farm Credit Administration's national board adopted a regulation which effectively removed loan-making authority from the local farmer boards. The decision-making authority over the loans was moved to "professionals" within the Farm Credit Banks, because farmers' loans were expected to deteriorate.

At this point, interest charges were about 15% of the total farm production expenses and nearly double the share of 10 years earlier. All asset accounts except livestock and poultry declined. The real value of land dropped about 10% while outstanding debt grew 2%.

Anticipating the farm liquidity crisis, the Farm Credit System developed its plan for reorganization in 1983. Called "Project 1995," the report presented a plan for restructuring itself in expectation of the collapse of the farmland bubble which would occur two years later. At the same time, Congress passed a key piece of legislation which would trigger mass liquidations when it was implemented in 1985. Called the International Lending and Supervision Act of 1983, it

FIGURE 3
U.S. farm debt soared, while
net farm income stagnated in
the 1970 and 1980s

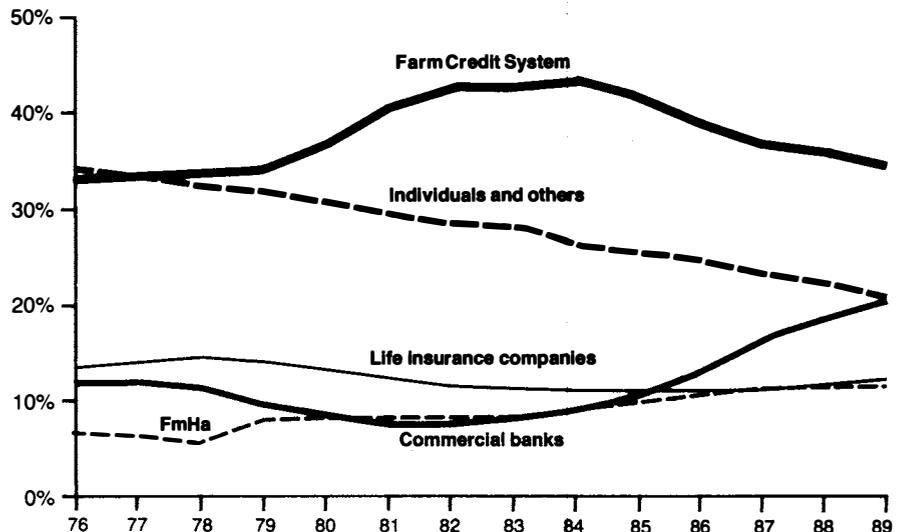
Billions \$



Sources: USDA, Iowa State University.

FIGURE 4
Relative portion of farm real
estate debt held by type of
lender

Percent of all loans



Source: USDA.

mandated an accounting change for the Farm Credit System. FCS would have to transfer a large portion of its expected income and equity to the deficit side of the balance sheet in anticipation of future potential losses, called a loan loss reserve. The rules of the system changed: Farmers' loans were now going to be evaluated differently. Had their calculations of anticipated losses been based solely on a projected drop in land values, the disappearance of farmers would not have been as high as policymakers desired. In order to achieve a sufficiently high destruction of family farmers, farmer income/expense projections were made by loan officers using double the usual annual expenses, plus added liquidation expenses and legal fees. Double the amount of loan loss reserves were established than were subsequently used, putting the system technically in the red. Because of the new income/expense criteria, the evaluation of individual farmer loans made farmers candidates for foreclosure and liquidation.

Another publication anticipating the crisis was the 1985 Report of the Trilateral Commission called "Agricultural Policy and Trade: Adjusting Domestic Programs in an International Framework." The report called for increasing the capital return on investments in agriculture by removing government protection of farm prices, interest rates, etc. both in the United States and abroad. It called for reducing farm prices worldwide. The 1985 farm bill, known as the Food Security Act, followed the Trilateral lead by massively reducing the government support level.

The author of the report was Pierre Lardonais, chairman of Rabobank of The Netherlands. Rabobank had been positioning itself since 1984, through an agricultural financing corporation called MASI, to participate in U.S. farm loans with commercial banks. The 1985 farm bill called for widespread government guarantees on the farm loans which were expected to default in large numbers. Rabobank cleaned up by collecting guarantee money and the liquidated assets from

the loans when the Farm Credit System pulled the plug on the farmers.

The trap is sprung

In 1985, the trap was sprung. Newspaper headlines blared that the Farm Credit System was suffering massive losses: It was not explained that these losses were due in large part to accounting changes. The public was told there was a farm crisis and the "system had to be saved." Farmers remained to be convinced that saving them was part of the plan. In an appearance of concern for the farmer, Congress told the system to offer them "loan restructuring."

Marvin Duncan, chief economist with the Federal Reserve in Kansas City, wrote in February 1985 in the *Economic Review of the Federal Reserve Bank of Kansas City* that restructuring debt won't help in a farm crisis: Farmland must change hands. Several months later, Duncan assumed the second highest position at the Farm Credit Administration. The stage was set for farmer liquidations.

While political opposition was neutralized by the congressional action, the farmer was readied to be picked clean. A system of "restructuring" and renegotiating the farmers' loans began. Interest rates on the most "distressed" loans were raised to astronomical levels, sometimes twice their previous rate, and the farmer was left to await foreclosure. If the farmer had additional collateral to be taken, his loan would be "restructured" and he would be offered a partial debt set-aside for one to three years, in return for more collateral. At the end of the term—when he couldn't meet the balloon payment due, which often included compounded interest—foreclosure proceeded, and the FCS took everything, including the additional collateral. Another device was the FmHA loan guarantee program. The government would pay part of the interest rates, while the farmer provided more collateral. His loan was extended one to three years or the term of the guarantee. At the end of the term, the farmer was liquidated, he lost everything including the additional collateral, and the lender cashed in on the guarantee. His land was sold to another sucker, an established farmer, to allow him to grow bigger, at a lower interest rate to start!

As the higher lending rates forced more liquidations, the liquidations reduced the income of the system and the system raised the interest rates to obtain more liquidity. Asset values declined rapidly as farmers were forced to liquidate assets to generate cash, which caused an increase in the loss projections as the reduced values were plugged into the loan analysis forms. This effect began "snowballing," as the system tried to liquidate fast enough to generate cash to cover the ever-increasing loss projections, which were being caused by the higher interest rates and the reduced asset values. What all but a handful of people never realized was that the liquidations were triggered by *potential* losses, not actual losses. The actual losses, which were determined after the liquidations, only required half the funds set aside to cover

them. Therefore, the system was never in the dire financial condition being portrayed.

The liquidations continued until the end of 1987 when Congress passed the Agricultural Credit Act of 1987. Acting on the assumption that the system had booked \$4.5 billion in losses, Congress made some substantial changes. A further restructuring and consolidation was ordered. A new secondary market, Farmer Mac (Federal Agricultural Mortgage Corporation), was established to channel all qualifying agricultural real estate loans from the originators to "poolers" who would use them as collateral for a new security issue for investors. Congress also mandated that the system would generate sufficient income by raising interest rates to recapitalize itself and establish an account as insurance against future losses.

Overall farm debt increased 300% between 1970 and 1984. From 1985-87 the debt bubble was reduced by foreclosing on hundreds of thousands of farmers and millions of dollars of loans. Between January 1984 and January 1988, some 46% of all Federal Land Bank loans were foreclosed upon, involuntarily liquidated, or paid off, or borrowers fled the system. A total of 305,000 farmers were eliminated from the FLB loan roster. The same thing happened to 54% of all PCA borrowers. One hundred and eighty-four thousand farmers were eliminated from the PCA loan roster. There were \$23.5 billion of loan volume terminated in the FLB. There were \$10.5 billion loan terminations in the PCA.

The FmHA began the liquidation of its farmer borrowers in 1988. In 1989, a report from the congressional General Accounting Office said that the FmHA was prepared to write off as losses \$12 billion or 44% of its outstanding farm loans. Instead of a government bailout, there was a liquidation of both the farmer and of valuable farm properties. Throughout the so-called "farm crisis" there was never a loss to an investor, and payments of principal and interest were made on time.

Since the reorganization, beginning in 1985, over 40% of U.S. farmland is in the hands of non-owner operators. Some of this land is rented by neighboring farmers who are forced into farming larger tracts in order to survive another season. But millions of acres are now in the hands of investors or large operators, who simply hire the previous owner on as a tenant, or employ one of the growing numbers of farm management companies to work the land for the owner/investor on a strictly cash flow basis, which permits more intense looting of what was the family farm system of agriculture. The large owner/operator who dominates the farm sector today finds the market controlled by the cartels, if he is not actually contracted to a cartel to run his farm. Five hundred thousand large farms now produce 80% of the nation's food.

The family farm system as we know it has disappeared.

About 1 million farmers were lost between 1970 and 1990. Virtually all of the decline in farm numbers occurred on family-sized farms. The reduction in farm population during this time was 52.7%.

Japan's space policy aims high, despite late start

Their approach, far from what many think, is not based on copying others, but applies fundamental scientific breakthroughs. A report from Marsha Freeman and France's Philippe Jamet.

The near-cancellation by the United States of Space Station Freedom last June posed in stark relief the fact that the European and Japanese space programs are dependent on American manned efforts. Only the U.S. and the Soviet Union can transport people into space. Only those two nations have built facilities and launched them into Earth orbit, for men to live and work in space. Would the end of Freedom mean the end of our allies' manned space programs?

This was not an easy question for the leaders of the Japanese space program to consider. Focused on the basic economic rebuilding of their country after the Second World War, the Japanese were late-comers in the space arena. The series of rocket launchers they have used, up until now, has been largely technology licensed from American manufacturers.

But in the past decade, the leadership of Japan initiated a series of science projects, and space programs in particular, to set a more independent path.

Like the Europeans and Canadians, the Japanese are "buying" their way into manned space flight by sending their astronauts and equipment on the U.S. Space Shuttle, and hopefully later, on Space Station Freedom. They are training a corps of astronauts, developing the technology and hardware for living and working in space, gaining the experience they will need for future projects, and advancing their basic science as well as applied technology by standing on the 35-year-old foundation laid by both the United States and the Soviet Union.

But in the next century, the Japanese will begin to have operational space systems that will be less dependent upon others. Although they have had technical difficulties devel-

oping the advanced liquid hydrogen engines for their next-generation H-II rocket, which recently suffered a freak accident with the first fatality in the Japanese space program, it is the first indigenously designed and produced launch vehicle in their program.

When Space Station Freedom is in orbit, the Japanese plan to fly their unmanned robotic Hope mini-shuttle to dock with it to deliver supplies, equipment, and materials for the crew. Developed by Japanese companies and research laboratories, Hope (H-II Orbiting Plane) will lead to a larger, manned vehicle, which will complement deliveries of men and supplies to Freedom by the U.S. Shuttle and the French-designed Hermes spaceplane.

Under construction now is the Japanese Experiment Module (JEM), which will be one of the attached laboratories of Freedom. With the experience gained from designing and building the JEM, Japan will be in a position in the future to design and construct its own space stations.

Over the past few years, Japanese companies have pulled together small teams of engineers and visionary thinkers to begin to design colonies and cities in space. They are well aware that the nexus of economic growth potential by the middle of the next century will not be in Asia, but should be the rest of the Solar System! Development of lunar construction materials and techniques, using indigenous resources on the Moon and Mars, and examining the organization of societies under such hostile and unusual circumstances, have all been under study.

The Japanese started their space program later than the other major spacefaring nations. As in other scientific fields, however, they aim to catch up and overtake the competition,

and have set upon a well thought-out and deliberate course to do so.

Comparing Japan and Europe

A look at the astonishing evolution of the Japanese space program offers an opportunity to compare the approach of Europeans, and especially the French, to Japan's. If we judge Japan's space program in the light of "hard facts," without guessing at its ultimate evolution, it would appear that the program, for the moment, remains at a lower technological level than Europe's, even though Japan has launched or contracted for launch more satellites than the Europeans. Such a conclusion would be somewhat misleading.

There is a wide divergence in the strategies taken by Europe and Japan for the medium-term future. For example, Europeans put their emphasis on developing launch vehicles, such as the Ariane 5P, to capture a market share for launching heavy commercial satellites at the end of the century. By contrast, the Japanese, with their expertise in electronics, highlighted a "satellite-driven" program, which utilized increasing miniaturization to decrease the weight of research and commercial satellites. Relying on the fact that progress in electronics and computer miniaturization could open up a whole generation of compact, highly sophisticated satellites, Japan was the first to make plans for a plant devoted entirely to producing advanced communications satellites.

As a result of the "satellite-driven" approach, the Japanese launcher H-II—latest in a generation of a family of rockets designed to place satellites into geostationary orbit—will only be able at best, beginning 1993-94, to launch two satellites of 2 tons, whose present performance compares to the AR44L version of the European Ariane 4 launcher (4.4 tons), which will be superseded about 1995-96 by the Ariane 5P. The new European launcher will be able to place into geostationary orbit, simultaneously, two 2.6 ton satellites, and in a later version 6.7-6.8 tons. These performances leave it a comfortable safety margin of more than 2 tons with respect to the Japanese competitor, and a bit less than that if, as is expected in Tokyo, it evolves toward better performance by the addition of liquid fuel boosters. In that case, the utilization by Ariane 5P of the upgraded Vulcain engine, called Mark 2, for its first stage, would allow the Europeans to add yet another ton.

Another technological choice brought about by the Japanese in propulsion—which is not without immediate problems for them to solve—could also push back the effective deployment date for the H-II. Following the development of the H-I launcher, which allowed them to bring on line a liquid hydrogen engine beginning in 1986, the Japanese have chosen to integrate into the H-II, and to develop for this purpose, a liquid fuel engine with performance comparable to the HM60 Vulcain, called LE7, whose expected thrust was 120 tons, as against 110-115 for the European engine developed by the SEP. Another version of the Japanese en-

gine, called the LE7A, which is expected to utilize a liquid oxygen/liquid petroleum fuel mix, has the advantage of offering a better ratio of mix than the LE7 and of setting the Japanese engine designers onto a new road, which their American and European colleagues are still hesitating to take. In contrast to the European engine based on the techniques of derived flow, in utilizing the concept of integrated flow, which is more difficult to achieve over time and is already used for the main engines in the American Space Shuttle, the Japanese are running up against delicate problems in overcoming this technological hurdle: Recently an LE7 engine exploded at the test site, and a number of attempts that had earlier achieved minimum results were also affected by cracks in the turbine blades and the destruction of the turbo-pump casing.

At present, Japanese engineers are turning toward a solution which consists of reducing the thrust and pressure of the LE7, which will make it heavier and reduce its carrying capacity. Therefore, it seems uncertain that the future H-II rocket could in fact carry two 2.2-ton satellites into geostationary orbit, as the officials at Japan's National Space Development Agency (NASDA) were hoping, and that the test flight initially planned for 1993 could take place as expected. The initial aim of putting it into operational service over 1994-95 will probably have to be pushed back to 1997-98, and, even at that point, the H-II will not be able to compete with the upgraded versions of the Ariane 5P, which will go beyond putting 6.5 tons into geostationary orbit. As a consequence of this, the launching of the Japanese experimental satellites VEP and ETS-6, the scientific satellite SFU and the weather satellite GM5 will have to be set back the same amount of time.

Despite the problems that exist, it would be inappropriate for Europeans to underestimate the Japanese space program, which is more extensive than generally supposed, and to poke fun at the technological difficulties which can be overcome at the cost of a few years' delay in the development of their programs. It would be equally inappropriate to make *a priori* judgments about the ultimate development of the Japanese space program in the light of criteria that European and American "experts" have incorrectly used in the past to evaluate Japan's science and technology policies. There is no dearth of examples; it is almost a cliché that Japanese science policy is motivated only by considerations of applied research that looks exclusively to the short term. Just as false are the ideas which hold that the Japanese are, more than anything, "copiers," endowed with an exceptional ability to seize part of the market in discoveries made by others; these ideas bear no resemblance to the deeper reality of Japan, which is not merely a model of "reactivity."

The reality of Japanese science policy

On closer examination, Japan's scientific and technological research reveals itself to be quite different from the image



National Space Development Agency of Japan

Since 1985-86, Japan has invested a great deal of money in research programs in microgravity, in collaboration with the United States, often through Japanese private firms. Here, a Japanese astronaut uses U.S. NASA facilities to train for weightlessness.

given it by the frantic European proponents of liberal economics.

Even if the first steps in development were involved in copying and bore a similarity to the efforts of developing countries, seeking to pay for imports of brain-power and know-how, the successes Japan achieved in domains as diverse as steel-making, electronics and microprocessors, computers, optics and photography, and automotive technologies, are not properly due to "certified exact copies" of imported patents which the Japanese industrialists exploited with more alacrity than those who produced them. In fact, an exhaustive examination of the industrial policies developed in Japan over 20-odd years shows, quite the contrary, that success should be properly attributed to long-term planning and to an astonishingly persistent collaboration between the public and private sectors.

More astonishing yet, an analysis of the foundation for these successes shows that in large part they were the fruits of basic research that was not always closely tied to applied research programs. For example, 15 or more years ago, Sony was able to develop a color cathode ray tube for television reception, thanks to purely fundamental research whose ob-

jectives could not have been further from the development of television in itself. This research was carried out in Sony's own laboratories and not in public laboratories financed by the state.

In other areas, such as the process for manufacturing the basic element of electronics and computers, very large-scale integration circuitry, precision mechanics, optical electronics, robotics, high-grade steel, fiber optic communications, biotechnology, aquaculture, and high-speed ground transport, Japanese advances are more than anything a result of research carried out in Japan. To be convinced of that, one has only to consult the figures for patents registered in various places throughout the world, or to go to the National Institute for Industrial Patents in Paris to find the startling number of patents registered there from Japan. In other domains, where the Japanese situation still used to appear to be a few years "less good" than in the United States or Europe—e.g., biotechnology, life sciences, or materials processing—Japan has already recouped the difference; and its biotechnology research project "Human Frontier," one of whose unspoken objectives is to attract foreign expertise, upsets European and American authorities no end.

In areas such as hydroponic agriculture (Kiowa Corp.), Japanese advances are considered "alarming" by some competitors and, insofar as the promising arena of long-distance energy transmission by laser or microwave is concerned, the Japanese, thanks to work by their Institute for Space and Astronautical Science (ISAS) and the Japan Electrotechnical Laboratory, are closing in on their nearest American competitor, Raytheon, which up to now enjoyed an absolute monopoly on this type of research, with the important advantage of benefiting from SDI contracts. These two areas of research obviously have long-term applications for ambitious "distant future" programs such as colonization of the Moon, asteroids, and Mars.

For all of the examples that we have just mentioned, it is remarkable to note that their success is largely due to a policy of encouraging research by the Ministry of International Trade and Industry (MITI), whose main role—rather than to stifle other players through superannuated bureaucratic practices—is principally to anticipate technological developments far ahead of time and to prepare for the ensuing economic changes. Deploying a "Council for Industrial Technologies," MITI organizes standing study groups on "breakthrough" subjects, comprising experts from practically every area of research and industry. When one area seems to be a breakthrough area or one wrongly neglected by competitors in other countries, MITI, after having financed complementary studies from some of the country's 200 think tanks—e.g., the Nomura Research Institute—convenes a roundtable of the department heads for "strategy and perspectives" of the principal industrial groups and proposes common long-term programs, in which the product of research is shared among the different actors, before progressively

being moved into the arena of innovations. Nearly 40% of the research contracts financed or encouraged by MITI have to do with fundamental or basic research, and not with applied research, as is so often believed in the West.

It is quite useful to consider how the very specific form of Japanese social organization favors the rapid dissemination of fundamental and basic research into applied research, development, and innovation. Numerous Western experts have remarked how much better the same fundamental and applied research in Japan had been adapted to the same structures, but also estimate that the Japanese model is difficult to transpose to exactly that degree, for specific socio-organizational reasons.

Japan's industrial and technological success must be thought of as the result of a long-term effort which was often undertaken without its importance being well understood in Europe or the United States. Hence, while the Japanese R&D effort in 1955 represented only 1% of the global financing of the other five scientific powers—U.S.A., Soviet Union, Great Britain, France, and Germany—the same figure had gone to 15% in 1988 and now reaches nearly 18%.

The *White Book* commissioned by the Japanese government in 1987 is very revealing about Japan's scientific ambitions. One learns from it that Japan counts more researchers and engineers than all countries in Western Europe combined; that Japan is right on the heels of the United States when it comes to the per capita ratio of scientists and engineers; that it puts out 25 high-quality popular scientific journals, as compared to 5 or 6 in France, and that there is even a best-selling weekly that devotes two-thirds of its coverage to science and technology. Compare that to sales in Europe of rags and pulp publications!

Can Japan's success in science and technology policy be translated into space programs?

Certainly an ambitious space program ought to be the object of specific treatment, and the recipes for success obtained in one place cannot automatically be translated, even where there are similarities in two different science programs, such as space and energy independence, or development of nuclear power stations.

As for the Japanese space program proper, it is necessary to document its extraordinary growth since the end of the 1960s: minuscule in 1968 at \$49.6 million, the space budget reached \$638 million in 1976, at a time when it was totally dependent on high-cost imported American technologies, and rose to the level of France's National Center for Space Studies (CNES) in 1989, at somewhere around \$1.1 billion. Since then, as a result of the present reduction in available credit in France, it is highly probable that the Japanese space budget has gone higher than France's. Presently Japan's space effort has a budget of \$1.24 billion, compared to \$12.3 billion for the United States, and \$6 billion for the Soviets—figures of course, that only apply to the civilian budget—and \$4.9 billion for Europe. As a ratio of the Gross National

Product, the Japanese space budget surpassed Europe (0.04% compared to 0.07%), and the plans of Japan's Commission for Space Activities (SAC), which advises the government, already show that the Land of the Rising Sun expects to multiply this figure by several orders of magnitude between now and the end of the century, to the extent that a number of large industrial groups are integrating space matters into their long-term strategies for the next 15 years.

Whereas Japan has already stood out in the past in its research into microgravity, it is interesting to note that the Japanese are already becoming interested in lunar colonization; in fact, the Japanese Muses probe was the only such probe sent toward the Moon since the end of the Apollo program, and a second, upgraded probe is planned for 1997. The Japanese have succeeded with little foreign help in mastering liquid fuel propulsion, in deploying a system similar to the French Onera. The National Space Laboratory carries out research, through public and private funding, for the development of a passive, initially unmanned mini-shuttle (i.e., without its own propulsion system) the Hope, which would use a version of the H-II launcher and operate on a concept similar to the Hermes shuttle.

Even more ambitious are the laboratory's researches into air-breathing engines, and studies carried out with NAS-DA—one of the two Japanese space agencies, along with ISAS more oriented toward scientific programs—on the concept of a Rocket Plane. In the first version of this two-stage concept, making use of eight LE7A engines for the first and one LE7 for the second, the rocket could put 12-15 tons into low orbit and automated installations for manufacturing in microgravity. A later version, based on the same first stage and a recoverable, winged hybrid second stage, could put up to 30 tons into orbit toward the year 2005, during a period when the Europeans will still be using the Ariane 5P/Hermes system.

Given the number of players involved in the project—the two official commissions SAC and Science and Technology Agency (STA), the technical services of four ministries, the specialized subsidiaries of *all* the major industrial groups of the country—and the expected rise in R&D expenses permitted by the considerable profits amassed by the industrial sector over 20 years, it is clear that the Japanese space program is called upon to play a major role in the 21st century. It is worthwhile to recall that SAC is in the process of bringing the government bit-by-bit to accept, over and above the development of new concepts for launchers acquired over a long time, two of the projects it holds most dear: a totally independent Japanese space station and a permanent base on the Moon.

Philippe Jamet is an independent scientific journalist in France. His report originally appeared in Nouvelle Solidarité. Marsha Freeman is associate editor of 21st Century Science & Technology.

Seineldín tells Argentina to resist 'new world order'

by Gretchen Small and Dennis Small

In a dramatic defense, delivered on the last day of a four-month trial before civilian judges, Col. Mohamed Alí Seineldín, hero of the Malvinas War and leader of the nationalist forces in the Argentine Army, warned that if the Argentine nation did not change its current political and economic course, the country would soon be forced to enter the "new world order defenseless, with our hands behind our necks, crawling on our knees, poor and dependent." Accused, along with 14 other officers, of "aggravated rebellion and illicit association," for the military uprising of Dec. 3, 1990, Colonel Seineldín told the court on Aug. 8 that it is not he and the other falsely accused officers who threaten Argentina, but rather the ongoing effort of foreign financiers, backed by Great Britain and the United States, to dismember the armed forces of all Ibero-America, to undermine the fundamental institutions which sustain these nations, and to restore colonial rule.

