

EIR

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