"The international financial centers responsible for producing a change in the economic system, from production to speculation" seek to fragment Argentina, destroy its religious and cultural values, and expropriate its riches of energy, food, and natural resources, he warned. Once dominated psychologically, physical domination will follow. This foreign plan to destroy Argentina is already well advanced due to the complicity of both the military and civilian governments which have ruled since 1976. If it is not stopped, Argentina will descend into "total war" and continuous violence: "Blood will flow," Seineldín warned.

The Dec. 3, 1990 uprising, like those of Easter Week in 1987, Monte Caseros in 1988, and Villa Martelli in late 1988, sought to force governmental and military authorities to recognize this danger, and rectify their course, the colonel stated. "Had I not taken responsibility on Dec. 3, I would have been considered a traitor to the Fatherland and, undoubtedly, upon my death, condemned before God's Tribunal, the only Court for which, aside from feeling respect, I fear."

Government prosecutors, who painted the defendants throughout the trial as criminals, and mocked their slogan, "God, Fatherland, or Death" as delusional



Dennis Small

Colonel Mohamed Ali Seineldín (third from the right in the first row), hero of Argentina's Malvinas War against Great Britain, stands trial as a political prisoner. EIR's correspondents were the only foreign press in attendance.

fanaticism, had concluded their case by requesting that the court give the maximum penalty of life imprisonment to eight of the officers and sentences of 12-25 years to the rest. Eight of the defendants chose, despite the penalties faced, to exercise their right to speak before the court. To a man, they rose to defend, in ringing speeches, not themselves as individuals, but the cause for which they have been fighting: the survival of their nation. They named their foreign enemies and the Argentine allies of those enemies, and posed, in opposition to this, their pride in being both Catholic and nationalist, the cultural reserves which have repeatedly placed Argentina at the forefront of the battle for the sovereignty and development of the Ibero-American nations.

The courage, clarity of vision, and firmness of commitment displayed by the accused in the courtroom during the last two days of the trial, marked a turning point for Argentina, and with it, for Ibero-America as a whole. For months, to the extent that the *carapintada* cause—as the nationalist group in the Army has been dubbed, meaning “painted faces,” in reference to the camouflage paint worn by soldiers—had been covered at all in the press, it had been to echo government propaganda, vilifying its leaders, and assuring all that Colonel Seineldín and the *carapintadas* had been finished off once and for all by the events of Dec. 3, 1990. The message delivered in the courtroom Aug. 7 and 8, was a different one. The resistance to the new world order in Argentina, led by Seineldín, not only continues, stronger than ever, but through their precise identification of the broader issues underlying their cause,

has situated itself to now play a leading role in rallying resistance throughout the continent.

It could not come at a worse time for the government of President Carlos Menem, whose credibility has reached unimaginable lows. Immersed in a new corruption scandal daily, Menem's top advisers and close associates spend their days denying the mounting evidence of their ties to international drug trafficking. It has become a national pastime to mock the President, from the man on the street to foreign journalists, as evidenced most recently in a devastating portrait of the President as a playboy published in Chile's main daily, *El Mercurio*, on Aug. 4. It is a matter of public discussion that the President takes his orders, on everything from internal political matters to economic policy, from the omnipresent U.S. ambassador, Terence Todman, dubbed by the press George Bush's “viceroy.”

No sector of the country has escaped from the degeneration of economic and political life. The oldest and once-richest families in the country privately admit that they are nearing bankruptcy; businessmen warn of a financial “crack” which they expect to hit after the September elections, because of universal bankruptcy in the productive sector of the economy. The same week that the *carapintadas* came to trial, the Army high command informed the defense minister that either some payments be made to military suppliers, or the Army, in particular, would run out of all food supplies by September. Already, the Army has no meat, but only dried food to give its troops. This, on top of public anger within

even the "official" Army over the government's agreement—at the instigation of the Bush administration—to allow international arbitration to decide boundary disputes with Chile which Argentines considered settled decades ago.

For many with whom these correspondents spoke during their mid-August visit, the degradation of Argentina as a nation was encapsulated in the President's decision to encourage the importation of *used* foreign clothing "for the poor," a move which has dealt a mortal blow not only to the national textile industry, but also to national morale.

Naming the names

The contrast between the generalized demoralization of the population and the leadership displayed in the courtroom on the last days of the *carapintadas* trial could not have been sharper. On Aug. 7, Col. Luis Baraldini, and Maj. Esteban Horacio Rafael, Maj. Pedro Edgardo Mercado, and Maj. Hugo Reinaldo Abete addressed the court. The following day, in the session attended by these correspondents, the last four officials, including Colonel Seineldín, took up where the others had left off.

Maj. Rubén Fernández spoke first, opening with a detailed enumeration of concrete cases of "illegalities and corruption" by high-level Army officers which he had personally sought to get the Army command to investigate and punish—to no avail. These ranged from the establishment of a shell company, EMOK, by four colonels at the Military Geographic Institute which charged for nonexistent services, to the looting of Fabricaciones Militares, the military's national defense production company—the facts of which the major detailed to the court.

At one dramatic point, he revealed that Colonel Smirnoff, head of the Data Processing Division of Fabricaciones Militares, "is arranging a way to transfer" to an Argentine company owned by the Anglo-American company, "the entire data bank of the Geological and Mining Exploration Center of Fabricaciones Militares. The data bank contains all the information pertaining to the entire country's mineral reserves." Speaking "as an Argentine citizen," Fernández requested the court open an investigation into this blatant thievery of "the national patrimony," offering the court the evidence in his possession of this and his other charges. At the conclusion of Fernández's explosive testimony, the court president promised that indeed these charges would be investigated.

The country's military production capabilities are being sold off, often to the country's historic enemies, to cover the government's deficit, Fernández charged. At the urging of "the powerful," Argentina's missile program, its nuclear industry, its military production, are being dismantled—while the Army high command "goes begging in search of a larger budget." The development of the military industry is vital for the development of the country's technological capabilities, but the generals have not protected it, because "the strategy was to 'come, steal, bankrupt throughout the person-

nel, and give it away to the private sector.' "

"What choice did I have but to act?" the major concluded, when such corruption abounds, and while Argentina's "historic enemy," Great Britain is once again acting in alliance with Chile against Argentina, through such mechanisms as the proposed creation of a NATO-type organization in the South Atlantic, which would leave Argentina isolated and surrounded.

Catholic and nationalist

The next to speak was Maj. Héctor Romero Mundani, whose brother, Col. Jorge Romero Mundani, had played a leading role in the *carapintada* movement until he died on Dec. 3. With emotion in his voice, Major Romero Mundani began by noting that his brother had preferred death to association with the corrupt elements denounced by Fernández.

Dec. 3 was no attempt to overthrow the government, the major emphasized. "We had tremendous combat power, with 50 tanks; nothing could have stopped us had we decided to initiate combat, but we did not," he explained. Instead, "we were attempting to defend the Constitution with our lives, in the midst of generalized corruption. Corruption has taken possession of our country's ruling classes." Putrefaction can be breathed in all sectors, he said, the political, trade union, and military.

The major ripped apart the propaganda—spread by the proponents of the new world order—that the *carapintada* movement are "fanatics" led by a would-be "messiah." Lt. Gen. José Dante Caridi, former Army Chief of Staff, testified to this court, that although Colonel Seineldín was an excellent soldier, he had not been promoted, because he was "too Catholic and too nationalist," Major Romero Mundani stated. "If in my country it is a crime to love God and country unreservedly, you would do well to condemn me, but let it be with capital punishment," he demanded. Our Catholicism, he said, is a religion of love, which teaches that "we are all children of God, created in the image and likeness of God. This is the spirit which inspired our Constitution, and which governs all Argentines, whether they are Catholics or not—and which repudiates Nazism, fascism, or Zionism." If the Catholic underpinnings of the nation are lost, the nation will be lost, and that, not those who are "right" or "left" is what matters, Romero Mundani underscored.

Capt. Gustavo Breide Obeid, the youngest of the accused officers, followed. His testimony was short, and direct. Breide accepted full responsibility for acting on Dec. 3—and more. "As a citizen, I'm responsible for not understanding talk of a 'new world order' which is based on misery, marginality, and the sacrifices of poor nations such as ours. I'm responsible for not wanting our nation to go back 150 years in history, and become a colony in which ambitious foreign powers and treasonous local leaders exchange our sovereignty for economic deals." I am equally responsible, he continued, "for not understanding the toleration of the

spread of drugs, the looting of our natural resources, the rolling back of 50 years of labor rights; for being proud to be nationalist and Catholic.”

Breide reminded the court of a reality which the Menem government is loath to admit: that the *carapintada* movement is no longer limited to the military, but is rapidly spreading as a sentiment of resistance throughout all sectors of Argentine society who do not wish to submit to the oppression of foreign looting. Dec. 3 was “an act of resistance in the face of the destruction of the armed forces,” he noted. Moreover, he said, “it is an act of resistance which has spread to the rest of society,” because the government has chosen to denounce as “*carapintadas* . . . any sector of society which wants to avoid its own destruction.”

Reversing foreign-imposed divisions

The last to speak was Colonel Seineldín, who stood for more than an hour and a half before the judges, microphone in hand, using a blackboard, to deliver a detailed exposition of the foreign threat facing Argentina, and how that threat has advanced during the past 15 years. His starting point was 1976, the year the Argentine military overthrew the government of Isabel Martínez de Perón and installed the government which became known as the Process of National Reconstruction, or “Proceso,” a coup against which he had protested at the time, he noted. The decision to impose the military government was taken as part of the planned division of the world according to a “New Yalta,” he charged.

The colonel’s review of recent Argentine history—overturning the generally accepted myth that Argentine society, since 1976, has been irrevocably divided between civilian and military by the apparent bitter confrontations between the right and the left—can be expected to revolutionize current Argentine politics. Seineldín asserted that usurious financial interests, foreign and domestic, deliberately created those divisions. They first financed the subversive movements, which had “Marxism in the head but dollars in their pockets”; they then encouraged the military to seize power; and then indebted the country; and finally brought Raúl Alfonsín, an agent of “the red Second International,” to power to lead a “human rights” campaign designed to turn the country against the military. Menem has continued the work of Alfonsín, only more intelligently than his predecessor, he noted.

Seineldín went after the underlying issue which unified the “Proceso” with its apparent mortal enemy, Alfonsinism: the plan, designed by Great Britain, to dismantle the region’s militaries. He revealed that he could personally confirm efforts by the State Department, its Agency for International Development and the U.S. Southern Command against the militaries, because he had, almost by chance, attended a meeting in 1987 in Panama where the campaign against the militaries was discussed. As part of this strategy, a new regional defense system is sought, based upon a U.S.-directed alliance of the Argentine Navy, the Brazilian Army and

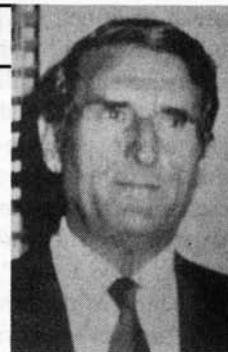
the Chilean Air Force, he charged.

During his testimony, he noted two incidents which displayed the depths to which these forces were willing to descend to destroy the opposition to the new order: at the La Tablada infantry regiment in January of 1989, when the Alfonsín government arranged for terrorists of the All for the Fatherland Movement (MTP) to seize the base in the name of Seineldín and the *carapintadas*; and when President Menem, in the immediate aftermath of Dec. 3, demanded the leadership of the uprising be shot.

The resistance to the new world order in Argentina, led by Seineldín, not only continues, stronger than ever, but through their precise identification of the broader issues underlying their cause, has situated itself to now play a leading role in rallying resistance throughout the continent. It could not come at a worse time for the government of President Carlos Menem, whose credibility has reached unimaginable lows.

There were other startling revelations in the colonel’s testimony. For example, Seineldín’s step-by-step review of how the rebellion in the Argentine military against their worsening condition had grown with each act of resistance, from the uprising in one base during Easter week of 1987, involving 300 men, to the events of Dec. 3, where 1,500 men in seven bases actively joined the nationalists’ side. At every point, Seineldín sought to warn the ruling civilian governments of the danger of continuing to assault the military—but it all fell on deaf ears: “The [individual] directly responsible for the republic’s current state of defenselessness, and for the situation which evolved on Dec. 3, 1990, is Dr. Menem, as commander-in-chief of the Armed Forces,” he charged.

What left some in Argentina sputtering, however, was the colonel’s statement that 26 colonels had been involved in the Dec. 3 planning, and that, had the *carapintadas* not called off the action after the government deliberately sought bloodshed that day, another 3,000 soldiers would have joined the uprising on the second day. With only three colonels on trial for Dec. 3, and one dead, the government paper *La Nación* was left to ask on Aug. 9: “Are those colonels still among the Army’s ranks?”



‘Without God and Fatherland, life is worthless’

The following interview was granted to EIR correspondents Gretchen Small and Dennis Small by Col. Mohamed Alí Seineldín on Aug. 14, from Caseros Prison, Pavilion 14.

EIR: In your Aug. 8 testimony before the court, you locate the military and political developments that have led to the trial against you and the other so-called *carapintadas* [painted faces] within the New Yalta and the “New Order” projects of the international financial centers. What are the global objectives—economic, political, and cultural—of that new order?

Seineldín: In a nutshell, the objectives are the following: On the cultural level, to “modernize” the Apostolic Roman Catholic religion, and mix it with other religions, but especially with the thousands of sects proliferating throughout the world, thus losing its character as the only repository of Revealed Truth.

On the economic level, to increase financial indebtedness as a means of ensuring dependency; to facilitate the growth of the narco-economy in place of the productive economy, to the point of achieving its absolute integration into the international system of finance.

And politically, to subordinate policy to the economic decisions which will define the new order.

EIR: You have spoken of a plan to dismantle Ibero-America’s armed forces, a plan you learned of directly when you were in Panama. Can you explain this to us? Does it have something to do with what is occurring in countries like Colombia or El Salvador?

Seineldín: It would take a long time to explain, but I will summarize it in as few words as possible:

The idea is to use the Armed Forces in the anti-drug fight in “a context of international cooperation,” that is, dependent on the United States Southern Command. For this, the Armed Forces must be reduced to a “national gendarmarie.”

This would lead, on the political level, to a limitation of national sovereignty, an unconstitutional measure. Militarily, you get a limitation of the national Armed Forces—another unconstitutional measure—by creating a regional security bloc among various countries.

The anti-drug fight would be regulated by the U.S. forces

ensconced in our country, which would determine, through their access to satellite intelligence, where to attack, with the result that:

a) The definitive and total eradication of the drug trade would be avoided, as in Bolivia, yielding instead to its *control and regulation*;

b) The Latin American Medellín and Cali cocaine cartels would be pursued, and not the marijuana cartels, which are based on U.S. capital investment; and

c) Drug production would be regulated, to avoid price fluctuations.

Should any problems among countries surface, the forces of the U.S. Southern Command would intervene.

As an example, look at Colombia where the traditional bulwarks of the state—Church, Armed Forces, businesses, unions, etc.—are replaced by the guerrilla, the drug trade, and the political oligarchy, so-called “Colombianization.”

EIR: Some Brazilian military sectors are speaking of a threat, perhaps a military threat, to national sovereignty using the pretext of “internationalization of the Amazon.” Does this appear likely to you? Need Brazil fear such a possibility?

Seineldín: The Amazon, aside from being the “lungs of the world,” contains within it immense mineral and energy wealth. It is for this reason that the major financial centers are making plans to take it over, in a swap for the foreign debt. Thus, they will prevent its exploitation by Brazil’s citizens, its rightful owners through the legacy of God and their ancestors. They will also install “ecological units” for its control and care, which is nothing but the covert and “intelligent” deployment of foreign forces to the country, an assault against national sovereignty. Thus, Brazil, and especially its Armed Forces, should be very alert to this possibility.

Suffice it to say that this possibility affects all the Ibero-American republics.

EIR: You criticized a “Regional Defense” project, based on the Argentine Navy, the Brazilian Army, and the Chilean Air Force, as contrary to sovereignty. What, in your view, is the correct way to address the issue of regional security?

Seineldín: The correct way to address regional security is



EIRNS/Martin Simon

A rally in Los Angeles in support of Argentina during the Malvinas War against Great Britain, April 1982. Colonel Seineldín describes Britain as "the very nerve center of all imperialist maneuvers throughout the world."

through the long-desired Ibero-American Association—our forefathers' plan—that is, through our unity within that body to resolve common problems, but *without abandoning national sovereignty*. Without a doubt, a correct continental and regional security approach would emerge from such a political structure.

EIR: The book *The Military and Democracy*, conceived and financed by the U.S. government, attacks a certain Ibero-American military sector which believes it has a national mission to defend the values of "the Christian West . . . and to safeguard and guarantee the development process." This tendency is dubbed "messianic," "fundamentalist," "authoritarian," "ethical-religious," and "patriarchal." Are they referring to you? [*The Military and Democracy* was reviewed in *EIR*, Jan. 11.]

Seineldín: Yes. Just as your question states it, in the book *The Military and Democracy*, the natural and traditional mission of the Latin American armed forces—that is, "to provide for the common defense and at the same time to collaborate in national development"—is replaced by a regional or international one, which seeks only to achieve the weakening of the armed forces, which in turn leads to the weakening of national sovereignty. Those who oppose this arbitrary policy are labeled "messianic," "fundamentalist," and so forth, just as has occurred in our case.

EIR: In your testimony, you mentioned several times that the Catholic Church is under attack by international financial centers. At the same time, you describe yourself as "nationalist and Catholic." What is the importance of Catholicism for Ibero-America today? Do you identify with the declarations of Pope John Paul II in *Centesimus Annus*?

Seineldín: We Latin Americans can neither renounce nor abandon our origin and tradition. The Catholic Church is the lifeblood which nourishes the lives of the American people. To separate ourselves from it is, simply, to seek our peoples' self-destruction. I identify totally with Pope John Paul II's encyclical *Centesimus Annus* where the only path to follow is defined in detail.

EIR: You lived in Panama for four years. What was your mission there? What opinion do you have of the Noriega case? What do you think of the U.S. invasion of Panama?

Seineldín: My mission in Panama was strictly military. On the orders of General Noriega, I founded the Military College, the Superior War College, the Center of Military and Political Studies, and I especially dedicated the majority of my time to resolving the hypothesis of conflict between the drug trade and terrorism.

Many have asked me about General Noriega and my answer is always the same: "He is an outstanding patriot and an excellent Latin American soldier."



Argentina's "Cruz" air squadron prepares to leave on a mission during the Malvinas War. Today, a plan is afoot to dismantle the armed forces of all the nations of Ibero-America.

The "Panama case" is a clear indication of the intent of the current United States government: to completely eliminate any attempt to defend national sovereignty, especially if supported by national armed forces. While I pursued my military activities, I observed the concern of many United States authorities, and to learn their true intentions, I spoke with many U.S. military commanders, in hopes of avoiding what finally occurred: the invasion of Panama, a true disaster, a total injustice, and aberrant genocide. I still bear great sadness and pain in my heart over that fateful act, inconceivable in the civilized world in which we purport to live.

EIR: In your testimony, you argued that as of 1976, when the military junta took power, a speculative financial system began to dominate. What was your connection to the 1976 events? What do you think of the economic policy of the military government between 1976 and 1983?

Seineldín: In 1976, I and my military comrades came out clearly against the Process of National Reorganization. We were certain that we were headed into a "trap" mounted by international financial centers. That happened, and from that date until 1983, we saw a change from a system of production and development (physical economy) to that of financial speculation. Of course, that latter system is today consolidated in the Argentine Republic.

The Process of National Reorganization "opened the

door" to the New Order, which today leads us with our hands behind our necks, heads bowed and crawling on our knees.

EIR: Nine years later, what is your evaluation of the Malvinas War?

Seineldín: On the Malvinas, the evaluation I would offer today is that the decision to recover the islands was correct. Beyond the question of the military defeat, on April 2, 1982, we hit at the very nerve center of all imperialist maneuvers throughout the world: Great Britain. The military government's poor capabilities and lack of foresight prevented the political exploitation of this development, but today, the spirit of that deed is still latent and present.

EIR: You warned that "blood would flow" if certain problems afflicting Argentine society are not resolved. What concrete steps must be taken to prevent this? Are there other countries in similar conditions?

Seineldín: The concrete steps that need to be taken to prevent another bloodbath are *halting* the Menem government's barbarity in continuing to weaken and disarm the Armed Forces, and security, police, and prison forces. (These as a whole form the security and development forces.)

EIR: It is said that you are a political prisoner, that you are not in prison for committing a crime, but for political reasons. Do you think that is the case? Are there such prisoners in other Ibero-American countries? In Europe? In the United States?

Seineldín: Yes, I consider myself a political prisoner, just as there are so many others in other countries who are fighting for their peoples' independence, among whom I would mention Lyndon LaRouche, Gen. Manuel Noriega, and others.

EIR: What are the prison conditions for you and your men?

Seineldín: With my men, I share a prison with common prisoners. We live behind bars, we comply with the prison's rules without privileges of any kind; we are strictly guarded. But we endure this proudly because we have offered this sacrifice to the *National Fatherlands* and to the *Great Latin American Fatherland*.

EIR: What is your message to the youth of Argentina, and to the rest of Ibero-America?

Seineldín: Our cry of "God and Fatherland . . . or Death" says it all. Without the values of God and Fatherland, man's life is worthless. This is the meaning of "or Death." Argentine and Ibero-American youth must cling to these values and *never* abandon them, since without them there will be nothingness . . . darkness . . . emptiness "or Death."

EIR: Any last comment or message for the readers of *EIR*?

Seineldín: That I have never seen a magazine express itself with such truth. They must continue reading it.

'Continental integration was the dream of our forefathers'

The following interview was granted to EIR correspondents Dennis Small and Gretchen Small by Capt. Gustavo Breide Obeid, from Caseros prison, Aug. 14, 1991.

EIR: The central theme of your Aug. 8 testimony was, "I assume responsibility." What is the responsibility of the military man, in general, with respect to society and the nation? How is this carried out in today's Argentina?

Breide: That the central theme of my testimony was "I assume responsibility" only attracts attention due to the fact that we find ourselves in special circumstances in our country and in our society, where no one takes responsibility.

You ask about the role of the Armed Forces in Argentina. This is clearly defined in the Constitution, which states that they must "safeguard the highest interests of the nation" and must "be the military arm of the Fatherland." That mission is not easy to carry out in Argentina today, for various reasons which I'll outline.

In the first place, there is a shared responsibility of the military and Argentina's political leadership. The Armed Forces, and more specifically the Argentine Army, was born with the nation itself and participated in all the most crucial developments of Argentine history. In recent decades, we committed the error of wanting to participate directly in the political life of the country. This is because the Armed Forces were not integrated into a national political project, with a pre-established role, and thus became isolated from society. If you add to this the political leadership's manifest incapacity to govern, you get a dangerous equation. An isolated armed forces, lacking in commitment, and an incompetent political leadership, equals a coup d'état.

In the second place, we must take into account the the U.S. government's disposition toward the Armed Forces of the Latin American countries. Undoubtedly, there is a clash between the American project and the need for countries like ours to have sufficiently strong armed forces to maintain their independence in terms of sovereign decisions that must be made for us to continue being a nation. The United States, through the Bush administration is, on the contrary, pressuring our countries' weak-kneed political leaders to diminish the armed forces, to ultimately reduce them to a national guard, thereby modifying their mission and role in society.

EIR: There are those who say there is an unbridgeable gap between the Argentine military and civilian society, as the result of the internal war fought from 1976 onward. Is this true? What is the *carapintadas'* message to civil society?

Breide: The gap between military and civilian society is real, but by no means unbridgeable. The war of the '70s carried off the best of a generation of Argentines and sent them to their deaths. The ideologues of that war on both sides negotiated behind the backs of those who did the fighting. This pact, which on the one hand saved the lives of those truly responsible, on the other hand led to the historic condemnation of the armed services institutions. Dr. Alfonsín cunningly raised the banner of human rights, not to uncover the truth of what had happened but only for the purpose of deriving personal political benefit.

The Armed Forces should not and cannot be separated from society. If this has occurred, it was due more to external reasons which deliberately sought—and seek—to separate the people from their Army than to the mistakes undoubtedly committed by the military.

The question that unavoidably comes to mind is how to avoid such separation, and this has but one answer: that we understand that we can never again be used as instruments of repression against our own people. At the same time, the political leadership must understand that the integration of the Army with society is indispensable, and that this can only be accomplished through a serious national project, which serves the true interests of the nation.

EIR: How do you analyze the problem of the foreign debt, of the International Monetary Fund? How should the Argentine government approach this problem?

Breide: The problem of the foreign debt and of the IMF is not exclusive to our republic.

The policy of the IMF must be analyzed in a global context, since this policy of indebtedness was not designed only for our country. The Argentine government should approach this problem, from two different perspectives.

First, it should attempt to form a debtors' club with the rest of the Latin American countries, since common problems require common solutions; and only through unity can the rapaciousness of IMF policy be confronted.

Second, the context in which the debt was acquired, and a look at who contracted it, should be analyzed, since during that era of indebtedness, the country witnessed an impressive number of indebted and bankrupted industries; but there were only a few industrialists and businessmen who actually went broke. This can only be explained by the fact that these individuals went and got loans, looted their companies and exported the capital.

Finally, the finance ministers should be at the service of the national interest, and not of the foreign multinationals. As an example, just look at the career of the current [Finance] Minister Cavallo, who was president of the central bank during the military government and in that capacity was the one who transferred the private debt to the state.

One thing should be clear: The debt and its interest should not be paid to the IMF at the cost of the marginalization and social backwardness of an entire people.

EIR: What do you think of Ibero-American integration? Is it necessary, or is it an illusion?

Breide: Ibero-American integration is not an illusion, but on the contrary is essential. All the necessary elements to achieve that integration exist: a common history, the same language, the same religion, and unfortunately, the same problems and needs. It is essential that this integration be achieved in every area: social, economic, political and military.

Only through a common strategy, which has integration as its point of departure, can we confront the sinister plan of the major powers, which seek through their policies toward Ibero-America, to Africanize our countries and steal the resources they need for their industrial development.

Integration is not something new. It was the dream of our forefathers who, with much greater vision and patriotism than the current ruling classes, sought to achieve it by every means.

EIR: Henry Kissinger has spoken of a possible "Lebanonization" or dismemberment of the Argentine nation. Is this a real danger? Are there interests which favor such a project?

Breide: The problem of the Lebanonization or dismemberment of the Argentine nation is real. Unfortunately the same person who says this is one of those responsible for that plan of national disintegration.

The policy imposed by world power centers, to which Kissinger belongs, presents us with the dilemma of either accepting their conditions, or facing Lebanonization or dismemberment.

This plan—which is by no means limited to Argentina, but is intended for all the Latin American countries—is based on increasing the socio-economic imbalances, destroying national industry and productive capacity, dismantling national defense production capabilities, internationalizing natural resources—look at the case of the Brazilian Amazon—and, finally, weakening society's basic institutions for the purpose

of weakening the very concept of the nation-state.

Any resistance to this plan, which is already being carried out with the complicity of a treasonous political leadership, would provoke the direct or indirect intervention of world power centers. The only possibility of avoiding this dilemma is to achieve Ibero-American unity. Only a joint and simultaneous resistance of the continent's political and military leadership could halt such a sinister plan.

EIR: What is the meaning of the war against Iraq, especially the United Nations' role?

Breide: In the case of Iraq, the U.N. simply confirmed its lack of independence in the decisions it makes.

It doesn't serve the interests of its member-nations, but rather those of the great powers which, through waging war on Iraq, sought to show that any country that resists their policies, will get the same treatment.

The hypocritical policy of condemning some countries, and not others who have the same attitude, shows us very clearly that the U.N. doesn't adhere to the guiding principles outlined in its founding Charter. The war against Iraq, which was genocide with 300,000 civilians killed, served the economic and geopolitical interests of the Bush administration. The United States once again seeks to assume the role of democracy's worldwide custodian, while hiding its real motives, which are nothing more than to implacably and inexorably carry out the plan I have described above.

In Defense Policy and as a Military Phenomenon

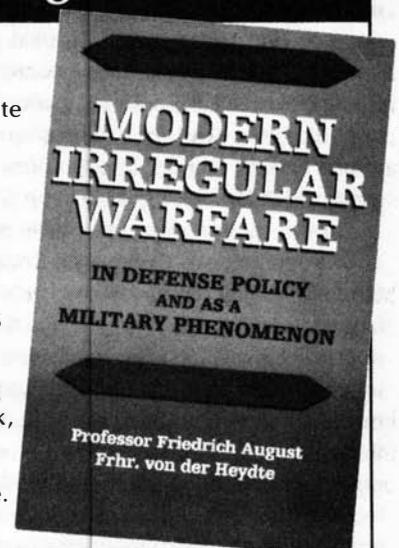
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by Professor
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Corruption triumphs when honesty fails

The following are excerpts of testimony given in Buenos Aires federal court, Aug. 8, by Maj. Héctor Adrián Romero Mundani, whose brother Col. Jorge Romero Mundani was killed on Dec. 3, 1990.

I address Your Honor very moved, after having heard the testimony of my comrade Major Fernández.

I have been a soldier all my life, since I was 15 years old, I believe since I was born; I have devoted myself only to soldiering, I only know about arms, I only know about leading men. It was enough to see the tip of the iceberg, for me to join the actions of Dec. 3. I thought that what I saw was the whole thing. Frankly, although I was aware of the subject Major Fernández was going to talk about, I did not know the details.

But today, truly today for the first time, I have uncovered definitively the mystery of the reason why my brother, Col. Romero Mundani, was there, commanded and died. . . .

Today I have heard many names named, names of my brother's friends, people I know, who I thought were friends; but I cannot be the friend of a corrupt [person], and I think that my brother, when he thought that all was lost, preferred death rather than joining the corrupt. . . .

When, eight months ago, after living through the most awful experience of my life, I surrendered to a colonel of the nation, I was almost certain that it was to face the bullets of a firing squad. The statements by the President and the attitudes of those who conducted the repression, indicated that to me. I bade farewell to the remains of Colonel Romero with a "see you soon" and asked God not to allow such a heroic sacrifice to be in vain, thinking that my last will would be to say everything my brother had been prevented from saying.

But God writes straight on twisted lines, and today I am here before Your Honor, under circumstances very different from what I expected.

To begin with, I must thank the honorable court for this unique opportunity to allow me to speak all my truth, and not only my truth, but for allowing the truth to flourish, as the result of the testimony of 200 witnesses and innumerable documents, evidence, and expertise. . . .

Now then, what was the essence of Dec. 3?

The state of defenselessness that the nation suffers, is

public and notorious—a state that would never have been reached had the warnings made years ago been heeded—it has been described in this chamber by persons of unimpeachable qualifications and it has been confirmed by no less than the chairman of the Joint Chiefs of Staff of the Armed Forces.

This situation of defenselessness came about, not so much due to lack of resources, but to negligence, complicity, and premeditation. This is a grave breach of the constitutional obligation to "provide for the common defense" and, thus, not only constitutes an illegitimate act, but also an illegal one; an act of corruption on the part of those who must implement and/or give advice regarding the fulfillment of this aim of the state, and which poses a grave ethical conflict for those of us who are—by decision of the same nation-state—sworn to respect and enforce respect for the national Constitution, even at the price of our lives.

We attempted, by all the legal and legitimate means at our disposal, to sound the alarm about this grave situation, but the only reply, as it has been seen here, was persecution, not only before Dec. 3, but even after. . . .

The corrupt can only triumph if the honest ones fail to act. However, in agreement with the prosecutor, I believe that much can still be done. . . .

We have just heard terrible and concrete reports of corruption in the Army. We have seen how the degradation of the force from all standpoints—spiritual, material, ethical, etc.—has led to the state of defenselessness. I now feel, Your Honor, that I have just now understood in its full magnitude, the participation and death of Colonel Romero Mundani. . . .

If someone had taken a moment to listen, as Your Honor has done; if the senior command had acted with the morality of Lieutenant Colonels Alfonso and Alvarado, by stepping to one side once they realized that events had overtaken them, surely none of what we regret today would have happened, and the President would have had to get involved only to the extent of naming a new Army Chief of Staff, as he is constitutionally empowered to do. . . .

Messrs. Judges, I have been trained since the age of 15 to give everything for the Fatherland. If in a soldier's list of values there is something higher than God or the Fatherland, at the hour of the supreme sacrifice, he will hardly be willing to surrender life and all that is beautiful in it: his good times, his children, friends, a glass of good wine, the pleasures of nature. A civilian is educated for life; the military is educated for death, to die or to cause death so that his fellow citizens can live in peace.

In our beloved Army there remain many senior officers, commanders, officers, and cadre who also have a profound, heroic, sense of that life and who love the institution. I know they will find the path to return the force to its duty . . . beyond "painted faces" and "washed faces," beyond bureaucratic and fighting armies, with one single army, our beloved Argentinian Army, what it was yesterday, what it wants to be today, what it will surely be tomorrow.

'We need a powerful armed forces'

The following are excerpts from testimony given in federal court in Buenos Aires on Aug. 8 by Maj. Rubén Fernández, who is being held in Caseros Prison, Pavilion 14.

During this trial, there has been talk of the destruction of the Army's operational capacity, of the lack of its professionalism, and many other truths; but, mention of the destruction of the Defense Production Systems, or the corruption among the leadership of the Technical Units and Military Industries, has been unintentionally omitted.

Therefore, in my capacity as an Army engineer, it is my duty to take this opportunity to present before this nation's court some personal experiences related to this topic.

Corruption exposed

For example, in 1987, while stationed at the Military Geographical Institute, I reported to the head of programming of the Army General Staff on several illegalities committed at that institute, primarily by its director, Colonel Orellana, the deputy director, Colonel Tomassi, the chief of operations, Colonel Goncevatt, and chief of finances, Colonel Zanon, who worked together with Lieutenant Colonel Messenzani (ret.) and with an engineer Kohen.

These gentlemen created a company which they called EMOK . . . through which they provided supplies to the Geographic Institute, at double and triple the price. They also collected on invoices for nonexistent repairs and maintenance of electronic and photographic equipment. . . .

The impunity with which they acted was so great, that when the defense minister granted the institute a \$4 million credit, these individuals immediately made arrangements to purchase a cargo plane, which was totally unnecessary for the institute's functioning. . . . In their calculations, they put down the entire amount of the credit, when the plane in question—which was used—cost no more than \$1 million. . . .

During 1988, due to my repeated denunciations, I was the victim of all types of pressure, threats, and persecution, as well as sabotage, such as that done to my car and at the Computer Center, of which I was the director. . . .

During 1989, I worked at the Transport Division, where I also had to make denunciations; in this case the director,

Colonel Molina, collected commissions from the drivers. . . .

At the end of 1989, General Skalany, president and director general of Fabricaciones Militares, brought me into the company as one of his collaborators; in a short time, he ordered 40 indictments due to the many illegal activities we detected. . . . General Skalany also ordered several audits; one of them was related to the fact that at the beginning of 1989, under the Radical government, Fabricaciones Militares signed a three-month contract with IBM for \$3 million, for which equipment and personnel were contracted to process the company's documents, when in fact, Fabricaciones Militares needed only 10% of the labor that had been hired.

This illegal contract favored several people, primarily Col. Smirnoff, head of Data Processing, and still remains in effect, with the complicity of the current director-general.

Threat to the Defense Production System

General Skalany was also especially concerned about the destruction of the Defense Production System and ordered us to investigate the causes of same and personally report to the Defense Ministry on the [system's] critical status.

On this matter, let me say a few things. It should be clearly understood that as efficient as operational elements may be, the country's defense is impossible if the independent development and production of weapons systems don't exist.

This is what General San Martín understood, and this is why father Luís Beltrán took charge of producing the weaponry that would be used by the Army of the Andes [during the Independence period—ed.].

In Argentina, Defense Production Systems were also conceived with the following criteria:

1. Research, develop, and produce most of our weapons systems;
2. Have the resources to sustain this activity so as not to have to depend on the national Treasury.

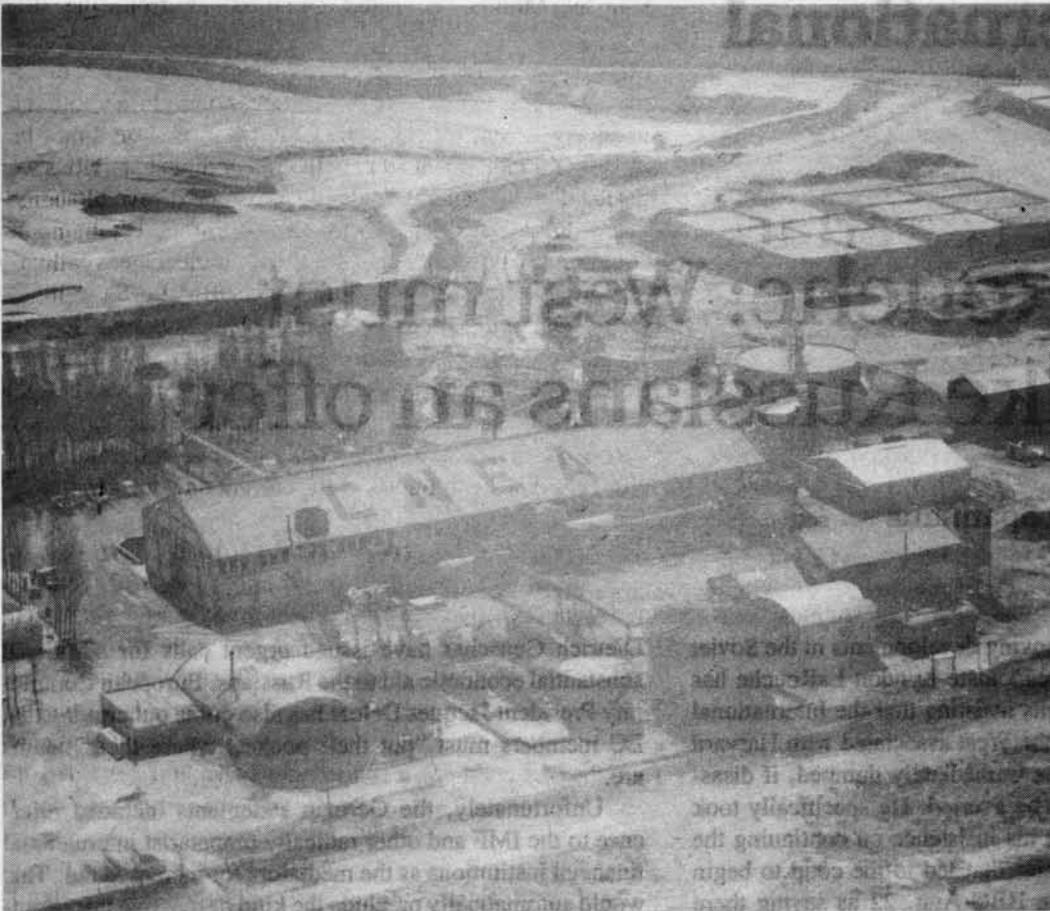
To achieve the first point, factories, shipyards, research institutes, etc. were built.

For the second, aside from specific activities, the different institutions produced goods for the private sector.

Thus, during periods when there was no demand for weapons systems, the factories continued to operate, and were able to contribute resources, maintain the training levels of the professional personnel, technicians, and workers, and amortize the investments made.

Within the objectives described in point 2, the development of basic industry occurred, in which percentages of the stock were made available. The dividends provided by those companies allowed us to maintain the effort demanded by the development and production of our own military equipment.

Yet what is the panorama today for this vital activity, which is fundamental for achieving a certain defense capability? It couldn't be more somber.



Argentina's modern nuclear industry is a principal target of those out to destroy the nation's sovereignty. Shown here is a uranium storage facility at Malargue, operated by the National Commission of Atomic Energy (CNEA).

We can truthfully state that the capabilities acquired to develop and produce weapons systems for national defense have been destroyed and devastated, due to decisions of the government itself, and the complicit silence of the leaders of our military institutions.

'No one wastes time talking to the weak'

In opposition to these facts, it is worth recalling what a Brazilian general said in 1986 to justify the large defense budget established up to the year 2000. He said: "A powerful country needs powerful armed forces, because no one will waste time talking to the weak."

The opposite idea exists in our case. Why have an important armed forces, if we've been told we should be a small country? Our generals have already assimilated this and act accordingly.

So, to the destruction of operational capacity should be added the destruction of national development and production of weapons systems. . . .

The entire Argentine nation knows today that we have had imposed on us the strangulation of our nuclear development, the dismantling of our tank and submarine factories, as well as the destruction of the Condor project. This is the

sovereignty we enjoy today. . . .

What alternative did Col. D. Jorge Alberto Romero Mundani have? He was an engineer, researcher, and scientist: "shut up and be an accomplice of the corrupt," or "end his life so that the work begun 50 years ago by Generals Savio and Mosconi, for the purpose of having our own Defense Production Systems, could remain in effect?"

What other alternative did I have? . . .

It only remains for me to say that, now that you know the grave problems experienced by the Armed Forces, and in particular our beloved Army, I pray to God, our Lord Jesus Christ and his Holy Mother, to illuminate your minds and give you wisdom enough to "prevent the truth from hiding behind justice." May you find the legal recourse which will permit the Argentine Army, "military arm of the Fatherland," to begin the process of achieving the unity of its members on the basis of honor and dignity, and rebuild itself after the tremendous wounds suffered during the recent decades, so as to recover those ethical and Christian values, the values of San Martín. It is my hope that, since what is at stake here is the fate of the Republic, the well-known saying, "for Justice, God; for the Truth, time," will not prevail. If it does, unfortunately for our beloved Army, it will be too late.

LaRouche: West must make Russians an offer

by Nancy Spannaus

In the wake of the rapid-moving developments in the Soviet Union, U.S. presidential candidate Lyndon LaRouche has issued a series of statements insisting that the International Monetary Fund policy of the West associated with Harvard economist Jeffrey Sachs be immediately dumped, if disastrous consequences are to be averted. He specifically took President Bush to task for his insistence on continuing the very same economic policies that led to the coup to begin with. Bush was quoted on BBC Aug. 22 as saying there should be no change in western policies, but that now the Russians must make "much more progress toward a free market economy," before more aid is offered.

On Aug. 22, LaRouche said: "The situation is this. Yugoslavia is gripped by an increasingly bloody civil war, which threatens to spread into Albania, Greece, and Bulgaria. The immediate cause of that civil war is the collapse of the Yugoslav economy, a collapse which is caused by Harvard Prof. Jeffrey Sachs's so-called shock therapy—the Sachs version of what is called radical economic reform. At the same time, the economy of Poland is now gripped by a spiraling national bankruptcy collapse which is also caused by Professor Sachs's radical economic reform.

"The central issue of the recent coup attempt in Moscow was the same: the Sachs model of radical economic reform. The Soviet efforts to carry out their own version of Sachs's lunatic ideas have brought the economic desperation in Russia to the brink of civil war. The Bush administration's reaction to this coup is to call for pushing ahead now with an all-out radical economic reform in Russia. What will it take to bring George Bush to his senses?"

Germany demands re-evaluation

In contrast to Bush and the British prime minister, German Chancellor Helmut Kohl and Foreign Minister Hans-

Dietrich Genscher have issued urgent calls for additional substantial economic aid to the Russians. European Community President Jacques Delors has also come out arguing that EC members must "put their pockets where their mouths are."

Unfortunately, the German statements included reference to the IMF and other radically monetarist international financial institutions as the mediators for increased aid. This would automatically preclude the kind of massive infrastructure-building approach which has been laid out by LaRouche in his "Productive Triangle" program for a European-sparked global economic recovery, and which is the only plan on the table that could prevent further dramatic economic collapse in the Soviet Union.

Bush, on the other hand, has rejected any early summit of western leaders to consider demands for aid to the Soviet Union, because he is concerned that Germans "might seek a summit to force through demands for coordinated western aid" to the U.S.S.R.

The Soviets face famine over the coming months, due to the devastating physical breakdown of capabilities for the harvest. Unless this crisis is addressed with emergency measures coming from the West, there is no hope of avoiding further strife and bloodshed.

LaRouche told you so

Candidate LaRouche, in a statement issued Aug. 20, outlined not only the errors of the current western leaders, but the approach that has to be taken:

"I'll say this: I told you so.

"Since the 1988 presidential campaign, I fought against the policies of most of the Democratic Party and the Bush campaign, insisting, that with the present U.S. policies toward Moscow, the pro-Gorbachov policies as they were

known, we were working toward a scenario of precisely the type which has now erupted in Moscow, with a danger of a bloody civil war or who knows what else alternative looming rapidly.

"I told you so. I was right; President George Bush was wrong, the Democrats were wrong. Okay. Where do we go from here?"

'I want my Gorbydoll!'

"Well, you see what's happened. Margaret Thatcher doesn't know what's going on; though, sure enough, that doesn't stop her from talking. John Major, the prime minister of Britain, is a minor figure in this mess. Bush is acting like a crybaby: 'I want my Gorbydoll!' And Ton-Ton Mitterrand, the President of France, is not doing much better. These are the main architects of the so-called 'new world order' of George Bush. They're all sitting down on the floor, having tantrums: crying like crybabies. They blundered. They goofed. They caused this problem; it was coming, and they refused to admit it was coming, and now it's come. And now they say, with George Bush: 'I want my Gorbydoll!'"

"Well, it's time to grow up and face reality. The reason this happened—forget all the details, forget the soap opera, forget the gossip of what went on behind the scenes—what happened was *what I saw would happen*, back in 1987 and '88 on the basis of this 'I love Gorby' campaign at the time.

"What the West is demanding of Russia, and what Mikhail Sergeyevich Gorbachov has so far been acceding to, is what is known in Poland as the plan of Harvard Prof. Jeffrey Sachs. That plan has ruined Yugoslavia; it is the failure of the Sachs Plan which provided the fuel which set off the bloody situation inside Yugoslavia. It is the Sachs Plan which has bankrupted Poland. It is the Sachs Plan and the Sachs policy which is about to bankrupt Czechoslovakia, which is threatening Hungary. It is the influence of thinking like the Sachs Plan, which has caused a dislocation in the policy of the Federal Republic of Germany, with the effects we see in east Germany, where development has not proceeded as it should have.

A Sachs Plan for the Soviet Union

"The United States essentially is demanding from the Russians that they accept IMF conditionalities and General Agreement on Tariffs and Trade conditionalities which are tantamount to the Sachs Plan. That plan, or the attempt of the Russians to adapt to something like that, has caused a dislocation amounting to chaos inside the Soviet Union. This means that food is not delivered; that up to 40% of the harvest *rots*, rather than getting to hungry people. Disorder. Chaos.

"What has happened, then, is a natural reaction, that a section of the Russian establishment—that is, the people in positions of power, who run industries, who run agricultural enterprises, who run trade union organizations, who run the police organizations, who run the military organizations—

says, we cannot risk this; if we go into a winter like this, we're going to have famine; we're going to have incalculable chaos; we must act now. Gorbachov refuses to act; he continues to vacillate; he's capitulating to the West. Well, under those circumstances, you might have a coup against Gorbachov, organized by Gorbachov, in an attempt to blackmail the West into changing its policy—to save him, so to speak.

The West needs a recovery, too

"But the essential thing is this. If the United States, and Britain, and Paris in particular, would learn their lesson, would learn to stop acting like fools, they would say to the Russians, 'All right. You can have your own economic reform, on your own conditions, without any Jeffrey Sachs Plan, without any disastrous Polish model.' We would say clearly, we do not want to do to you, the nations of the Soviet Union, what our folly helped to do to Yugoslavia, and is helping to do to Poland, for example. Yes, we have some bad ideas, too, from our quarter. We want something that works; and we offer you cooperation to devise something that will work.

"We are withdrawing our demands that you accede to the crazy free trade ideas of Margaret Thatcher and similar ideological idiots. Let's have a sensible plan of cooperation for the economic reform and development of the Soviet Union and its member states. And we can say frankly, 'Look, buddy, we need it, too'; the United States is in a depression. The U.S. recovery went on vacation in the summer of 1987, and is never going to return on the present schedule. Things just aren't that attractive.

"We need a recovery. We need a boom in world trade. And rebuilding eastern Europe, rebuilding areas of the Soviet Union and Central and South America and Africa and Asia, are the best chance for the United States to get out of its own present depression.

"So, that's making a fairly short story long, and a fairly long story short. Let's stop crying, 'I want my Gorbydoll!' Let's come up with concrete, practical offers *now!* If we make an offer, we can shape the Soviet situation, at least the best we can shape it. *We'd better make the offer.* If we don't make the offer, we're just going to be bystanders, perhaps watching a bloody civil war, or something worse, perhaps, than is going on already in Yugoslavia."

Momentous events

As of this writing, which follows the tumultuous appearance of Gorbachov before the Russian Parliament, it is clear that Gorbachov has not returned to power, and is in his post at the mercy of the Russian authorities. In addition, the Russian hegemony has led to the opening of the political floodgates against the Communist Party. To ensure that this opportunity will be used effectively to reverse economic devastation and its consequences, must be the commitment of all patriots and world citizens.

Bolshevik era ends in Russia as nationalist institutions re-emerge

by Konstantin George

The shattering of the Soviet coup nominally executed by an eight-man "State Emergency Committee," is a defeat for Mikhail Gorbachov, and not, as time will show, any sort of victory for the Soviet President, who is a discredited relic in the eyes of the people of Russia and the other republics. The coup, attempted by the core members of Gorbachov's own Presidential Security Council, was foiled by the combined and well-organized resistance of the Russian people, Russian Federation President Boris Yeltsin, the Russian Parliament, and the Army and the Church, which, shedding their last links to bolshevism, are again coming into their own as national institutions.

The ringleaders of the coup—KGB chairman Vladimir Kryuchkov, Interior Minister Boris Pugo, Defense Minister Dmitri Yazov, and Prime Minister Valentin Pavlov—were all core members of the Security Council. The other plotter, Oleg Baklanov, was vice chairman of the Defense Council.

The coup-makers made two miscalculations. They had counted on Russian apathy and willingness to accept authority. They thought popular resistance would vanish at the sight of tanks, and that the plotters would command the loyalty of the Army units deployed against citizens. The plotters got the shock of their lives. A big percentage of the Russians in the urban centers of Moscow and Leningrad, inspired by the revolutions in eastern Europe, had tasted freedom, become politicized, and ceased being afraid. As seen earlier in eastern Germany, Czechoslovakia, and Poland, Russians were ready to die to prevent any return to the Stalinist past.

Ultimately it was the Army, working together with the mass resistance in Moscow and Leningrad, which emerged in support of Yeltsin and the rebirth of Russia, and staged the Russian national coup against the coup.

Entire military districts 'went over'

The General Staff and the Army unit commanders had first obeyed the troop movement orders they had been issued. The Army units assigned to seize Moscow reached their objectives, all seemingly according to plan. Then, the Army and the Yeltsin camp set off their counteroperation. This was arranged through Yeltsin's vice president, Col. Aleksandr Rutskoi, a pilot, an Afghan War veteran, and Hero of the Soviet Union; the pro-Yeltsin leadership of the "Shield" or-

ganization, a network of 25,000 officers and former officers of the Soviet Armed Forces; and, last but not least, General Kobets, the head of the Russian Federation Defense Council.

Under this plan, on Aug. 19-20, not just Army units, as the western press has reported, but entire military districts and force branches of the Army and Navy went over to the Yeltsin camp, or to be more precise, to the camp fighting for the rebirth of Russia and its venerable institutions, the Army and the Russian Orthodox Church. In the two days, the Army sprang one shock after another on the plotters. The elite Airborne Forces bolted from the coup forces, Airborne Forces commander Gen. Lt. P. Grachev. Then his deputy, General Major Lebed, announced that no airborne unit would fire on civilians, i.e., the civilians defending the Russian Parliament. Two elite Army divisions, including the Taman Guards Motor Rifle Division, openly joined Yeltsin. These actions settled the battle for Moscow. In Leningrad, the staff of the Military District headquarters and the Leningrad Naval Base sided with Leningrad Mayor Anatoli Sobchak against the coup, and all orders for troops to march on Leningrad were countermanded.

Numerous other statements of support for Yeltsin came from military commanders across the country, including from Gen. Col. Albert Makashov, commander of the Volga-Urals Military District, who had been a Russian presidential election opponent of Yeltsin.

The post-bolshevik era has begun in the U.S.S.R. The drama, scope, and pace of events of the coming transformation can be expected to rival those during Aug. 19-21. What has already started is an orderly process leading to independence in the near future for the three Baltic republics and real sovereignty for Ukraine.

Had the coup achieved any success at all, the worst nightmare—bloody repression in the Baltic, Moldavia, Ukraine, and other republics, and a protracted civil war process across the territory of Russia—would have ensued.

Gorbachov's culpability

While many important facts concerning the Aug. 19 coup remain deep secrets, enough evidence had emerged by Aug. 22 to prove that: 1) A coup for late August had been plotted by the eight men who formed the "State Emergency Committee"

who launched the coup, and the coup itself may well have been co-scripted with Gorbachov. 2) The coup contained at least a ninth high-ranking plotter, Anatoli Lukyanov, president of the U.S.S.R. Supreme Soviet, and a years-long close friend of Mikhail Gorbachov. 3) The Kiev speech by George Bush in mid-July, where he bluntly told Ukraine and other republics to sign the New Union Treaty on Gorbachov's terms, or else, was seen by many in the republics of the Soviet Union as a "green light" for a coup by hardline forces in Moscow Center.

The first disclosure hinting that Gorbachov may have been complicit in the coup came from former Soviet Foreign Minister Eduard Shevardnadze. On Aug. 20, he told French television that he hoped that Gorbachov was "the victim and not the instigator" of the coup. Then former Gorbachov adviser Vyacheslav Dashchichev, in an interview Aug. 21 with the German national news program "Heute Journal," citing "absolutely reliable" sources in "the Yeltsin camp," revealed that Gorbachov had planned along with the other conspirators to stage a coup on "Aug. 20, immediately after the signing of the New Union Treaty," but for reasons unknown the coup began one day earlier.

The question of Gorbachov's guilt was raised by several deputies of the Russian Parliament during a morning session on Aug. 22, a session carried live on the second channel of Soviet television to tens of millions of Soviet viewers. To great applause, the deputies demanded that Gorbachov "be questioned" to determine his role in the coup. The Parliament resolved that the Russian Federation will conduct its own investigation independent of any investigation by Moscow Center. In two speeches that morning, one to the Parliament and one to several hundred thousand people assembled outside, President Yeltsin castigated Gorbachov crony Anatoli Lukyanov as the "main string-puller" and "spiritual leader" of the plotters. "Gorbygate" has begun.

As Yeltsin and the Russian Federation leadership stressed in speech after speech, all the key plotters were members of the Security Council and Defense Council hand-picked by Gorbachov. At his Moscow press conference, Gorbachov was asked over and over by Russian journalists to come clean and tell the world why he picked this team. He evaded the questions. Toward the end of the press conference, asked point blank to respond to the Shevardnadze charge that he, Gorbachov, might be the "instigator," Gorbachov could only say: "I leave that to his conscience," and as he paused, his press spokesman Vitali Ignatenko cut him off, saying, "I now call on the *Stern* correspondent." Gorbachov, near the end of the press conference, even defended KGB chairman Vladimir Kryuchkov: "I don't have evidence he's implicated in any of these murky doings."

Gorbachov admitted that he had held discussions with the plotters on the question of imposing a state of emergency, and had recommended ("I told the plotters, let's discuss this at the session of the Congress of People's Deputies") that the

action be taken after a Congress endorsement.

Not the reappearance of Mikhail Gorbachov in Moscow, but the statements and actions of Russian President Boris Yeltsin, the Russian Federation leadership, and their allies in the Army command, will shape the course of events now unfolding. Whatever Gorbachov says or tries to do, Yeltsin will seize the aftermath of the victory against the coup to enforce his July decree banning all Communist Party organizations in the Russian state apparatus and in all enterprises on Russian Federation territory.

The power struggle

In his Aug. 22 speech to the Russian Parliament, Yeltsin announced that Russia has formed a "National Guard," and its own territorial army, commanded by his Vice President Aleksandr Rutskoi. Yeltsin also demanded that General Kobets, the military head of the Russian Federation Defense Council under him, be made simultaneously the new U.S.S.R. defense minister, replacing the arrested Yazov. Yeltsin had earlier proclaimed himself the new commander-in-chief of the Armed Forces, a move which, if carried out, spells the end of Mikhail Gorbachov as anything but a figurehead. Yeltsin also demanded that Russian Federation cabinet members simultaneously hold "other" non-specified key U.S.S.R. cabinet posts, presumably KGB and Interior Ministry posts.

Should Yeltsin formally supplant Gorbachov as Armed Forces commander-in-chief, or secure the same power by installing General Kobets as defense minister, the net effect is the same. A rearguard action by Gorbachov stopping or stalling this is certainly to be expected, though Gorbachov is in a very weak position. Although Gorbachov appointed on Aug. 22 Gen. Col. Vasili Trushin as interior minister, and Leonid Shebardin as Kryuchkov's replacement to head the KGB, he was forced to specify that these were only "temporary" appointments.

Once the euphoria subsides, the new Russian state will find itself confronted with the same economic crisis and problems of forging an economic reconstruction program that existed prior to Aug. 19. Russia and the other republics will have to make life-and-death decisions.

Yeltsin has often gone on record saying that he would institute the radical free market economy plan of economist Stanislav Shatalin, a variant of the catastrophic "Polish model." If he does so, then Russia will soon face new upheavals and a return of the nightmares unleashed by the Aug. 19 coup attempt. The Army and the military industrial complex, which have emerged greatly strengthened, could, however, respond to a different economic program offered from the West, one that actually meets the patriotic aspirations of Russian nationalists for real economic development. So far, the only such program on the table is the one authored by Lyndon LaRouche—the American, whom Gorbachov's friend George Bush keeps as a political prisoner.

The LaRouche record on the Soviet crisis

On Oct. 12, 1988, speaking in West Berlin's Kempinski Bristol Hotel, Lyndon LaRouche outlined a "Food For Peace" policy as the basis for lasting peace between the United States and the Soviet Union, and warned of the consequences of a failure to define such a war-avoidance policy. This speech was published in the Oct. 5, 1990 issue of *EIR*.

LaRouche's proposal, and its subsequent elaboration, called for a major infrastructure investment program which would integrate the Soviet and eastern European economies with continental Europe. This program centered around that triangular region with the greatest productive density globally—Germany, Austria, France.

In light of the ongoing, dramatic developments in the Soviet Union today, we wish to remind our readers: You read it here first.

From EIR, Nov. 3, 1989, "The Coming Bloodbath in the Soviet Bloc," by Gen. Paul-Albert Scherer.

"I will talk about the Gorbachov group. I must note at the beginning that 'Gorbachov' is not an individual, not a one-man rule, but the rule of an elite; the *Nomenklatura* are agreed that they don't want one-man rule. The Gorbachov group is now running through the valley of exhaustion of the Soviet empire. . . .

"I would like to attempt to prove that civil war can begin in the Soviet Union at any time. . . .

"When you get, which you routinely have now, demonstrations of 100,000 and more, then the KGB and all of its auxiliaries are not going to be able to stop the insurrection. When you get that, all of these component republics, in the Transcaucasus, all of the peripheral states around the empire are going to rise up at the same time. And then, as happens in civil wars, individual military units are going to choose one side or the other."

From EIR, April 6, 1990, "LaRouche Warns Western Governments: Stop Appeasement, Support Lithuania."

"What we must stop is this namby-pamby attitude toward the Soviet regime. . . . We cannot play the game of being soft on Moscow in the hope of keeping some presumed British intelligence asset, Mikhail Sergeyevich Gorbachov, in power in Moscow. We are now in a situation where Gorbachov will either act worse than Stalin, or he might even be overthrown because of the increased instability. We in the West have no control over that, and we should not attempt to control that. . . . If the United States and other nations had

taken a firm position in support of Lithuania's declaration of independence, the Soviets would not be moving troops inside Lithuania today."

From EIR, March 1, 1991, "Moscow Readies a Big Shift in Economic Policy."

This cover story by Chris White and Carol White reprinted the Feb. 12, 1991 interview appearing in the Soviet trade union newspaper *Trud* with the new Soviet Prime Minister Valentin Pavlov. In the interview, Pavlov asserts that Western financial interests have been running financial warfare against the Soviet Union with the intent of dismembering it, and called for the Soviet Union to undertake a monetary and credit reform that would facilitate infrastructure and capital goods development. Pavlov was one of the eight coup leaders who took power in the Soviet Union on Aug. 19.

The article also covered statements by coup leader and KGB chief Vladimir Kryuchkov, which he made between October and December 1990, denouncing "foreign spies working amongst us," together with "attempts from abroad to exert overt and covert pressure on the Soviet Union plans to pull the country out of the difficult situation."

The Whites had the following analysis of the situation: "The [Pavlov] interview constitutes a virtual declaration of war against the crowd in the West associated with Britain's Margaret Thatcher, Henry Kissinger, and his accomplices inside and outside the U.S. government. . . . These represent the core of what is being attacked in what could be the biggest shift in Soviet policy since Stalin's break with Nikolai Bukharin during the 1930s.

"On the one hand the Soviets are definitely signaling their rejection of the hypothesis that there is only 'one superpower'. . . . They are indicating that they absolutely reject any idea that they will submit their economy to control by the West."

The Whites quote remarks from Lyndon LaRouche, made on Feb. 14:

"The reason this Cold War II has come into place, is because Mr. Bush flubbed it, Mr. Bush and Mrs. Thatcher flubbed it. A golden opportunity erupted at the end of 1989, particularly with the collapse of the Berlin Wall. This gave us the opportunity, to open up new lines of economic cooperation with Eastern Europe and with the Soviet Union itself, which would bring in large-scale investment in basic economic infrastructure, which would be financed by the state credit of the areas in which these improvements were made. . . .

"We had the opportunity, but instead, Mrs. Thatcher and Mr. Bush decided to go with this International Monetary Fund conditionalities package, like the Polish model, and to go with what they call free trade—the same kind of free trade policies which are presently driving Britain and the U.S. into bankruptcy, and dragging most of the world down into a depression as a result.

"When the Bush administration, together with the Thatcherites in Britain, decided to shove IMF conditionalities down upon the Soviets, the Soviets flipped, and went into the same kind of nationalistic reaction—if you can call it nationalism—which they showed when Stalin booted out Bukharin in the 1920s. It could have been avoided, if the British and George Bush had not been such stupid fools."

From EIR, Aug. 9, 1991, "Soviet Generals See National 'Disaster.' "

"Soviet Deputy Interior Minister Gen. Boris Gromov and Soviet Deputy Defense Minister Gen. Valentin Varennikov [and Peasants' Union chief Vasily Starodubtsev—ed.], are among 12 signers of a document entitled 'A Word to the People,' published on July 24 in the Russian newspaper *Sovetskaya Rossiya* and the Armed Forces daily *Krasnaya Zvezda* . . .

"The signers warn: 'A huge, unprecedented disaster has occurred. The motherland, the country, our great power—passed down to us for preservation by history, nature, and our great ancestors—is dying, falling apart, and sinking into darkness and nothingness.'

"Calling for the creation of a 'popular patriotic movement for the salvation of the Fatherland,' the signers state: 'We are convinced that the warriors of the Army and Navy, true to their sacred duty, will not permit a fratricidal war or the destruction of the Fatherland, but will come forward as the guarantors of security and the bulwarks of all healthy forces of society.' "

EIR founder and contributing editor Lyndon LaRouche issued the following statements on the subject of Soviet strategic developments, during his 1990 congressional campaign and his 1991 pre-presidential campaign.

From "LaRouche on the Current Strategic Situation," congressional campaign statement, Jan. 3, 1990.

"What's happened is that perestroika is dead. It was the most catastrophic failure in the history of the Soviet economy. It's been killed. Officially killed in December of this past year. . . . Gorbachov, Bush's putative partner in the condominium, has been hanging/swinging by his toenails almost since Bush was inaugurated or since the spring or so. . . . He might be around for a while, while the Boris Godunov problem of replacing him lingers on. . . . The control of the economy is a hopeless cause for Mr. Bush. And Mr. Gorbachov is about to go."

From "LaRouche on Gorbachov as . . . CIA Agent," congressional campaign statement, March 1990.

"Come April 1990, not April 1st, no April Fools here, but a few days later, Mr. Gorbachov has been overthrown. A few days pass. About a week or so, as we hear the announcement from the new regime that Mr. Gorbachov has been arrested and put on trial as a spy for the hated U.S.

Central Intelligence Agency.

"Complete fiction? No! Speculation? Perhaps, a little bit. But sometimes, a little speculation is helpful for getting at the truth. . . .

"So, the argument will be that Gorbachov, working under the direction of the CIA, introduced Thatcherism to destroy the Soviet economy at the same time that he fomented and encouraged insurrections which turned precious Soviet territories, i.e., the captive nations of Eastern Europe and the old internal Soviet empire itself, turned them loose to begin struggling for freedom, threatening the very existence of the core homeland.

"So it's a pretty good case, isn't it?! You could imagine Gorbachov being shot?!

"You know, Mr. Bush better distance himself from Mr. Gorbachov, or he might find himself hunted down by the KGB, indicted *in absentia* as a co-conspirator of Mr. Gorbachov."

From "Send Jeffrey Sachs to the Zoo, Not to the Soviet Union," candidate's statement, March 21, 1991.

"During the period of the past week or so, I've heard repeatedly from Russian quarters that a circle of economists around President Mikhail Sergeyevich Gorbachov intends to introduce into the Soviet Union the kinds of catastrophic reforms which have been introduced with such disastrous consequences into Poland, under the present Polish government. These reforms came from a fellow called [Jeffrey] Sachs in the United States, and from a place called the Adam Smith Institute in Britain, Mrs. Thatcher's adviser, and from Mrs. Thatcher, and were also supported by U.S. and other right-wing and so forth Social Democrats; and the Social Democratic party inside Solidarnosc in Poland pushed these things. . . .

"What's happened to Poland I wouldn't wish on my worst enemy, in this case, my worst enemy being, by its own definition, the present Soviet imperial regime. The problem is, if you introduce that to the Soviet economy, which is already in a disastrous state—at least the civilian economy is, the military economy has only been hampered but not touched by this—that you destabilize the Soviet society. This leads not only toward the potential overthrow of President Gorbachov, which is not by itself the worst thing that could happen, but rather it leads toward potential chaos inside the heartland of the Soviet empire, i.e., the Russian Federation, in which case the military of the Soviet Union, and other forces, looking at the fact that they have an impossible internal economic situation, aggravated preconditions for breakup of the Soviet empire, even chaos inside the Slavic core of the Soviet empire, are likely to say, 'We have an impossible internal situation; therefore, let us use our vast military superiority over the United States, to force an external economic solution: looting, in short, for our impossible internal situation.' "

France and Germany suffer lack of clear leadership in crisis

by Uwe Friesecke

On Aug. 7, German leader of the Schiller Institute Uwe Friesecke briefed EIR's editors on the strategic perils in Europe. Just two weeks before the Soviet coup d'état began, Friesecke, a collaborator of the imprisoned American statesman Lyndon LaRouche, warned that Russia itself was the most fragile element in an increasingly unstable situation in the Balkans, the former satellite states, and the U.S.S.R. Excerpts from the first part of his presentation appeared in the last issue. Below are his comments, considerably abridged, on the implications for France and Germany:

What becomes awfully clear, is the failure and the inability of the German government, the French government, and the Italian government (and not just the governments, but the political elites throughout Europe), to seize this historical moment and steer the ship of politics in Europe into a direction of safer waters.

The 'new' France

Let's start with France. France is 100% committed to a course of action that *Time* magazine calls, and which most of the French elites have accepted, the New France. Last month, *Time* magazine had a special French edition out, which was announced in the national news broadcast. The issue was sold out at the newsstands in Paris within hours. This was shortly before the July 14 parades of President Mitterrand in Paris. The issue was, that the Old France—meaning Gaullism, Colbert, and that tradition—is “bad,” and that the New France is the great historical accomplishment of Mitterrand. The New France, open to deregulation, open to adopting the culture of Hollywood, is being applauded.

The public debate is turning in amazing ways on issues which you wouldn't expect, especially the foreigners issue. How can you explain, that a Socialist prime minister proposes stiffer measures to get rid of foreigners than [xenophobic National Front leader] Le Pen himself, and is being applauded for that, by the general public? What you have today in France, is violent clashes in different cities, not necessarily every day, but repeatedly, between North Africans in particular and French police or other French groups. The Socialist government more or less proposes to forcefully deport tens of thousands, if not millions, of foreigners. That is not a sign of political wisdom, or political stability.

Yes, [Foreign Minister] Chévènement resigned and re-

volted; yes, General Gallois attacked the Iraq war in an excellent way, and there were various articles in *Figaro* in the last two or three weeks. Those individual voices are there; but in France, you no longer have a social-political force which would resemble in the slightest what we know and have

Schiller Institute team visits Romania

The first press conference in Romania of the Schiller Institute, which is catalyzing resistance to the radical free market “shock therapy” of the so-called Harvard mafia and the International Monetary Fund all over eastern Europe, was held July 29 in Bucharest and was a great success. The press conference was organized by the opposition newspaper *Evenimentul*. It took place in their office and was moderated by editor in chief Paul Tutungiu, Jr.

A total of 11 journalists attended, including reporters from *Evenimentul*, both domestic and foreign programs of the national radio, and some Romanian dailies. The turnout was remarkable considering that 15 minutes earlier a rainstorm started over Bucharest and that President Roman Iliescu at the same time gave a press conference, aired live on Romanian television.

The Schiller Institute was represented by two spokesmen from Sweden, Astrid Sandmark and Ulf Sandmark, who laid out Lyndon LaRouche's concept of a “Productive Triangle” of infrastructural development in central Europe, with its vertices at Vienna, Berlin, and Paris. The Triangle would act as the locomotive for an industrial boom throughout Europe and a recovery of the world economy. This program has been presented by the Schiller Institute at conferences in Kiev (Ukraine), Berlin, Gdansk (Poland), Bratislava and Prague in Czechoslovakia, and Budapest (Hungary), and is circulating throughout central and eastern Europe in numerous languages.

Ulf Sandmark described the case of Lyndon LaRouche's imprisonment for political reasons in the United States. He detailed how LaRouche in Berlin in

admired as the Gaullism which led to the friendship with Adenauer in Germany. Therefore, Mitterrand had a free hand to go over into the camp of the Anglo-Americans, whether it be because he thinks that's the winning side, or out of deep ideological convictions.

This comes at a time when France is hit by a deep economic crisis. Unemployment is rising; the competitiveness of the French car industry, the French computer industry, and other areas, has gone into a significant phase of decline. This adds to the spirit of everybody for himself, as a mentality in France.

There is a clear-cut attempt in this climate to limit or eliminate us as a political force, and [French Schiller Institute president] Jacques Cheminade is the voice of France, trying to bring France back, trying to reactivate the best traditions

of what you can rightly call the Old France, into a new orientation in Europe.

The German picture

Now, Germany: You have a completely contradictory picture. Transportation Minister Krause is trying to build his railroads and his Autobahn. He's trying to improve the canal system. They have allocated the money for local and regional governments in east Germany to start building houses and sewage systems.

But the biggest catastrophe is that the political side of the process is no longer in the hands of those who are at least preliminarily trying to do the right thing in economics. The political-cultural side of the process is completely open for manipulation and destabilization, at a moment where the

October 1988 had projected the reunification of Germany—at that time practically an unheard-of potential—and had insisted on the need for the West to offer the Soviets a way out of their economic crisis. With questions and answers the press conference developed into a seminar on the world political situation.

Very strong sentiments were expressed against the International Monetary Fund. One question was: Can the IMF be reformed or must it be replaced? The Romanian government has just signed an agreement with the IMF, but the journalists explained that this was done only because there was no apparent alternative.

While no one contested the Schiller Institute's view that the Persian Gulf war was an Anglo-American colonialist adventure, there were some objections to the "Triangle." One senior journalist, apparently oriented to the government (which is still communist), pointed to the proposed network for railway lines in the Triangle program and commented that it was "a typical German imperialist design." He had not noticed that Paris was one corner of the triangle. Another said that "we are allergic to geometric figures" since all the proposals since before World War II—from Germany to the communistic integration of eastern Europe—had geometric forms. Finally he said that he understood this Triangle had another basis.

The response at the press conference was enthusiastic. As one editor of a cultural journal put it: "Last year we were too optimistic, this year we are too pessimistic. Your visit here was encouraging!"

Both radio programs interviewed with the Schiller Institute representatives. In the national radio news program the interview was aired twice that evening. The other interview was to be aired to Ibero-America in two parts.

All the journals covered the press conference favorably. *Evenimentul* ran a front-page story about "The Alter-

native to the New World Order: A Magic Triangle to Relaunch Europe." This opposition weekly had devoted two pages to the Schiller Institute. Like most Romanian papers it is still typeset with hot lead, and with its eight pages is quite a large newspaper. The summary headlines introducing the Schiller Institute read: "Neither Adam Smith, Nor Karl Marx. Bush Is More Bankrupt Than Gorbachov. The LaRouche Case: Political Prisoners Exist in the U.S.?"

A drive through the countryside gave the impression of a good harvest this year. The private farmers have used every space available, and outside many houses there was construction material piled up. The houses in the villages had been privately owned all along. Some villages in the mountains had also controlled the fields all through the communist period. Now it was reported that many young relatives of the farmers had moved back from the cities and started farming again. Yet, some of the big fields appeared to be in very bad condition, and the catastrophic rains could also have damaged the harvest.

Romanians have very low confidence in anything Romanian. The prevailing attitude is that no Romanian products are worth anything and the Romanians cannot work. Everything that has the virus of Ceausescu, the late dictator, is thrown on the garbage dump: from cooperatives, to plans, big factories, amateur theater, and so on. This psychological climate provides perfect conditions for imposing the International Monetary Fund reforms, monetary devaluation, export orientation, privatization, and sell-off. All attention is fixed on solving Romania's practical problems. Cultural life has collapsed since the 1989 coup, and the connection to the international momentum of the freedom process in the east seems to be lost. Thus, the intervention of the Schiller Institute comes at a critical juncture.

economic foundation of relative prosperity and relative growth of west Germany is beginning to be eroded. For the first time, the inflation rate in Germany has hit 4.5%. This hasn't happened for the last 10 years.

For the first time, also, in the last 10 years, the critical machine-tool sector had to announce short work, as the first phase of, probably, layoffs. Over the last several months, Germany had a significant trade deficit—not only due to the tremendous demand for imports from east Germany, but also due to a collapse of export markets, especially for the machine-tool industry, into the other European countries, into the U.S., into Canada, and, obviously, into the Middle East.

So Germany is being squeezed economically. The flexibility for the usual approach of the government to handle problems pragmatically by simply spending more money, is not available any more; the lack of political sophistication shows up now more dramatically than it did in the first phase after unification. Chancellor Kohl is preaching that in 1994, when the new elections come up, everything will be fine. He admits there's trouble now, but by then, recovery will have appeared. That is what Helmut Kohl is doing—and by now it has become pathetic.

This opens the floodgates for the trade union leadership and parts of the Social Democracy (SPD) in particular, and for maneuvers from the Free Democratic Party, to organize a mass ferment against Kohl. If there were elections today, the [ruling] Christian Democratic Union would probably be wiped out in large parts of east Germany, and the SPD and the Greenies would rapidly gain. We would have a political combination in Germany which probably would be the end of the ambitious economic infrastructure projects which have been designed so far. For example, *Der Spiegel* magazine has run one campaign after the other for the last couple of months against Krause, alleging that he paid favors for a company in the restructuring and privatization when he was still a minister in the East German government. He has not given in. Krause proposed legislation to reduce the time for planning infrastructure projects from an average of 20 years, to an average of five years. The SPD and the Greenies are running a huge campaign, saying this would undo all the accomplishments of Green policy over the last 20 years.

The influence of the Frankfurt School

The worst effect of pragmatic politics is that, under the pressure of economic crises, you bring out the worst in individuals. If you cannot appeal to higher purposes as the justification for personal engagement, then you leave the individual to a level of emotional reaction which is easily "everybody for himself." This is happening between east and west Germany right now.

For the same work in east and west there is a difference in salaries of, in some areas, 50%. A nurse working in an east German hospital receives approximately 60% of the salary a nurse gets in the west for the same work. This cannot be simply

equalized within a month or so because of the lack of productivity in east Germany. But west German hospitals have begun a recruitment drive in the east because nobody in west Germany wants to be a nurse—they want to be yuppies. What does this do to the population in east Germany, dependent on an already rotten and broken-down medical system?

East German companies are partially faced with firing half their work force, because of the desperate shape they're in. In some areas, unemployment is going to go up to 30%, whereas in west Germany, it is still around 4%. West German administrative workers can only be convinced to go over to the east with massive amounts of money. So there comes the west German guy who's paid DM 5,000, and his colleague, in the same office, is maybe paid one-third of it.

These are partially unavoidable problems of transitions, but the emotional tensions originating in those areas of personal hardship are becoming so prominent in the life of the nation, that it is beginning to sabotage political functioning. Especially in the west, the reaction is based on a successful Frankfurt School intervention for the last 20 years.

What is the idea of those people who are in decision-making positions, in the parties, in industry, in law, in banking, and elsewhere? The idea is "self-realization," as the Frankfurt School's Adorno, Marcuse and others have preached—no matter what happens to your neighbor. This is dominant throughout the new generation beginning to take over the positions in the leftist parties, the SPD and the Greenies, and the conservative parties—the CDU. On the left side, it is coupled with zero-growth, anti-nuclear energy, and on the right side, with neo-conservatism, and a pro-war policy against Iraq. In this climate a tax increase of DM 50 a month for financing the programs in eastern Germany produces hysteria.

The political leadership is not capable of dealing with such problems. And no group which was carrying out the revolution in east Germany, is today represented in leading positions in the political parties or the governments in east Germany. Most of the people of the Neue Forum and so forth have left politics in desperation and disgust; other people have simply gone back to try and take care of their personal problems.

Faced with eastern Europe, there is a state of paralysis of the Kohl government and the political institutions in Germany, which condemns them to inactivity in light of the attempt of Anglo-American policy to redesign the strategic setting in Europe. This is not to deny all the economic deals which are being proposed to eastern Europe; for instance, the call of [Foreign Minister] Genscher for Poland, Hungary, Czechoslovakia, Sweden, and Austria to immediately join the EC, is a very good call.

The attacks against LaRouche's collaborators in Germany come out of this circle of the Frankfurt School proponents. Frankfurt itself is exploding as a center of organized crime. There was recently a shootout of competing Yugoslavian groups who control gambling on the streets of Frankfurt. Two days later, two policemen were shot dead by drug dealers.

Iraqi intellectual: 'History is made by ideas, not by might or money'

The Patriarchal Vicar General for Cultural Affairs, and Dean of the Babylon University College, was interviewed for EIR by Muriel Mirak-Weissbach on July 27, at the Patriarchate of the Chaldean Church of Babylon in Baghdad. The interview was conducted in Italian.

EIR: Can you tell me about the project for a new university?

Habbi: The project was the Patriarch's [The Most Reverend Raphael Bidawid]. As soon as he was elected, in May of 1989, he thought of uplifting the level of philosophical theological studies in Iraq, and also, in general, of giving the Church an important cultural institution and making this institution an instrument for cultural dialogue with all the Iraqis, above all with the "brains" who are in the country. I was appointed to be in charge of this project, as the rector of this philosophical-theological university college. My two colleagues at the beginning, in May 1990, were the rector of the Major Seminary, and a Dominican priest who is known for his scholarship, who also conducts a well-attended theological circle in Baghdad. Soon afterward, we saw that it was necessary to ask for official authorization in order to function with greater freedom and flexibility and also with greater range. So then we drew up a plan, which was presented to the ministry in July 1990, after having met with the minister of higher education in Baghdad. At first it was still only a project for a religious university college of philosophy and theology, which we opened last November.

But after consulting friends, and above all university professors, and Christian people, and also Muslims, about the project, we were advised that since in Iraq for the past five years it has been possible to open private university colleges, officially recognized under the supervision of the ministry of higher education, it would be good to upgrade and expand the project, and to present a fuller one. The present plan for the Babylon University College provides for four faculties: English, French, history and culture, and finally philosophy and theology. We were all set to launch a grand plan, when at the last minute we found out, and it was also reported in the press, that the ministry has suspended all permits to open new private university colleges for one year. Just three days

ago the Patriarch and I met with the higher education minister, who received us very kindly, and assured us that ours will be the first permit to be granted as soon as this year is out. The suspension was decided in order to study the profile of these private university colleges better, because after they granted some permits, they saw that some people were taking advantage of this to turn these institutes into more money-making than cultural activities.

The minister is sure that our project has culture, and not business or trade, as its primary and ultimate aim. In fact he knows very well that our university college will be in the vanguard with respect to other similar institutions, but it is clear that he cannot make an exception before the one-year waiting period, which the government has officially established, has passed.

So this year we will continue in the church framework unless new possibilities arise to open the new college in October or November. We will have our philosophy and theology students like last year, not just seminarians, but also monks, nuns, and laymen. We will also have language courses, especially English and French, and music, because for us music and art are very important things; we believe that art is a very important means to make man more human.

EIR: Can you say anything more about this course of studies, especially the cultural aspect? You spoke of music—what kind of music?

Habbi: Last year we had three music professors, a Muslim, a priest, and a Christian layman, who teach all the essential elements of music, and also what they call—these are technical things which I don't understand very well—music "appreciation," i.e., the differences between occidental and oriental music, which is very important for us, and then the different musical genres, music history, and then also classical music, with the scores and the various instruments, especially organ and violin. For the other faculties, even for English and French, we have introduced some study materials which are not the usual ones in corresponding colleges which teach English and French in Iraq. We also included psychology, the science of pedagogy, because we would like

to prepare these subjects not only for using the language, but also to teach it, and then we have a program to reinforce also the study of art history relative to these tongues.

So the student would need to have an overview of all the literature, also with the comparative study of literatures. This is an area very close to my heart, because I think one literature should not be isolated from the others. As to the history faculty, we have also introduced ancient languages which are usually not taught in Iraq, or very little, such as Greek and Latin, and then, of course, also the ancient Iraqi languages, Sumerian, Akkadian, Assyro-Babylonian, Aramaic, Syriac, etc. We have also introduced history of ancient art and history of world art, of all branches of art—not just sculpture, but also music and so forth. All these degree programs last four years, which is normal in the Iraqi universities, except the philosophy and theology majors, which will take five years, as in the most celebrated international universities, and also at the Vatican. In the philosophy and theology faculty we introduced several interesting subjects, for example, foreign languages. We won't just teach English as a language, but we will also teach some subjects in English. And within two or three years we will also teach some subjects in French, if possible, such that the student will not only learn the language, but the terminology, so they can read books written in these foreign tongues. Then we introduced also other subjects, like religious art, like ancient languages, as I mentioned for the history faculty, where we have Greek and Latin. We will also have it in the theology faculty, because it is needed, above all Greek, but also Latin, for some subjects.

Then we introduced two years of music, because we believe that the priest of tomorrow should understand something about music, which for us is also a means of educating, a means of constructing, and also of refining of the human personality. Unfortunately one would say that in our society man tends to become rather vulgar, perhaps even a bit barbarous, and not as refined as we would like man to be today.

EIR: Where do the professors come from and where do the students come from?

Habbi: This year we have had, as a first experiment, 35 professors, of whom 10 are laymen, especially in languages and music, archeology, and art, and one in philosophy too.

The others are clergy, including two bishops, one Chaldean and one Armenian. The religious people and priests are not just Chaldeans, they are of all rites and all confessions. This is a university college, so it is open to everybody. This year we have had exclusively Christian students, because we are not officially recognized, and we don't yet have a permit, but the plan we have in mind, and which we officially submitted to the government, provides that the college will be open to everyone. Already on the board of directors of the university we have four Muslims and eight Christians, and on the teaching staff of the four faculties, some 40 teachers, including no fewer than 15 Muslims. Also the students whom we



An illustration of making medicine in a Baghdad manuscript from 1224 of the Greek "Materia Medica Dioscorides." It was a group of Christian doctors who brought Greek medical science into the Baghdad of the Abbassid Caliphs—showing, Dr. Habbi points out "that culture is never the property of just one people."

will invite as soon as we get the permit from the government, will be Muslim and Christian. Perhaps only the philosophy and theology faculty will be attended by a majority of Christians, but the other three programs will certainly have a mixed student body, Christian and Muslim.

Of course we will have rules for selecting students with good averages, as well as a certain upbringing and morality, because we are not just interested in instructing them scientifically, but also in really shaping them as persons. We are trying, too, to find really excellent professors, Christian or Muslim. Since we are especially interested in having an entity for scientific and intellectual dialogue at our disposal, which we deem very important for coexistence between Christians and Muslims in the country, and throughout the region, we will naturally try to include Muslim professors and to give some importance too, to Muslim studies. Thirdly, this university institute will be open to foreign professors, in the sense that every semester we will host outside professors from all over the world. Through the direct contacts that we have with both the Oriental Institute in Rome, where I hold

a professorship, as well as with several international scientific and cultural societies, we will ask other universities to send us persons specialized in the areas we teach here, for two aims: first to find out what's in the world, the new publications, the new ideas being discussed elsewhere; second, to give to those professors the opportunity to know at close range this country, which is so rich in civilization and culture, and to know its people, because I know many professors who only know things abstractly; for me this is just one aspect of culture. One certainly becomes more intellectual and wiser through direct contact with the sites of this civilization and the people themselves. We already have a plan, the minute we get official authorization, to set up sister relationships with other universities, for example, with the Oriental Institute in Rome.

EIR: There are already other locations for promoting dialogue between Christians and Muslims; why, in your view, is it important to promote this also with this new institution?

Habbi: I have always been convinced that it is ideas that move the world. It is not its might or money. No matter how much these may be important factors, the most important factor is always ideas. So by dealing with brains, you can do a lot. This is, so to speak, an innate faculty of man; because we are speaking of man and not of an animal. And human beings must be open not just on the level of the senses, on the feeling level, but also on the intellectual level. The entire human person must open himself and herself to another person in order to become truly human. This is a psychological and philosophical requirement of all human beings. Secondly, we as Christians have the special mission of showing ourselves as open to others. It is a duty for us, we must open ourselves up to others, we cannot remain closed in our sacristies. The Church teaches that every believer, every baptized person must also be an apostle. The Church is a yeast, it is a light, it is a salt. If the salt is not put on the food, what good is it? To eat salt alone—nobody does that. Our society, in Iraq as in neighboring countries, is a mixed society. Indeed, at one time Christians were more numerous in this region. Today we must admit that we are a minority. We don't like this word minority, because it has two meanings. Numerically, that's all right, we are a minority; but a minority in the sense of being second class, being inferior, certainly not.

We Iraqi Christians, like the Syrians, the Jordanians, the Lebanese, the Egyptians, etc., are natives; we originated in these countries. We did not come here from the Moon or any other country. So those who are with us in this country, even if they are Muslims, are our brothers, whether we like it or not. So we believe that one primary instrument of dialogue must be precisely the intellectual one—without discounting the role of charity.

How can we implement this dialogue today? With regard to our history, we have very solid proof of the fact that since

Islam's advent in this country and in the region, Christians and Muslims have lived together for long periods, especially at the beginning of the Muslim era, without too many problems. In fact, a good coexistence and relations of cooperation were established, especially in the cultural and intellectual domain. As evidence, I would like to cite our experience in Iraq, of Christian doctors, who came from the school of Gondisapur, in Ahwas, which is now in Iran, and they were transferred to Baghdad, in the epoch of the first Abassids, where they founded the great school of Baghdad. We could mention many names, but there are especially three important families of Christian doctors: Bahtiso, Massawayh, and Hunayn ibn Ishaq and his school. These are families of physicians and intellectuals. To give you an idea of what this means, suffice it to say that Hunayn and his school translated more than 300 volumes of Hippocrates and Galen and other Greek writings, especially science and philosophy, as well as Plato and Aristotle. Then add the books he wrote himself—the fruits of his reading of the Greek authors. His culture was to a great extent Greek, and this shows what I always say, that culture is never the property of just one people, or one country, it is the common heritage of all of humanity.

Because, if in antiquity Mesopotamia gathered the first seeds of the civilization we know today, surely it did not keep it only for itself, but it transmitted these seeds which then sprouted in other lands. And thus we had the Egyptian civilization, the Mediterranean one, then the Greek and the Roman, and then out of Greco-Roman it passed to the Arabs, the Syrians, to pass again, via these peoples, to the west, in the Middle Ages and the early Renaissance. So ideas are still a common heritage. And this is a reality which man must never forget. Because fanaticism is what has killed the world. We believe we can do something, beginning culturally and intellectually, to arrive at combatting religious and racial fanaticism.

What can we do today, seeing what the past was? Learning from history—because history is the great teacher of mankind—in 1972, with a group of priests and laypersons, and a few Muslim professors, we created a review called *Bein Han al Bahrain*, meaning *Mesopotamia*, which has come out four times a year since early 1973. In this scientific-cultural review we publish especially whatever concerns the Mesopotamian heritage, but in all aspects, and not from a religious standpoint as such but from a scientific and intellectual standpoint. So there is always history of ancient Mesopotamia, and then there is the literary or historical Christian and Muslim heritage. Muslims also write regularly in this review, not just Christians, and the review is recognized not only by the ministry of education and culture, but by several Iraqi universities, as a way to get a better score at the university. The review enjoys a certain circulation in various parts of the world, especially in cultural institutions, but for some years we have been unable to send copies we used to send because of the wars, first the Iran-Iraq war, then the recent Gulf War.

We first had a run of 6,000 copies, now it is only 2,500. It is quite in demand, even though economically we are always in the red, because it is a cultural magazine, which costs a lot and makes little profit.

Through this review we have seen that the intellectual class of the country started appreciating us.

I myself was named, at the end of 1972, to the Syriac Academy, and then, when Iraq's three academies, the Arab, Kurd, and Syriac, were unified, I became a member of the Iraqi Academy in 1978, as I still am today. There are about 30 of us now, people of culture, of a high scientific level, and we meet every two weeks to carry forward scientific work. I have been welcomed into more than one international society, I am constantly invited to international cultural conferences, on the history of medicine, because it is one of my specialties, or history of law, which is my actual field.

Now, with this new college we think we can do much more, because already after one year, I perceive, from the contacts I have had with some professors and intellectuals, their enthusiasm about the idea of being part of this university, of teaching, or participating in scientific courses or conferences, which we started holding last year and which we will do a lot more of this year, once we get the official permit. Last year we held about 10 open conferences. We invited figures, including Muslims, to discuss cultural and scientific themes. We have also thought about musical recitals. . . . The war kept us from continuing, and in the last five months we suspended the activities of the college, but we hope this year to be able to organize a rather dense program of conferences and scientific sessions, and we hope over time to be able to invite people from abroad, too, to do something important.

I have experience in this kind of thing. In 1973 I organized a festival-congress in honor of Saint Efraim, one of the great fathers of the Syriac-Chaldean Church, from the 4th century, and at the same time in honor of Hunayn ibn Ishaq, the famous physician. Figures from many parts of the world came to that conference, from United States, France, Germany, Belgium, England, Holland, Italy, etc. It really was a beautiful occasion, and the result was the publication of two small books and a big volume containing all the acts of the festival-congress, which came out in Arabic and also in the original languages in which the various presentations had been given.

Through this college we hope then to be able to have a review which will be the official organ and other publications. That will give us a way of publishing not just scholarly work, which is exclusively intended for teaching, but also to choose books and topics which are important and profound, and also sensitive, which cannot be treated everywhere with the same ease.

So there is no lack of plans. We just hope that the country can enjoy greater tranquility, because without peace and tranquility you can't do work, especially intellectual work.

Relief official says famine looms in Iraq

Lawrence Pezzullo, executive director of Catholic Relief Services, testified on Aug. 1 before the Select Committee on Hunger of the U.S. House of Representatives. CRS provides relief and development assistance in more than 70 Third World countries, including eight countries in the Middle East. The following are excerpts from his presentation:

CRS can confirm that the health and nutritional plight of a growing number of Iraqis is deteriorating alarmingly, and this situation is likely to be compounded by the reported failure of this year's crop.

Second, we want to emphasize the anomaly of having to spend scarce humanitarian resources in a country that would otherwise be able to provide for its people's needs; moreover, humanitarian efforts directed there could siphon off critical resources that would otherwise go to less developed countries facing major humanitarian disasters. There are currently 30 million people at risk of starvation in 16 countries in Africa. . . .

The crisis in Iraq

Iraq is on the brink of a major humanitarian crisis. Since sanctions were imposed in August 1990, commercial imports of commodities have been reduced to a trickle, and vulnerable groups are feeling the squeeze between reduced supply and rising prices. Prior to the imposition of sanctions, Iraq imported approximately 70% of its food needs, and although the government of Iraq encouraged increased food production following sanctions, the harvest that has just been gathered is reported to be only one-third of last year's record crop. And due to the lack of seeds for planting, fertilizer, and spare parts to run essential farm machinery, next year's harvest predictions are even grimmer.

Food imports to Iraq cost nearly \$3 billion when food production is normal. Taking into account that it might be difficult to reach this level of food intake under current conditions, and using a standard ration computed for a disaster-stricken population, Iraq's food import bill for 1991-92 could be reduced to \$1.6 billion.

In the meantime, the amount of food entering Iraq under the auspices of the United Nations and international agencies such as CRS falls well short of the level of imports prior to

the embargo, and does not come close to the amount of imports needed to maintain a disaster ration. It should come as no surprise that CRS's staff and the private local organizations with which we cooperate are reporting serious food shortages that have resulted in a decline in the nutritional status of the general population.

CRS staff also report seeing those trends that are normally associated with the period before a famine: the use of feed grains for human consumption, the borrowing of cereals from other family members, the selling of household goods to buy food, the migration from farms to cities in search of day labor.

The U.N. Food and Agricultural Organization (FAO) confirmed these CRS observations in a comprehensive report issued on July 18. According to FAO, the population of Iraq is "approaching the threshold of extreme deprivation except for the very few who can still afford to complement the food rationing system distribution by purchases in the free market." FAO further reports that if large-scale relief interventions are not undertaken in a timely fashion, the current situation will gradually lead to mass starvation.

The cost of food in the open market has skyrocketed. Retail prices of wheat are 45 times higher than their pre-war levels, and rice is 22 times higher. These increases come at a time when incomes have increased moderately. For less-skilled labor, which includes the very poor, incomes have decreased as a growing number of rural people are moving to the cities in search of work.

Prior to the war, Iraq had a food-rationing system that allowed low-income families to buy food at reasonable prices. Those too poor to pay were given food through the welfare system. Today, this system has broken down. Food rationed through the government system accounts for only one-third of the nutritional requirement of an individual, and only those with money are able to supplement the rations through purchases in the marketplace. A growing number of people do not have money to do this, and they are suffering acutely. Still more have run out of resources to purchase food through the government. An increasing number of families are requesting welfare distributions, further straining the already fragile system.

The situation is particularly severe for those with special nutritional needs. Pregnant and lactating women are at risk, and families with infants face shortages of infant formula. When available, a 450 milliliter (13.5 ounce) can of formula can cost roughly 10% of an average family's monthly income.

The health crisis

Infant mortality has doubled in the past year. This is due to a number of factors, including lack of proper nutrition and the adequate supply of medicines. Safe drinking water is available to only 20% of the population, and the sewerage systems of major cities have been cut to one-third of their

pre-war capacity. Hospitals lack essential equipment and medicines, and typhoid and other deadly diseases are now spreading rapidly during the heat of the summer.

CRS staff have been working in Iraq since mid-May, and their observations, based on visits to health centers, pediatric hospitals, and food markets, in cities and towns throughout the country, including the north and south, confirm the dangerously deteriorating situation. These conditions reflect both the devastation caused by the war, the civil conflict that followed, and the debilitating effects of sanctions.

The children are paying the highest price. Increasing numbers of cases of malnutrition, anemia, and serious vitamin deficiencies have been observed by CRS staff at hospitals and clinics throughout the country. In southern Iraq, health conditions are among the worst. There, 15% of the children are severely malnourished. These conditions have also been reported by the World Health Organization and other observers, including the Harvard Study Team and the Tufts University team.

CRS staff also report that typhoid has reached epidemic levels in southern Iraq. Health care facilities in the city of Amara reported 1,500 cases of typhoid in April 1991; 2,300 cases in May; and in one day in July, 250 cases were reported. Sixty percent of the typhoid cases are children under 12 years of age, and 30% of the cases suffer from complications.

The health care system has been affected by postwar shortages of electricity, purified water, and essential drugs and medical equipment. Visits to health care facilities show them to be badly overcrowded. Beds are being shared, especially in pediatric hospitals, increasing the prevalence of cross-infection.

Prior to the crisis, Iraq produced much of its own supply of medicines and medical equipment, even exporting drugs to nearby countries. However, without imports of raw materials to make drugs and other equipment, Iraq can no longer produce essential medicines. Shortages are wreaking havoc.

- The shortage of typhoid medicines (especially chloramphenicol, the standard typhoid medication) has led to the early release of typhoid patients not yet cured, increasing the likelihood of the disease spreading among the population.

- A once well-developed medical system is now largely unable to treat hypertension, heart disease, diabetes, and cancer because of severe shortages of the required drugs.

- The suspension of immunizations during and after the war because of the loss of refrigeration to preserve the vaccines has interrupted the protection of a generation of children from deadly diseases. . . .

- Severe shortages of chlorine for municipal drinking water systems, together with damage to pipes and other infrastructure, have disabled most of the country's drinking water systems. In the current summer heat, when temperatures are routinely above 100°F, CRS staff have observed people flocking to rivers and streams where they drink polluted water.

- Lack of spare parts to restore the supply of electricity, which powers the health-care system, has been repaired to less than 25% of its pre-war capacity. The supply of electricity will remain at this level until the embargo on spare parts is lifted. . . .

Sanctions and humanitarian assistance

Never before have international agencies such as CRS been called upon to provide relief assistance to a country that, in the absence of sanctions, would be able to purchase sufficient food to feed itself. Worse still, the policy of deliberately depriving the Iraqi population of regular commercial imports may divert the scarce human and financial resources of private agencies and the United Nations from countries where famine conditions are already in evidence.

CRS is aware that there are legitimate political issues at stake that have resulted in the imposition of sanctions against Iraq. However, as the Most Reverend John R. Roach, Archbishop of Saint Paul and Minneapolis and chairman of the United States Catholic Conference's International Policy Committee, wrote to Secretary of State James Baker, "The inadequacy of existing humanitarian relief efforts, the conviction that coercive measures should be strictly limited in their ends and means, and mounting evidence of disproportionate harm to the civilian population lead us . . . to the judgment that the embargo, as now applied, unduly risks violating fundamental moral norms and prolonging human suffering."

In accordance with the position outlined by Bishop Griffin on behalf of the United States Catholic Conference, Catholic Relief Services believes that the current embargo should be restructured so that it can still secure full compliance with the cease-fire resolution, without endangering the lives of the civilian population. We encourage a reshaping of the embargo to allow Iraqi resources to be used to purchase essential commodities and to ensure that vulnerable populations gain equal access to those commodities.

Let me strike a cautionary note. Suggestions about unfreezing Iraqi assets for the purchase of food, under U.N. control, are encouraging. However, we should not be diverted into thinking that the U.N. can be an effective substitute for the commercial and government mechanisms of commodity distribution. It is difficult to imagine any international agency—or set of agencies—with the capacity to manage the entire food and medical distribution system of a country of 18 million people. . . .

As long as comprehensive sanctions continue and the need for relief assistance grows, CRS will continue to insist (as we do in every country in which we work) that the Government of Iraq allow relief officials free and unimpeded access to vulnerable groups throughout the country. . . . I should note that we work with the Government of Iraq presently, and have thus far received its cooperation in the distribution and monitoring of our relief assistance. . . .

Hamerman tells U.N. LaRouche deprived

Warren Hamerman, speaking on behalf of the Vienna-based International Progress Organization (IPO), made his third powerful intervention into the ongoing deliberations at the United Nations in Geneva on Aug. 21. (See last week's EIR for reports on his previous testimony, on Aug. 9 and 13.) Legal experts of the U.N. Subcommittee on Prevention of Discrimination and Protection of Minorities during the entire morning had held a heated debate over the question whether, and how, to speak out against the coup attempt in Moscow.

During the afternoon session, devoted to a discussion of questions of justice and the issue of fair trial, where the U.S. practice of using the death penalty against minors was repeatedly criticized by law experts, Hamerman was among the first representatives of the non-governmental organizations to be called to take the floor. The room was packed and the attention of the audience, legal experts from all over the world, was described by eyewitnesses as unusually intense.

The text of Hamerman's speech follows:

The situation in the United States is very grave and becoming rapidly out of control with respect to human rights violations central to the related items of the administration of justice and the independence and impartiality of the judiciary. In the interest of consolidating my remarks, I will now present a single presentation dealing with Agenda items 10 and 11 with particular focus upon the pattern of systematic violations of the international standards established in:

1. The Right to a Fair Trial report prepared jointly by Mr. Stanislav Chernichenko and Mr. William Treat which not only analyzes the acceptable general fair trial standards for civilized nations, but also establishes what elements of a fair trial are non-derogable rights in accordance with resolution 1989/27 of the Subcommittee;

2. The Code of Conduct for Law Enforcement Officials adopted by General Assembly resolution 34/169 of 17 December 1979; and

3. The Basic Principles on the Independence of the Judiciary endorsed by General Assembly resolutions 40/32 of 29 November 1985 and 40/146 of 13 December 1985.

Despite its many guarantees of justice *de jure*, the following three areas indicate that the United States has fallen out-

rights experts: of fair trial

side international legal standards *de facto*:

a) The increasing ease with which the death penalty is being carried out, which stands in stark contrast to the fact that in former totalitarian regimes in Eastern Europe the first steps to judicial democratization included curtailment of the death penalty. Former U.S. Attorney General Ramsey Clark has noted that not only are there well over 2,000 prisoners awaiting execution in the U.S. but they are disproportionately among minorities and the poor.

b) The astonishing pattern of Supreme Court decisions under Chief Justice William A. Rehnquist which is moving at great velocity to destroy the fair trial guarantees for a criminal defendant.

c) The increasing trend of the judiciary to engage in legal and quasi-legal witch hunts against targeted political dissidents. The trend to abusing the powers of the state judiciary for political ends is most clearly seen in the complex of cases involving Lyndon H. LaRouche, Jr. and the "entrapment" trials against elected minority political leaders.

Since the Rehnquist Supreme Court is leading the erosion of international fair trial standards from the top down, I wish to briefly list the decisions over the past year alone which stand in violation of the aforementioned conventions and principles:

a) The restriction of habeas corpus. In *Coleman v. Thompson*, the Supreme Court held that state prisoners who fail to comply with procedural rules cannot have their cases reviewed by a federal court, even if the procedural defect was the fault of the attorney. In *McCleskey v. Zant* the Supreme Court said that prisoners only get one *Habeas* writ before a federal court, even if new exculpatory evidence is later discovered.

b) The destruction of fair jury standards. In *Mu'Mim v. Virginia*, the Supreme Court ruled that as long as a juror says that he can be impartial, the judge need not question the juror about the effects of his exposure to hysterical prejudicial pretrial publicity.

c) The elimination of protections against arbitrary search and seizure. In *Florida v. Bostick* the Supreme Court ruled that police can board a bus and arbitrarily search passengers' baggage. In another decision in *County of Riverside v.*

McLaughlin the Rehnquist court ruled that a suspect can be detained for 48 hours (longer on holidays and weekends) without probable cause being shown in a warrant or a hearing.

d) The legalization of *forced confessions*. The Supreme Court ruled that the use of a coerced confession at trial does not violate the constitutional provision against self-incrimination if it is determined to be "harmless error."

e) The death penalty is being facilitated. Two years ago the Supreme Court ruled that there can be capital punishment for juveniles and for the retarded. In the 1989 case *Giarratano v. Virginia* the Supreme Court ruled that a state prisoner facing the death penalty does not have the right to a lawyer after his first appeal.

While these decisions create an already chilling situation, I must bring to the attention of this international body that most experts on this trend—including retiring Supreme Court Justice Thurgood Marshall—have publicly warned that Chief Justice Rehnquist has a secret "agenda" to accelerate the dismantling of rights and guarantees in the name of judicial efficiency.

With the Supreme Court creating such a climate, the administration of justice against those targeted by state authority has gotten completely out of control. In particular, I would note abuses to the question which has previously been studied by the Subcommittee's Special Rapporteur L. M. Singhvi on the problem as stated in Right to a Fair Trial reports as follows:

"The independence of the judiciary and the fairness of all trials make unacceptable any interference or attempt to exert pressure by authorities or persons not involved in the case." (point 53, page 11)

This principle is brazenly violated in all the big political trials.

For instance, in the Iran-Contra cases, such as the case of former CIA station chief Fernandez, the Executive branch of the government repeatedly intervened to withhold evidence, suggest perjured testimony or even destroy evidence on the grounds of protecting "national security."

Another instance involves the case of LaRouche. The defense obtained an actual copy of a letter which the well-known former Secretary of State and National Security Adviser Henry A. Kissinger wrote on Aug. 19, 1982, to then FBI director William Webster urging him to take action against LaRouche. After a further exchange of letters among Webster, Kissinger's lawyer and FBI Assistant Director Oliver Revell, the FBI indeed determined on Jan. 31, 1983 to initiate investigative action, thus beginning the process which led to the incarceration of the 69-year-old political prisoner.

The following other violations of the independence principle also occurred in the LaRouche case:

1) LaRouche was not given time to prepare. He was indicted on Oct. 14, 1988, only three weeks before the November 1988 presidential election in which he was a regis-

tered candidate in many states. He was rushed to trial 34 days after his indictment and only ten (10) days after the Judge issued an *in limine* motion gagging the defense from presenting their prepared defense. Months after the trial, when LaRouche was in prison, he discovered that the judge (Albert V. Bryan, Jr.) had hidden from the defense the fact that he (Bryan) had been an attorney for Interarms, one of the largest weapons exporting companies with special links to the CIA and other opponents of LaRouche in the intelligence community.

2) The man who became the jury foreman in the LaRouche case (Buster Horton) suppressed the fact that he was a government employee with national security duties for the special Emergency Rule group of Lt. Col. Oliver North. LaRouche only discovered this evidence after he was imprisoned.

3) After LaRouche was imprisoned the government admitted that they held over 56,000 pages of documents on LaRouche and his co-defendants. In affidavits, Justice Department officials stated that they would not release the potentially exculpatory material because the documents were considered a "national security repository."

Finally, I must stress that it has become common practice for the judiciary to work in concert with private individuals and organizations who share a mutual interest in "getting" a targeted group or movement. This, for instance, can especially be seen in the role of the media to create a witch-hunt atmosphere against the targets for judicial action. Through this means, the general public and potential jury is prejudiced.

For instance, in the famous case of the indictment of former U.S. Sen. Harrison Williams, NBC television cameramen and the law enforcement officers to arrest him, arrived at his Washington, D.C. home simultaneously.

There is a pattern of massive pretrial publicity, especially in the cases of political trials. The media and other self-appointed private police organizations have made a practice of going further in cooperation with the judiciary to prepare evidence and witnesses for political trials.

Court evidence obtained after LaRouche's conviction, for example, demonstrates that private entities and individuals in at least three organizations—the Anti-Defamation League of B'nai B'rith, the so-called Cult Awareness Network (CAN), and NBC-TV—participated in a period of many years of exchanging evidence and preparing witnesses which were used by the prosecution at the LaRouche trials.

The role of the media in "demonizing" the accused before trial has been particularly egregious in the cases of well-known political leaders as in the cases of Gen. Manuel Noriega of Panama or Mayor Marion Barry of Washington, D.C.

I would like to conclude with an urgent request for the Subcommittee to take action both in its own authority as well as by urging the Human Rights Commission to fully investigate this report, that in the United States judicial stan-

dards have fallen below the level to which the U.S. has been so quick to label police state measures in other nations.

Many NGOs and observers have compiled vital information on the details of disproportionate administration of justice against minorities and the poor, pre-trial, during trial, during sentencing and during imprisonment.

When the elements of these cases are compared, for instance, with the government's conduct, and virtually non-existent sentences given in the Iran-Contra cases, there can be no doubt that there is a kind of judicial apartheid practiced in the United States which is the proper role of this Subcommittee to redress.

Since the nation we are dealing with here, the United States, has so long enjoyed the deserved reputation as a model of equality before the law, the recent trend is most disturbing and requires the utmost scrutiny by the world community of nations.

I would suggest that the mass of information now coming together about a disturbing situation in the United States be the occasion for the Subcommittee to move beyond the situation which the Right to a Fair Trial report reaches in its concluding statement:

"The United Nations and other international bodies have promulgated significant international norms for fair trials, but have not established implementation procedures specifically designed or focused on fair trials" (point 151, page 28).

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West takes aim at India's military

by Linda de Hoyos

India's existence as a regional military power in the Indian Ocean and the Bay of Bengal has come under fire from certain factions in the West. Fears of Indian military "hegemonism" in the South Asia region come precisely at the point that Great Britain is attempting to make separatist agitation in Punjab and Kashmir an issue for the "international community" at the United Nations (see Aug. 23 *EIR*).

"India may be the next Iraq," stated a retired U.S. general, now ensconced at the Heritage Foundation, in an interview. "Why does India need a huge modern nuclear navy, a navy which is larger than anything in the area? I'll tell you why. They might want to attack Australia."

In addition to Pakistan, India's "traditional" enemy, this retiree also sees India as a threat to Japan. "That navy is good for threatening to cut Japan's oil lifeline. It's right astride the Japanese oil lifeline to the Mideast in the Indian Ocean. They would threaten [Japan]. 'You give us technology,' or whatever they want, on the terms they want, and if Japan doesn't do it, they threaten to cut the oil lifeline."

The general then exposed his underlying premise for this charge—the line of the Henry Kissinger 1974 National Security Council documents which state that the population growth of the underdeveloped countries is the biggest national security threat to the United States and its western allies. The general proceeded to explain: "Look at the map of the Indian Ocean. Then look at Australia. The problem is simple. There are going to be 1 billion Indians very soon, and Australia and that area is the only place they could possibly put 1 billion people. It is their vast population explosion. It is people, sheer numbers, which make India the most dangerous power in the world. They just need the land."

The view of India as a potential military enemy of the United States and allied countries erupted into public view in India at the end of March, when it was reported that a representative of General Dynamics had given a briefing to U.S. defense analysts at the Center for Strategic and International Studies in Washington, in which India was designated as the "target country." The idea was strenuously denied to Indian press by U.S. Rear Admiral Pendley, who said such a view "would indicate some sort of stark stupidity."

But the admiral did admit that there was speculation in

Washington as to whether New Delhi was moving toward a power projection navy with amphibious forces and strike carriers. "India really has not given a good reason for its naval development and where it is going," the admiral said.

As indicated by another general operating out of the Heritage Foundation, the separatist agitation against the Indian central government is seen as a positive development. "I'd favor a limited independence for all the nationalities. . . . That would also remove the threat of Indian military adventurism, which is a real threat. They have the bomb, you know." His colleague concurred: "India may break down into several different pieces. That is our only real policy option in the West."

IMF conditionalities

Pressures on the military are also coming from other, more powerful quarters. The International Monetary Fund, with whom India is negotiating for \$7 billion to alleviate its dire foreign exchange crisis, has made a 10% reduction in India's defense spending a condition for the loan. Military outlays above the "basic threshold of security can be designated an 'unproductive expenditure,'" the latest IMF study contends, as reported in the *Hindustan Times*.

The U.S. Congress has also denied some \$200 million in military assistance to India, until India agrees to sign the Nuclear Non-Proliferation Treaty. Given China's possession of nuclear weapons, India has no intention of doing so.

To underscore the general attitude toward India's existence as a regional power, India was conspicuously omitted from the list of invitees to a conference on Asian security held in May in Manila, Philippines. Organized by Philippines Foreign Minister Raul Manglapus, a man with close ties to Washington, the conference brought together the U.S., the Soviet Union, Japan, the People's Republic of China, South Korea, Australia, New Zealand, Great Britain, France, Germany, and all the Asean countries. India and Vietnam were not invited.

Within a limited scope, Washington is attempting to maintain military collaboration with India. But even this is suspect. One motivation is to ensure that if the Russian military again comes to the fore in the Soviet Union, that India does not become a military asset of a Russian thrust toward Asia.

Secondly, as the retired general at Heritage put it, the United States must play a "balance of power" game with India. "Remember what Britain did in the 1700s and 1800s?" the general asked. "We have to do that. They stood off to the side, and let France and Germany and the rest all rip each other up, and made their alliances to help that along and stay clear. 'Balance of power' they called it. That's what we have to do now. We have to stand clear, and let the European Community, China, India—these three huge power blocs—just deal with each other, and we try to balance it and keep one from coming out the top dog."

Colombian narco-strategy stumbles

As the scandals surrounding Gaviria's appeasement policy begin to mount, his "peace in our time" plan crumbles.

These days, Colombian President César Gaviria is starting to look about as uneasy as Venezuelan President Carlos Andrés Pérez, as a series of scandals begin to make Swiss cheese of his "peace through appeasement" policy toward terrorists and the drug cartels.

On Aug. 5, he was forced to fire Justice Minister Jaime Giraldo, along with his deputy minister and several underlings. Giraldo, the architect of the President's plea-bargain arrangement with surrendering drug traffickers, took the heat when it was learned that Gaviria's prize prisoner, Medellín Cartel chieftain Pablo Escobar, had received 208 visitors in one month at his gilded jail in his hometown of Envigado. Among those visitors were at least a dozen wanted fugitives. Escobar's cartel partners, who also "surrendered," the Ochoa brothers, were being similarly favored in Itagui prison.

Among other outrages, it was revealed that Giraldo was attempting to remove several terrorism charges against Escobar from the jurisdiction of the protected "faceless judges," to the jurisdiction of ordinary judges more vulnerable to cartel intimidation. It was also learned that the head of criminal investigation in Medellín was one Juan Guillermo Sepulveda, formerly a lawyer for the Escobar family before receiving his government post. Sepulveda has also resigned.

An embarrassed President Gaviria has admitted that "there have been some failures" in the surrender policy, and is promising to "take corrective

measures." Rumor has it that Minister Giraldo's "resignation" followed a heated confrontation with Colombia's military commanders over the entire surrender package, and that Giraldo's head was delivered by Gaviria to the military as one of those "corrective measures." Another likely "corrective" was the appointment of a military man to head Colombia's prisons, which Escobar has loudly protested as a violation of the conditions of his surrender.

That these purges are cosmetic, however, was revealed by former Justice Minister Enrique Parejo González, who resigned an ambassadorial post earlier this year to protest Gaviria's appeasement policy. Writing from exile for the daily *El Espectador*, Parejo charged Aug. 16 that the current head of criminal investigation of the Colombian Attorney General's office—whose job includes providing "information and protection" to surrendering traffickers—was a top aide to Carlos Jiménez Gómez in 1984, when the then-Attorney General had traveled to Panama to meet clandestinely with the chiefs of the cocaine cartel. Jiménez Gómez went on to become one of Pablo Escobar's leading lawyers. Parejo suggests that Jiménez's underling was deliberately placed inside the current Attorney General's office as an Escobar plant.

Giraldo has been replaced with Fernando Carrillo, a Harvard-trained fop and Gaviria friend chosen to inspire confidence in Washington. Carrillo's first official statement was a pledge to "humanize" Colombia's prisons.

Gaviria's troubles are far from settled with the dumping of Giraldo, however. A videotape has "just" been discovered on Gaviria's desk, which confirms what every Colombian suspected—that more than half of the delegates to the Constituent Assembly, which concluded their writing of the new national Constitution in July, had been bribed by Pablo Escobar to, among other things, constitutionally ban extradition. More scandalous, perhaps, is the report that President Gaviria was fully aware of the videotape's contents *well before* the vote against extradition was taken, and yet said nothing.

Minister De la Calle, charged with investigating "the supposed videotape," has refused to confirm or deny Gaviria's prior knowledge of it. *El Espectador* editor Alfonso Cano Isaza wrote Aug. 18 that "confirmation of the authenticity of the narco-video . . . would vitiate Colombia's new Constitution, the so-called Gaviria Constitution." He went on to question Gaviria's failure to "alert the country of this aberration, as should have been his duty."

While Gaviria struggles to contain the growing scandal around his tolerance for drug traffickers, he is facing yet another policy disaster vis-à-vis his "peace negotiations" with the narco-terrorist army of the Simón Bolívar Guerrilla Coordinator. Despite repeated concessions, including the demilitarization of parts of the country to accommodate their delegates' travel, the narco-guerrillas have yet to call a halt to their violent rampages.

The recent dramatic developments in Moscow may also prove to be the *coup de grace* against Gaviria, whose groveling to narco-terrorism was pegged to the success of the Bush-Gorbachov "New Yalta" condominium.

Germans exposed to Soviet troubles

Germany should have intervened with a better policy for Soviet economic and political stability.

Fewer Germans protested the Moscow coup attempt than hailed Mikhail Gorbachov during his trip to Germany in July 1989. There are many factors involved, but the main factor is the deep disillusionment in the population, the media, and among industrialists about Gorbachov.

The slow progress of reforms in the Soviet Union has also translated into a lack of broad support for Boris Yeltsin. The dominant sentiment can be summed up: "Let us hope things don't turn for the worse there; they are already bad enough."

At best, most Germans are afraid of the great unpredictability of Soviet developments; many Germans are afraid civil war will break out, with millions of refugees fleeing to Germany, and an international military conflict accompanying the collapse of the Soviet empire. There are still 273,000 Soviet soldiers and 180,000 dependents in Germany.

The relief undoubtedly felt by most with the news about the failure of the coup attempt won't last for long. Germans think they've no real influence on Soviet developments, but are rather overtaken by them.

A Hamburg-based expert on the Soviet and former East bloc economy who talked to *EIR* on Aug. 21, said that western hopes that Yeltsin would succeed where Gorbachov failed in the reform process, were ill founded.

"This may sound strange, but I think one can forget about democracy and market economy in the U.S.S.R. for some time. Chances to introduce them were missed some time back, and

Gorbachov personally is to blame for that. . . . He lost a lot of backing in the population already long before this coup, after all, and the reformers never really occupied the power positions. The power struggle is still unresolved and will remain so for a long time."

The source said that neither the coup committee ("these were all people that Gorbachov himself appointed") nor Boris Yeltsin, least of all the military or KGB, knew what to do about the economy. "They all agree on one thing, however: There is a situation of grave emergency in the country, and appropriate and rigid action has to be taken."

Not much would improve, he commented, even if Yeltsin won out. "He is most likely yet another figure of transition—with more popularity than Gorbachov ever had, though. Others are yet to appear on the scene." This coup attempt, he said, won't be the last. "The country won't come to a rest soon. There are many more such groups that would stage a coup trying to solve the problems in their way."

The source is not a supporter of the views of U.S. statesman Lyndon LaRouche, but a proponent of the "German Way" of market economy theory. This is an ostensibly more "social" brand of International Monetary Fund policy, as seen in Chancellor Helmut Kohl's remarks after meeting Gorbachov in Kiev in early July, where he said an associate IMF status was more appropriate, as full membership included foreign rights to co-determine internal Soviet affairs and would be unacceptable to Moscow.

But why propose the small dose of poison instead of the big one?

The German government, banks, and industry spent DM 90 billion (\$50 billion) altogether to support the reforms in eastern Europe and the Soviet Union, but never pursued a sound policy of economic reconstruction. Instead, an unorganized mix of state and private initiatives was promoted which never interfered with market economic rules. The 1989 proposal by LaRouche for a "Productive Triangle"—a grand design for the industrial rebuilding of Europe—was studied, but never endorsed. Germany only reacted to changed parameters of politics in the East, rather than influencing events.

Another mistake was that at no point in the past two years was a clear position of endorsement of independence and reform movements in the Soviet Union taken. The three Baltic governments were never given economic or political, but only weak verbal support against Moscow. And Boris Yeltsin, now portrayed by the German foreign minister as the "one politician with the most influence in the Soviet Union," was, before Aug. 21, never contacted by the German government for fear of "annoying Gorbachov." Yeltsin was, by the way, already making deals behind the scene with Gorbachov when Germany was still boycotting him.

Germany is not a superpower. But it has great economic and industrial leverage. It is, as the former chairman of Deutsche Bank F.W. Christians put it in newspaper interviews Aug. 20, "the most important economic and also political partner of the Soviet Union."

If the economic muscle of Germany linked up with the political potential of the people who took to the streets of Moscow to resist the coup, there would be less reason to be scared by "Soviet uncertainties."

International Intelligence

Pope John Paul II puts the blame on Nietzsche

The Pope has charged that the writings of existentialist "God is dead" philosopher Friedrich Nietzsche are responsible for many of the "terrible experiences of the 20th century," the French daily *Le Monde* reported on Aug. 15.

Pope John Paul II called for the creation of a Europe that would re-assert its Christian values, insisting, "We have the duty to construct a more united Europe, on the basis of respect of the rights of man and those of nations." He then attacked what he called the "new idolators" of modern society.

"For man of the end of the 20th century," he said, "the ideal seems to be to live as if God doesn't exist." He then quoted Nietzsche: "We are beyond good and evil," and added, "When we look back to the terrible experiences of the 20th century, it is clear that it is the program of Nietzsche that was put into effect."

Iraq issues emergency appeal on anesthetics

The Iraqi Foreign Ministry announced on Aug. 13 that Iraqi hospitals have had to stop performing surgery that requires general anesthesia, due to the lack of chemicals required. The statement calls upon the international community to allow Iraq to import nitrous oxide.

According to an unofficial translation of the government release, it says that "due to the unjust economic sanctions imposed on our country, Iraq, our medical gas factory has stopped producing nitrous oxide, the main substance used in general anesthesia of patients for surgical operations, such as required in caesarean section childbirth operations, operations performed on women, children, and on the eyes. Due to its destruction, and also because Iraq is not allowed to import the substance in accordance with the resolutions of the U.N. Sanctions Committee, the unavailability of ammonium nitrate

has led to a severe shortage of the anesthetic, which is vital in saving lives.

"This shortage has threatened the lives of many civilians and a number of deaths have occurred in the past few days. The international organizations have all been informed and urged to help provide the substance. The shortage was at an extremely dangerous level as of three weeks ago, which forced us to restrict the use of the substance. As of Aug. 11, 1991, the International Red Cross and Unicef have been informed that the remaining stocks of the substance were at zero level. Due to the circumstances, all surgical operations requiring anesthesia have been halted. Therefore, we expect a high mortality rate among women requiring caesarean sections and among their newborn babies.

"We are urging the international community to save the lives of these mothers and their newborn babies from imminent death by using all necessary means to pressure the U.N. organizations and agencies to allow Iraq to import ammonium nitrate, which is a necessary in operating the medical gas factory, so that that factory can be used for producing anesthetics for surgical operations. In this regard, we express our readiness and approval to accept a U.N. representative to oversee all production of the substance in the factory and at the places of supply."

Salinas makes a deal with Bronfman

Edgar Bronfman, chairman of the World Jewish Congress and magnate of the Seagram's liquor empire, secured a pledge from Mexican President Carlos Salinas de Gortari on Aug. 15 that Mexico would vote to repeal the U.N. resolution, passed in 1975, that condemned Zionism as racism.

Bronfman, accompanied in his talk with Salinas by two prominent members of the Mexican Jewish community, said that Israel seeks to overturn the 1975 resolution, which "is not simply anti-Israel, but is anti-Semitic."

Bronfman explained how the topic came up by saying that he and Salinas were "discussing the great success Mexico has had in the last two years. After reviewing how the North American Free Trade Agreement will make North America one of the great market blocs of the world, then I brought up the Zionism-racism resolution."

What Salinas was offered in return, was not reported by the Mexican press.

Ibero-American bishops warn of social explosion

Robert Luckert, chairman of the Department of Social Communication of the Latin American Bishops Council (CELAM), said on Aug. 13 that the Catholic Church denounces the enormous social injustice on the continent, and seeks to "open the eyes of the political leadership who are oblivious to the concrete reality of injustice."

He warned that the region "is on the brink of a social explosion of unpredictable dimensions because of the blindness and insensitivity of governments vis-à-vis an impoverished, marginalized, and unjustly treated population."

He then went after the evangelical Protestant sects, denouncing the "electronic church," the "televangelists" who are wiping out the faith and culture of the people. He went on to say that the objective of these sects was "not to Christianize the peoples of the region, but to make them become anti-Catholic, in order to divide the continent and leave it defenseless in the face of the neo-liberal model that they want to impose on us."

Iraq's Hammadi hits U.S. 'Roman' peace

Iraqi Prime Minister Sadoun Hammadi ridiculed current U.S. efforts to establish world hegemony, in an Aug. 8 interview with the *Jordan Times*. "It is true that the U.S. influence in the region is stronger than ever before," he said. "This growing influence will

backfire, for the U.S. is trying to monopolize the world. We are witnessing a return to old political and economic colonialist practices and policies. What will these practices lead to? They will only lead to provoking the world's nations.

"Even if the U.S. were able to obtain the peace they are talking about, the only peace that area will witness will be the peace of hegemony, or what can be called the Roman peace. . . . It will eventually crack up."

In reference to the Egyptian government and the other Gulf states, that joined the U.S.-led coalition against Iraq, Hammadi said that their view that appeasing the West will make them stronger is "conceited." "They have not learned a lesson from the examples of the fate of King Farouk in Egypt or any other regime that remained subordinate to the colonialists in the post-World War II era."

Israeli appeals court to review Demjanjuk case

Important new evidence provided by defense lawyers has obliged the Israeli Court of Appeals to agree to review the John Demjanjuk case, in December of this year. Demjanjuk, a retired Cleveland auto worker who was illegally deported to Israel by the U.S. Justice Department, has been given a death sentence for alleged "war crimes," despite massive evidence that he was not the Nazi death camp official "Ivan the Terrible."

Defense lawyer Yoram Sheftel reports that he has received documents from the Soviet Union, withheld until now, which contain statements from over 20 Ukrainian SS concentration camp guards, who all put forward the identical assertion in sworn testimony to Soviet authorities in the late 1940s and early 1950s that "Ivan the Terrible" of Treblinka concentration camp was *not* Demjanjuk, but a certain Ivan Marchenko. The appeals court agreed that a hearing could be held in December, although they refused to release Demjanjuk from prison pending that hearing.

Sheftel told the press on Aug. 14: "To-

day is the day I've been waiting for. . . . The evidence will hasten the acquittal of Mr. Demjanjuk. The evidence is plain and clear, and will totally negate that Demjanjuk is 'Ivan the Terrible.' "

Prosecutor Michael Shaked has responded by saying, first, that it doesn't matter whether Demjanjuk was ever at Treblinka, since he was certainly at the Sobibor concentration camp and is a criminal anyway, even if he did not commit the crimes for which he was convicted. Second, Shaked claimed that "Marchenko" was Demjanjuk's mother's maiden name, and that he often used it as an alias. Defense attorneys say that is not true.

Moscow denounces Pope for backing Croatia

Radio Moscow on Aug. 19 accused Pope John Paul II of "pouring oil on the fire" of the Yugoslav crisis, by his support for Croatian independence.

The broadcast praised the "growing anti-war movement" in Yugoslavia, as shown by marchers from Bosnia to both Belgrade and Zagreb, who demanded a "stop to the civil war." This means that "the Yugoslavs, by themselves, can help stop the fighting."

The problem, said the commentator, comes "from the outside," from those who "pour oil on the fire." "Why, at this sensitive time, did Pope John Paul say he supports the 'legitimate aspirations of the Croatian people,' as he put it in a speech in Hungary? Such statements set people against each other for religious reasons, which is out of place in the current situation."

The broadcast also criticized those in the European Community who want an international conference to "define the future" of Yugoslavia. This idea, warns Radio Moscow, means "not preserving the territorial integrity of Yugoslavia. If Yugoslavia disintegrates and borders in the Balkans shift, there could be a chain reaction, which would affect not only Yugoslavia, but also all European security."

Briefly

● **THE SERBIAN** "Black Hand" terrorist group threatened German diplomats with assassination, in a message delivered to the German embassy in Ottawa, Canada on Aug. 15. The group warned Germany to stay out of the "inner-Yugoslav conflict" and give up its alleged plans for a "Fourth Reich," or else. The original "Black Hand" fired the shots at Sarajevo that sparked World War I.

● **NIGERIA** is set to restore diplomatic relations with Israel after 18 years. Talks were held in Jerusalem to this end on Aug. 5 between Nigerian Minister of External Affairs Maj. Gen. Ike Nwachukwu (ret.) and Israeli Foreign Minister David Levy. Radio Nigeria quoted the Nigerian leader saying that official ties would be restored when Levy paid a reciprocal visit to Nigeria shortly. He appealed to Israeli businessmen to invest in Nigeria.

● **KURDISH LEADER** Massoud Barzani called the sanctions against Iraq inhuman, in a meeting with Dieter Schinzel, the vice president of the German-Arab Society, in Iraq in mid-August. Barzani declared: "Tell everybody in Europe that they should put an end to the sanctions. The Kurds are exposed to an inhuman suffering under these sanctions. Please give us a chance for survival!"

● **THE SERBIAN** Orthodox Church held a state memorial on Aug. 16 for King Peter I at the former royal chapel of Oplenac. King Peter, the first monarch of the "Kingdom of the Serbs, Croats, and Slovenians," ruled for three years, and died in 1921. The services "in honor of our great liberator" were conducted by Patriarch Pavle.

● **SOVIET GEORGIAN** President Zviad Gamsakhurdia on Aug. 17 dismissed his entire cabinet, warning of a plot against himself and the government, and denouncing former Soviet Foreign Minister Eduard Shevardnadze, a Georgian, as "an agent of Moscow."

Thornburgh campaign previews Bush strategy

by Leo F. Scanlon

George Bush took the 1992 Republican campaign strategy for a test drive in Pennsylvania in the middle of August, and previewed a demagogic campaign which seeks to submerge debate over his failed economic policies in a sea of rhetoric about "crime." Standing by the side of the President was Attorney General Richard Thornburgh, who resigned his position one week earlier, in order to run for the Senate seat vacated by the death of John Heinz III last spring. Pennsylvania was the testing ground for the themes expected to be used by Republicans nationally. A recent court ruling has cleared the way for the Thornburgh campaign to begin, and that election is set for Nov. 5, 1991—one year before the presidential contest.

The President made his emotional pitch to a flag-waving crowd from the Fraternal Order of Police, telling them, "The time has come to show less compassion for the architects of crime and more compassion for its victims. . . . We must remember that the first obligation of a penal system is to punish those who break the laws. . . . You can't turn bad people into saints." Bush went on to emphasize his support for eliminating constitutional protections against illegal searches, sharply reducing appeals based on *habeas corpus*, and allowing inflammatory "victim impact" testimony to be introduced at sentencing hearings—all measures which are designed to accelerate the flood of executions which is soon to be unleashed by the criminal justice system.

Vice President Dan Quayle took a similar approach to the realm of civil law, speaking to the American Bar Association (ABA) convention in Georgia. Playing to the popular hatred of lawyers, Quayle floated a series of "reforms" which would reduce the rapidly expanding amount of litigation by restricting access to the courts, especially to certain categories of the disadvantaged.

Like Bush, he is carefully diverting popular rage away

from the fact that his administration has championed draconian environmental laws and regulatory prosecutions which are crushing entrepreneurs. Environmental litigation has turned into the fastest growing area of civil law in the United States.

The appeal to such emotion-laden issues has a calculated purpose. Insiders at the Republican National Committee (RNC) have summed up their campaign plans with the slogan "Kuwait, Crime, and Quotas," which is supposed to capitalize on the popular perception that the Democratic opponents of the Bush administration record—jingoism and genocide in the Gulf and police-state justice at home—are unfit to lead the nation. The leading contenders for the Democratic party are rushing to prove the RNC right, as each week brings more announcements of non-candidacy. Richard Gephardt, Jay Rockefeller, and most recently, Albert Gore.

The lack of an opponent only underscores the venality of the Republican campaign. The *Washington Post* reports that the Bush strategists told a reporter, "A punitive approach to violent street crime will be as well received by voters next fall as it was by the audience" of policemen in Pennsylvania. Bush's use of the racially divisive "Willie Horton" issue in 1988 campaign ads earned him widespread condemnation, and Lee Atwater issued a death-bed apology to those who were stigmatized by them. Bush has repeatedly justified the tactic, and indications are that there are even more divisive techniques in his campaign bag of tricks.

Crime facts and campaign rhetoric

A glance at the patterns of crime in the United States highlights the demagogic nature of the appeal to "fear of crime" among middle-class constituents. According to the National Crime Survey published by the Bureau of Justice Statistics, the percentage of U.S. households victimized by rape, robbery, or violent crime has been dropping steadily

from 1975 through 1990, and dropped a full 1% from 1989 to 90. (Absolute numbers of crimes, of course, are up.) The BJS also shows that black and Hispanic households are victimized at much higher rates than white households—nearly double the incidence of burglary and robbery. And such figures do not begin to capture the horrifying savagery which is visited on ghetto residents by the drug traffickers—who have expanded their reign of terror during the Reagan-Bush administrations.

Uniformed police officers, understaffed and underpaid, who have been left to confront this violence, are also victims of the Bush administration drug policy, which has provided “national security” protection to drug bankers and smugglers, thereby guaranteeing that the bloody conflict with street-level distributors embroils the cops and civilians in a no-win war. This explains some of the cheers Bush gets from such an audience, but there are more ominous trends as well.

Respect for justice among law enforcement officials who ape the Bushmen is at a dangerously low point. For example, in July, Chicago police chief LeRoy Martin returned from a tour of China singing the praises of the communist prison system, and shocked a radio audience by stating that Hitler owed his popularity to the “efficient” manner in which he dealt with crime. Martin stated that he is convinced that “there are some things they [Chinese communists] just do better than we do.”

Another case is that of the Attorney General of Pennsylvania, Ernest Preate, who has been widely quoted in support of the Bush administration plan to cut funding for legal aid to death-row inmates who appeal their sentences in federal court. The funding is provided by resource centers, established by Congress in 1988, after a task force discovered that hundreds of inmates on death row lacked competent lawyers to appeal their cases. The ABA is vigorously protesting the cuts. Preate and his colleagues demand the cuts in order to expedite pending executions. It is no coincidence that Preate is an intimate of the ring of cocaine users and dealers which surrounds Richard Thornburgh, two of whom have been exposed and convicted.

The reaction from the Republican middle-class constituency is even uglier. BJS figures clearly indicate that crime in general, and violent crime in particular, is concentrated among the poor. Middle-class Americans are terrified that they are soon going to join that category, and Bush is hoping to fixate their fear of “crime,” in order to prevent them from contesting the political and economic policies which threaten their ruin.

Nonetheless, these parents are being devastated by drug use among their children as well—recent survey results show a higher rate of drug use among white high school students than among blacks of the same age—but the drug culture is cultivating a “silent” epidemic of satanism, suicide, and other existential crimes. For this audience, Bush offers satisfaction through vengeance, provided by a kangaroo court system,

which will soon be televising trials nationwide, and, if several TV stations prevail in court, will televise executions as well. These ritual murders will be largely of black and Hispanic criminals, whose common denominator is the grinding poverty now staring at increasing numbers of Americans.

A Group Areas Act for America

But divisiveness is more than rhetoric in certain RNC circles. The Justice Department (DoJ) has promulgated guidelines for the implementation of the Supreme Court’s rulings which mandate that electoral districts should be drawn to guarantee equal representation according to race—a principle expressly forbidden by the original Voting Rights Act. RNC calculations show that integrated electoral districts frequently support liberal Democratic candidates, and if the black vote is segregated out, the white vote will migrate to Republicans. Hispanic and black Republicans have protested that the policy is racist, and gives the message that electoral success for minorities depends on segregation. Nonetheless, RNC chief Clayton Yeutter and the GOP legal counsel Benjamin Ginsberg are aggressively marketing the approach to local civil rights organizations, and local Republicans. The DoJ is shepherding the operation, by pressing legal sanctions against recalcitrant electoral boards, while they simultaneously target minority politicians in FBI stings.

Even the *Wall Street Journal* accurately described the strategy as a “Group Areas Act,” in no way different from the apartheid laws of South Africa. Similarly, the Bushmen have championed the “Hate Crimes Statistics Act” written by the Anti-Defamation League, which mandates the DoJ to keep crime statistics—for the first time in American history—according to the race of the perpetrator and the victim. Race-based justice is not only a fact, but is also the law, in the United States.

Bush brands protesters ‘criminals’

To the Bush administration, the most dangerous “criminal” is a political opponent. Lyndon LaRouche has been most seriously victimized by this lawless attitude of the Bush administration; his case is but an extreme example of the normal practice. A protest action by the Operation Rescue group in Wichita, Kansas brought out Bush’s contempt for free political speech. The President sided with a local federal judge who branded the protesters “criminals” and had invoked an 1871 anti-Ku Klux Klan statute to justify an extraordinary federal intervention against the anti-abortion protesters.

Despite the fact that the DoJ opposed the use of the 1871 statute to suppress the demonstrations, Bush attacked the protest as “excessive,” told the group to not “violate the law” and went on to compare them to violent homosexual activists, terrorists, and assassins. When the leader of the organization went to Kennebunkport to plead his case to the President, he got the answer every citizen who opposes tyranny should expect from Bush: “I’m trying to get a vacation here.”

String of 'suicides' litters the trail of 'Octopus' grand conspiracy

by Jeffrey Steinberg

The body of investigative journalist Danny Casolaro was found in a bathtub at the Sheraton Hotel in Martinsburg, West Virginia on Saturday, Aug. 10, with a dozen cuts on both wrists. Within hours of the discovery, local police and the county coroner had declared the death a suicide. The following day, the corpse was embalmed at a local funeral parlor, although police now deny that they requested the procedure. Yet it was not until Monday, Aug. 12 that local officials managed to contact any of Casolaro's relatives to inform them of his death. By the time Casolaro's brother, Dr. Anthony Casolaro, began providing police with evidence strongly arguing against the premature "suicide" pronouncement, both the corpse and the crime scene had been so disrupted that virtually all forensic evidence was gone.

The bizarre and highly suspicious circumstances surrounding the Martinsburg police and coroners' handling of the Casolaro death is but one of a string of mysteries that have prompted one former U.S. Attorney General, Elliot Richardson, to demand the appointment of a special prosecutor to probe a scandal that he calls "nastier than Watergate."

At the time of his death, Joseph Daniel Casolaro, 44, was probing a series of interrelated crimes involving Presidents Reagan and Bush, Attorneys General Richard Thornburgh and Edwin Meese, the CIA, international narcotics traffickers and shady businessmen, bankers, and lawyers. The Fairfax, Virginia writer-investigator was in Martinsburg to meet with a crucial source who, he hoped, would provide documents proving some of the major links in his story.

EIR has learned that Danny Casolaro was one of at least five people who have died recently while either investigating or revealing crucial details about Irangate, the October Surprise, the Bank of Credit and Commerce International scandal, and the Inslaw affair. In at least four of these cases, the deaths were declared suicides. In each case, family members and friends have provided evidence sharply contesting the official suicide findings.

These deaths very much appear to be part of an ongoing coverup of the Reagan-Bush administration covert intelligence operations that went out of control, which could very

well send many present and former senior government officials of the United States and a score of other countries to jail, if the truth were to be known.

Between 1986-89, nearly 30 people either died or disappeared under mysterious circumstances, all of whom stood to reveal some crucial piece of this massive criminal scheme. Swedish Prime Minister Olof Palme, Schleswig-Holstein Prime Minister Uwe Barschel in Germany, Iranian arms dealer Cyrus Hashemi, and Israeli counter-terror chief Amiram Nir are just four of the best known personalities on this death list.

Now, with President George Bush and some of his closest associates facing a series of high-visibility congressional probes next month, and the prospect of new indictments by Iran-Contra Independent Counsel Lawrence Walsh, it appears that the long knives have been unsheathed once again to silence the accusers.

The ever-expanding Inslaw scandal

Nearly two years ago, Dan Casolaro was asked by a friend in the computer industry to look into the U.S. Department of Justice's illegal bankrupting of a small Washington, D.C. software firm called Inslaw, Inc. Inslaw had developed a criminal justice case management software package called Promis which the Justice Department had leased on a pilot project basis in 1982. Shortly after that original contract had been issued, Justice suddenly stopped paying its bills to Inslaw, driving the firm into Chapter 11 bankruptcy.

Through years of investigation and bankruptcy court battles, Inslaw President Bill Hamilton unraveled a criminal scheme involving a number of government officials and a Reagan "kitchen cabinet" figure named Dr. Earl Brian, to drive him out of business and steal his Promis software. At first, it appeared that the primary motive for the targeting of Inslaw was an \$800 million Justice Department contract labeled "Project EAGLE" which Brian had been positioned to win due to his close ties to White House Counsel and later Attorney General Edwin Meese. The idea, as it seemed at first, was to force Inslaw into liquidation, at which point

Brian would "legally" purchase the copyright on Promis.

Then, in early 1990, a California man who claimed he had been associated with Earl Brian since 1980 came forward with an extraordinary tale linking the bankrupting of Inslaw to a far broader criminal scheme: This involved the international sale of pirated copies of Promis to finance arms supplies to the Contras and to enable the CIA and the Israeli Mossad to spy on both hostile and friendly governments by tapping into their intelligence and police computer data bases. The new witness, Michael Riconosciuto, traced his own links to Earl Brian back to the summer of 1980, when, he says, the two men traveled to Teheran to set up a \$40 million payoff to key figures in the Khomeini regime which was part of the "October Surprise." The buy-up of Promis was part of Brian's "payoff" for his secret role in securing the 1980 election of Ronald Reagan and George Bush.

Riconosciuto identified a U.S. Customs Service official named Peter Videnieks, now believed by several investigators to be tied to the CIA, as the "inside" official in the government assigned to work with Earl Brian against Inslaw. Videnieks had been transferred from Customs to Justice in the early 1980s and had been placed in charge of the department's contract with Inslaw. Riconosciuto himself had been involved between 1981 and 1983 in a secret project involving the manufacturing of sophisticated weapons on the 1,700 acre, Cabazon Indian reservation near Indio, California. The project involved Wackenhut Services, Inc., a private security firm which had employed Reagan's 1980 campaign manager and later CIA chief William Casey as its outside counsel up through 1980.

In February of this year, Riconosciuto signed a sworn affidavit for Inslaw's attorney Elliot Richardson describing his role, along with Brian and Videnieks, in the theft and modification of Promis for overseas sale to the Canadian government and other clients. The affidavit claimed that in early 1991, Riconosciuto had been contacted by phone and threatened by Peter Videnieks with a government frameup if he continued to assist Inslaw in its fight against the government. One week after he signed that affidavit, Riconosciuto was arrested by the Drug Enforcement Administration and charged with running a methamphetamine laboratory in Washington state. He has been held in prison without bail ever since.

It was this broader aspect of the Inslaw scandal that Casolaro was investigating at the time of his death. Many names have surfaced as to the identity of Casolaro's alleged "source" in Martinsburg. According to one version, Casolaro was in West Virginia for a meeting with Peter Videnieks and Earl Brian whom he intended to confront directly with evidence backing up the Riconosciuto story. Videnieks's wife, Barbara, is the executive assistant to the powerful West Virginia Democratic Sen. Robert Byrd. Byrd has played a major role in the effort to have the CIA move some of its administrative offices to Charles Town, some 20 miles from

Martinsburg, on the Virginia border.

Casolaro was not the only investigative journalist trying to confirm the Riconosciuto allegations.

In July, a reporter named Anson Ng, on assignment for the *Financial Times* of London, was found dead in Guatemala, from a single bullet fired into his chest at pointblank range. His death, like that of Casolaro, was immediately ruled a suicide. According to sources familiar with the Ng death, the sometime freelance writer was in Central America trying to interview an American named Jimmy Hughes. Hughes had been the director of security for the Cabazon Indian reservation secret project in California, according to documents in the possession of *EIR*. Hughes had also been a key prosecution witness against a man named John Philip Nichols, who had been another major player in the Cabazon project, managing a string of gambling casinos on the Indian reservation. Nichols allegedly arranged the murders of several Cabazon tribal officials who had uncovered an organized-crime link to the CIA project and had told Hughes that the contract killings had been a "sanctioned covert operation."

Two other deaths

On April 23, 1991, a Philadelphia attorney named Dennis Eisman was found slumped over the wheel of his Porsche in an underground parking lot in the city's business district. Like Ng, Eisman was killed by a single bullet fired into his chest at pointblank range. And, as in the subsequent cases of Casolaro and Ng, his death was also immediately ruled a suicide.

According to at least one close associate of Eisman, the Philadelphia lawyer was in contact with Casolaro shortly before his death, a fact that first took on significance early this month when Casolaro's body was discovered in the West Virginia panhandle town of Martinsburg. According to a former federal law enforcement official who had worked with Eisman, the attorney's death was directly linked to the Inslaw affair. Eisman had reportedly gone to the Philadelphia parking lot early in the morning of April 23 to meet with a woman who was to deliver critical evidence substantiating Michael Riconosciuto's claims about threats from Peter Videnieks. Apparently, his killers intersected him before he was able to make that rendezvous.

According to this account, Eisman had been asked through intermediaries to take up the Riconosciuto case and had already made plans to travel to the West Coast to interview his prospective client. While other associates of Eisman have presented contradictory information about the attorney's schedule, nobody interviewed by *EIR* believes that Eisman took his own life.

Also in July, another attorney, Allan Michael May, died in the San Francisco area, of what are being described as "natural causes" complicated by an overdose of "poly-pharmaceuticals." May was at one time a lawyer for Richard Nixon's re-election committee, CREEP. According to the

Riconosciuto account of "October Surprise," May was also involved in securing the \$40 million to pay off Iranian officials for the delay in the release of the hostages in 1980.

That continuing controversy is now the subject of a congressional inquiry which is scheduled to begin immediately after the Labor Day recess. After months of indecision, Speaker of the House Thomas Foley (D-Wash.) announced early this month that the formal inquiry would be undertaken. However, Foley's appointment of Sen. Terry Sanford (D-N.C.) as co-chairman of the joint congressional panel has prompted some people familiar with the Inslaw case and its purported links to October Surprise to voice concern about a coverup. Senator Sanford, prior to his election, was the attorney representing Earl Brian in his 1985 takeover bid for United Press International (UPI) and was apparently instrumental in winning Brian, who is a medical doctor, an appointment to the board of the Duke University Medical School. At the time, Sanford was the president of Duke University.

Allan Michael May had reportedly contacted the jailed Riconosciuto as late as June of this year to urge him to keep his mouth shut about the \$40 million electronic wire transfer to the Iranians. According to Riconosciuto, May feared for both their lives. Riconosciuto had just given a lengthy interview to a Napa Valley, California newsman Harry Martin, in which he detailed key aspects of the Inslaw-October Surprise links. That story had first appeared in print in *EIR* in our Nov. 16, 1990 issue ("Did the 'October Surprise' Really Target Ronald Reagan?").

A mystery man and a mystery death

According to a former senior federal law enforcement official deeply involved in probing the Riconosciuto allegations, the recent trail of blood silencing witnesses to what Casolaro dubbed "The Octopus" stretches around the globe as far as Australia. On July 26, 1991, less than two weeks before Casolaro's body turned up in the Martinsburg hotel room, police in Sale, Australia discovered the corpse of John Friedrich, a man alternately described as a con man and a master spy. Friedrich's body was discovered with a single bullet in his head, another victim of an apparent "suicide."

Friedrich had been scheduled to enter an appearance before the Australian Supreme Court on Aug. 1, where he was to either plead guilty or stand trial on 97 counts of financial fraud relating to the \$264 million collapse of the National Safety Council of Australia (NSCA) in 1989. The NSCA was a private entity originally incorporated in 1927 as a charitable organization to provide training and equipment to emergency service and police agencies. Under Friedrich's leadership, it had been built up into an international private army with training and service contracts with intelligence and military services around the free world.

According to news accounts, Friedrich had been a close ally of Irangate figure Oliver North and North's Israeli counterpart Amiram Nir. (Nir himself died or disappeared in De-

cember 1989 in a plane crash in Mexico. Nir was one of the few Irangate principles who, by public admissions, met with Vice President George Bush to discuss the Iran-Contra program in detail.) In 1982, at least two groups of retired American Green Berets arrived in Australia to receive further paramilitary training at Friedrich's NSCA facility at the West Sale Airport.

Days before his death, Friedrich completed a book-length account of his activities with the National Safety Council of Australia, which purportedly contains material that could bring down the government of Australian Prime Minister Bob Hawkes and could open a damning new, British-Australian-Israeli chapter of the Iran-Contra scandal.

According to Dr. Anthony Casolaro and Inslaw President Bill Hamilton, in the weeks leading up to Danny Casolaro's death, he had received at least four separate warnings that his life was in danger if he continued to pursue the Inslaw-October Surprise-Irangate story. In the aftermath of his death, a storm of controversy has broken over whether he did indeed stumble upon new evidence blowing open the scandal of the century, or whether his probe reached a dead end and he took his own life in a moment of despair.

Whether by design or by carelessness, the Martinsburg, West Virginia police and coroner destroyed critical evidence that may forever foreclose a scientific answer to that question.

Nevertheless, the shocking pattern of recent mysterious deaths—Casolaro, Ng, Eisman, May, Friedrich, and perhaps others—demands the kind of thorough probe that has been recently urged by former Attorney General Elliot Richardson, among others.

One of the most compelling reasons for such an independent probe by a special prosecutor centers around the behavior of Attorney General Richard Thornburgh, who has just made good his promise to resign and run for the Pennsylvania Senate seat vacated by John Heinz's death. By the time Thornburgh became Attorney General in August 1988, all the key events in the Inslaw conflict with the Department of Justice had already occurred. Yet, Thornburgh launched a nearly obsessive effort to bury the Inslaw affair, even to the point of risking an indictment for contempt of Congress for his refusal to turn over crucial documents to House Judiciary Committee chairman Jack Brooks (D-Tex.).

There are reports from inside the Justice Department that key government documents relating to the Inslaw affair were stolen from the Attorney General's offices in a sinister replay of Watergate and the Iran-Contra affair.

There is far too much smoke here to allow anyone to comfortably believe that no fire exists: Missing documents, a string of "suicides" by key investigators and witnesses on the eve of major public hearings and government probes. The pattern of events stand out over and above any one particular incident or fact. This is one mystery that cries out for thorough investigation.

Virginia court okays Ascher railroad

A three-judge panel of the Virginia Court of Appeals on Aug. 13 upheld the conviction of Rochelle Ascher, an associate of 1992 Democratic presidential candidate Lyndon H. LaRouche, Jr., on concocted "securities fraud" related charges. The opinion, written by Judge Sam W. Coleman III, dodged all the major legal issues that were raised in the appeal, thereby giving a stamp of approval to Virginia Attorney General Mary Sue Terry's politically motivated railroad of Ascher and other LaRouche associates in that state.

In so doing, the state court system has opened the door to other possible "legal" witchhunts against the enemies of Mary Sue Terry and her sponsors. If the decision is allowed to stand, no citizen of the Commonwealth of Virginia has constitutional protection from being politically targeted.

Ascher's attorney, John P. Flannery II, told the press immediately after the ruling that he intends to go back before the Appeals Court for a full rehearing before the entire court, based on errors in Coleman's opinion.

Immediately after the ruling, the prosecutor on the case, John Russell, announced he is moving to revoke Ascher's bond, despite the fact that she is continuing to appeal her conviction. A hearing has been set for Aug. 29 on the bond revocation.

The 'securities fraud' frameup

Ascher was framed for so-called "securities fraud" violations for soliciting political loans from political supporters of LaRouche, and convicted after a 10-week trial in which she was denied an impartial jury, the right to confront witnesses, and was prevented from putting on crucial evidence in her defense. The jury recommended a sentence of 86 years in prison. Judge Carlton Penn III, who presided over the case in Loudoun County, Virginia, reduced the sentence to 10 years in prison with 10 years suspended. Since the conviction, Ascher has remained free on bond pending the outcome of her appeal.

Ascher was the first of LaRouche's associates to stand trial in Leesburg, Virginia. Prior to Ascher's trial, lawyers for Ascher and her co-defendants challenged the constitutionality of their indictment. They argued that it was illegal to charge them with securities fraud when the State Corporation Commission hadn't even decided whether political loans could be considered securities. In denying the ruling, Judge Penn said it was up to the jury to decide whether the loans were securities. But during the trial, Penn would not allow

Ascher to call a securities expert to testify, saying, "We don't need some expert to tell us what a security is." Then, when it came time to instruct the jury, he erroneously told them that all notes are securities. Ascher's attorneys challenged this on appeal, arguing that Penn had virtually instructed the jury to find Ascher guilty.

Her appeal also challenged her conviction on the grounds that the prosecution had so poisoned the jury pool with pre-trial publicity that her trial should have been moved out of Loudoun County, where LaRouche has made his home since 1983. All other trials of LaRouche associates were subsequently moved to another part of the state.

In the opinion, Judge Coleman recounts the facts of the case as told by the prosecution through prosecution witnesses Wayne Hintz and Chris Curtis. Then he takes each issue raised in the appeal and says that in some cases what happened to Ascher would be wrong, but in Ascher's case, the court will overlook the errors.

For example, Coleman says that even though there was massive pre-trial publicity about the case, Judge Penn did not err by refusing to move the case out of Loudoun County. "Ascher has not overcome the presumption that she received a fair trial in Loudoun County. Ms. Ascher introduced numerous news articles and editorials regarding the LaRouche organization and the prosecutions related to it. However, the existence of extensive pre-trial publicity is insufficient, standing alone, to justify a change of venue."

The railroad

The opinion goes on to say that since all the jurors said they could disregard pre-trial publicity, there was no reason to disqualify them. "The mere existence of a preconceived notion as to guilt or innocence of an accused arrived at from news articles or reports is not sufficient to establish that a juror is disqualified unless the juror cannot disregard those reports."

Revealing the politically rigged nature of the decision, Coleman says that Ascher was not entitled to a jury instruction which allowed the jury to decide whether these loans were securities.

In his opinion, Judge Coleman ignores all the attempts by Ascher to introduce evidence that the loans were political and not commercial investments. "In general terms, we agree with Ascher that the instruction given by the trial court, although a correct statement of the law, may in other circumstances have been insufficient to define when a commercial instrument is or is not a security. However, on the facts in this record, no elaborative instruction was necessary because there was no theory or basis which would have permitted the fact finder to conclude that the notes or evidences of indebtedness were not securities."

The court also ruled that it was not prejudicial hearsay to admit an inflammatory letter from a dead man or to allow incompetent witnesses to testify.

National News

Document reveals basis of 'Thornburgh Doctrine'

The Department of Justice (DoJ) memo justifying the so-called "Thornburgh Doctrine" is reviewed by Michael Isikoff in the Aug. 14 *Washington Post*. According to Isikoff, the document "asserts that the President and attorney general have 'inherent constitutional power' to order a wide range of law enforcement actions in foreign countries without the consent of foreign governments, even if they violate international treaties.

"It also argues that 'as a matter of domestic law, the executive has the power to authorize actions inconsistent with U.N. Charter provisions barring use of force against member nations.

"Such decisions 'are fundamentally political questions,' the opinion states, and therefore do not constrain the chief executive in fulfilling his law enforcement responsibilities." The decisions should be made by lower ranking officials, the memo argues, so as not to unnecessarily prejudice U.S. international relations with the victim governments.

The memo was authored by William P. Barr, who is scheduled to take over control of the DoJ from Thornburgh when he leaves office to campaign for Senate. Barr wrote the memo in order to challenge a contrary finding made by former assistant Attorney General John M. Harmon, who concluded in 1980 that the FBI had no authority to forcibly apprehend fugitives overseas without the consent of foreign governments.

LaRouche campaign lead on Flint nightly news

Lyndon LaRouche's presidential campaign was the lead item on the Flint, Michigan ABC affiliate WJR-TV nightly news Aug. 13.

The announcer stated that while most of the Democrats are declining to run and the party is having difficulties fielding candidates, one candidate is off and running, and that is Lyndon H. LaRouche. A still photo

of LaRouche was then flashed across the screen.

LaRouche campaign organizers were shown getting contributions from citizens of Flint and handing them literature in return. One organizer was interviewed attacking the free trade bill. "We don't want to see the Bush Democrats try to out Bush Bush. We know the free trade bill will take what's left of Flint and the U.S. productive economy off the map so we have to mobilize to stop it now."

Mary Sue Terry indicts dairies, protects cartels

Virginia Attorney General Mary Sue Terry indicted several dairies Aug. 16, in collusion with the Department of Justice (DoJ) effort to shut down independent dairies and divert attention from milk shortages.

Terry filed the suit in U.S. District Court in Richmond, Virginia. It charges companies for conspiring to rig bids to school districts for contracts to supply milk for schoolchildren. Named in the suit are Embassy Dairy (a processor connected at one time to producing 7-11's dairy products), Maola Milk and Ice Cream Co., Marva Maid, and Southland Corp., (which is operating under Chapter 11 bankruptcy protection and bought a Maryland-based farmer-owned dairy company in the mid-1980s).

Terry's action coheres with U.S. Department of Agriculture and DoJ policy to protect the interests of mega-milk processors, such as the Bronfman Seagram-Labatt's chain in the Northeast, and other major components of the milk cartel.

The Terry action comes at a time when dairy farmers are being ruined by low prices. The current rate of slaughter of milk cows is 12% higher than this time last year. The DoJ and USDA are attempting to deregulate the milk market which, through the Milk Marketing Board system, had given farmers some protection. The DoJ-USDA goal would be to produce milk from mega-farms using bovine somatotropin growth hormone on a few cows; soy milk; and for the general population, no milk consumption.

'Cult awareness' group sued for eavesdropping

The Cult Awareness Network (CAN), a hate group whose leaders have been exposed for sexual perversion, has been sued in a multi-million-dollar civil suit for breaking the eavesdropping laws of the state of Michigan.

A 60-year-old Scientologist, Dorothy Jean Dickerson of Ann Arbor, is suing CAN; its executive director Cynthia Kisser, the former topless dancer and spokesperson for the phony LaRouche Victims Support Group; Steve Hassan, a CAN deprogrammer; and TV talk show host Sally Jessie Raphael, among others.

Dickerson was ambushed by two of her children into a personal discussion about her involvement with Scientology. The children arranged for her to be videotaped by a hidden camera while they wore body microphones. The discussion, which Dickerson assumed was private, was later broadcast on the syndicated Raphael show, causing her "severe emotional distress . . . grief, anger, shame, mortification, and embarrassment," according to court papers. Michigan law prohibits the recording, by any device, of any conversation unless all parties consent. It is similarly illegal to disseminate any recording illegally obtained. Both crimes are felonies.

Nebraska child abuse victim sentenced

Twenty three-year-old Alisha Jahn Owen, victim of an organized sexual child exploitation ring for many years, was sentenced to a long prison term in a district court hearing in Omaha, Nebraska Aug. 8. She was convicted June 21 of eight counts of felony perjury for naming state Judge Walter Carlson, former Omaha Police Chief Robert Wadman, and former *Omaha World Herald* publisher Harold Andersen as having sexually abused her as a minor. She has steadfastly refused to back down from her story, despite intense pressure from the FBI, the media,

state and federal prosecutors, and grand juries that she do so.

Owen was given three separate sentences of 3-9 years each, which she will have to serve consecutively beginning next February. Even with maximum "good time" allowed, it will mean a minimum of 10½ years in the state penitentiary, and a maximum of 27 years.

The conviction and sentence were denounced by former state Sen. John DeCamp in Lincoln as "a complete corruption of public institutions" and "intentionally designed to be a sentence of life in prison." DeCamp is the attorney for another victim-witness, Paul Bonacci.

In a statement at her sentencing hearing, Owen blamed the *Omaha World Herald*, State Prosecutor Gerald Moran, Robert Wadman, and Harold Andersen for fueling a climate of innuendo against her. "I couldn't change my story when the FBI asked me to," she said, "because I can look into the mirror and know I am telling the truth. Children ask for justice, while adults plead for mercy. Your Honor, I stand before you here today, and I ask for justice."

Owen didn't get it.

Police protect Wicca occult group

The occult crimes expert for the St. Paul, Minnesota police department held a "peace conference" with the high priest of the satanic Wicca cult. The incident fits a growing pattern of police and high officials giving protection to satanic activity.

Several policemen tried to stop Wiccan ceremonies in the city's central park. The police officers accused the robbed witches of being satanists, and when the high priest, Bertram, made "ceremonial" gestures with his dagger, police drew their weapons. According to the Aug. 12 *Minneapolis Star Tribune*, the witches went to police headquarters to lodge a complaint against the police.

Sgt. Vern Lee, the occult crimes expert, met with the high priest to make peace. He told the press, "There was a lot of misunderstanding on both sides. Our people don't generally stumble into that sort of thing."

Lee said that the Wiccan high priest "seemed like a nice guy" and that he understood the witches' concern because "I belong to a Masonic lodge and the Shrine. You don't walk into those meetings."

Welsh puts ADL issue before Virginia court

Attorneys for Richard Welsh sought on Aug. 12 to reverse their client's May 1990 securities conviction, on grounds that the presiding judge, Clifford Weckstein of Roanoke Circuit Court, was biased and had extrajudicial contact with the defendant's political enemies.

Welsh, an associate of political prisoner Lyndon LaRouche, obtained evidence showing that Weckstein actively corresponded with and solicited support from representatives of the Anti-Defamation League. The ADL is a long-time foe of the LaRouche political movement, and collaborated with the prosecution in several criminal cases against LaRouche's associates.

Weckstein's conduct raised constitutional issues which prompted a three-judge appeals panel to grant Welsh's application for appellate review. The panel also decided that Welsh should be allowed to appeal on grounds that the judge should have dismissed the charges because the prosecution illegally used Welsh's immunized federal testimony against him; and that Weckstein should have dismissed the charges because, at the time of Welsh's indictment in 1987, "political loans" were not considered securities in Virginia.

This is the first time that the story of Weckstein's contamination by the ADL, his coverup of his ADL connections, and the facts of his bias, has been put before the state Appeals Court.

Welsh's appeal brief discusses how Weckstein only disclosed his ADL connections after Welsh had brought a motion to recuse him for bias. Even then, the judge didn't make a full disclosure until ADL National Commissioner Murray Janus—with whom Weckstein corresponded concerning the legal cases of LaRouche associates over which Weckstein was presiding—was called as a witness for the defense.

Briefly

● **THE AMERICAN** Library Association reports that under the cover of budget cuts, the Bush administration is suppressing information which had previously been made available free to the public in government publications. According to a letter to the editor of the Aug. 14 *New York Times*, this year's mid-session review of the budget omits data showing interest on the public debt.

● **THE VIRGINIA** Court of Appeals upheld bond conditions placed on Paul Gallagher, Anita Gallagher, and Laurence Hecht Aug. 13. The conditions prohibit the associates of Lyndon LaRouche, convicted of "securities fraud," from soliciting contributions for their legal defense.

● **MASSACHUSETTS** Gov. William Weld will try to make Massachusetts the 37th state in the Union to reimpose the death penalty. "I'm for it," he barked. "You can't prove this, but I just think *viscerally* that it is a deterrent."

● **A NEW YORK** State medical panel has found that the actions of Timothy Quill, a Rochester physician who wrote about how he assisted one of his patients in killing herself, were "legal and ethically appropriate."

● **VIGILANTE JUSTICE** was sanctioned by district Judge Mary Bacon in Texas who found no probable cause to prosecute José Alberto Arias for the murder of José Ramírez, whom Arias believed had raped his eight-year-old daughter. Police claim Arias orally confessed to the murder. "I didn't think that was murder. Anybody hurts one of my kids, I'm going to do anything I can to them," Bacon said.

● **A SHARP INCREASE** in opposition to the North American Free Trade Agreement is reported from the Rio Grande Valley in Texas. Some fear the effects of increased traffic on roads that were not built to handle trucks; others the fact that it won't help Mexico if people work for nothing.

Editorial

Neither communism nor liberalism!

We emphatically endorse the following statement issued Aug. 21 by Helga Zepp-LaRouche, the president of the international board of advisers of the Schiller Institutes:

The dramatic events in Russia which have led it close to the brink of civil war make it necessary that we recognize the true and deep causes of the crisis. In the entire territory of the former Soviet Union, we are experiencing today an immense crisis in the economy and the distribution system, which is the result of 50 or 70 years of socialist primitive accumulation—i. e., the exploitation of people and the means of production by a parasitical *nomenklatura*. Gorbachov's perestroika failed and had to fail.

But the alternative cannot be unchecked liberalist capitalism. The "shock therapy" of the International Monetary Fund in Washington and the so-called free market economy are only another form of primitive accumulation. Poland, the Czech and Slovak Federated Republic, and Yugoslavia demonstrate this. The "Polish model" of the IMF led Poland's economy into further ruin, and threw the country into a deep crisis. Now the scandal around the "Art-B" company demonstrates that this "model" of the free market economy consists in a gigantic fraud by financial sharks with no conscience whatsoever. That proves that the "Polish model" has absolutely nothing to do with economic reconstruction and prosperity.

In the former Yugoslavia, subjugation under the International Monetary Fund was the trigger which set developments on the path to war. We had better learn the lesson of Yugoslavia: Wherever the policies of the International Monetary Fund are applied, sooner or later there will be civil war, and war.

There can be no self-determination, economic buildup, and prosperity for the people of the former Soviet Union if the liberal International Monetary Fund policy of the "Polish model" is applied.

The forces of the Moscow "Emergency Junta"—the old *nomenklatura*—have attempted to react to the crisis, in the face of the accelerating economic collapse

in the Soviet Union and the catastrophic effects of the policies of the International Monetary Fund in the post-communist countries, with the old methods of communist command economy and police state repression. The Russian people and the other people of the former Soviet Union have courageously and successfully resisted this last move of the *nomenklatura*. The leaders of the West are not standing at their side, even if they are pretending to do so at this time. During his visit to Kiev, George Bush gave the police-state *nomenklatura* a blank check. And we should also not forget that Bush sided with the regime in Beijing after the massacre on Tienanmen Square, that U.S. Secretary of State Baker approved of the bloody repression in Romania, and that the same Baker gave a green light for the communist aggression against Croatia and Slovenia during his visit to Belgrade.

We have to learn from all of this: If we want to prevent the economic crisis from becoming even worse, then we need a total break with Karl Marx and Adam Smith!

It is necessary to immediately use the only economic policy which has always been the foundation for economic growth and prosperity, regardless of whether that was in Germany, France, the young United States, or Japan. The politically persecuted economist in the United States, Lyndon LaRouche, has proposed a program for economic development for all of Europe. This program of the "Productive Triangle," discussed all over western and eastern Europe, must be made reality now.

The courageous action of the Russian people and the other people of the former Soviet Union in August 1991 must now be taken forward with courageous economic decisions. The new leaders of Russia and the other republics have to draw the necessary conclusions from the economic policy failure of Gorbachov and Poland. Otherwise, these new leaders too will fail in a very short time, and the people will suffer more, economically and in civil war and war. But the economic policy of Friedrich List and LaRouche can stop this—an economic policy which works.

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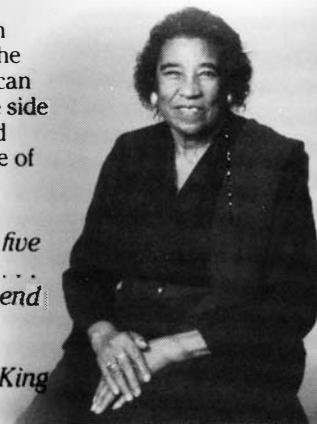
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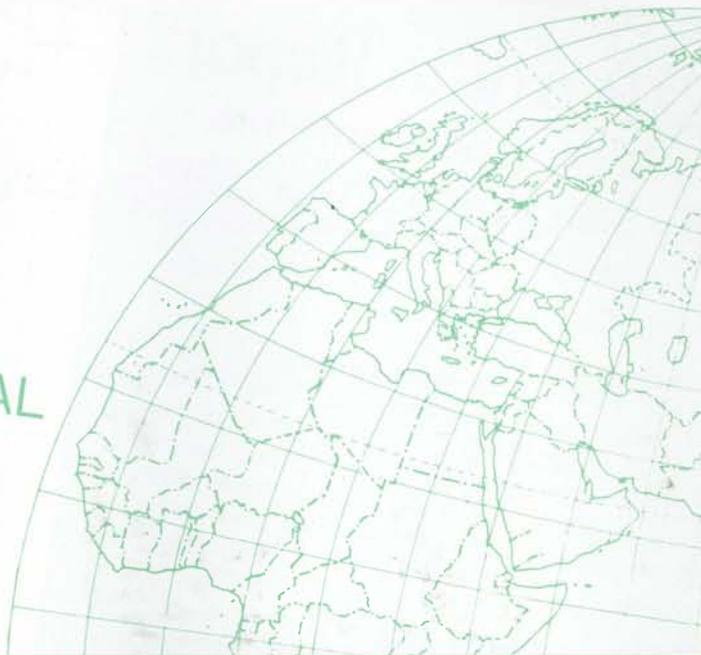
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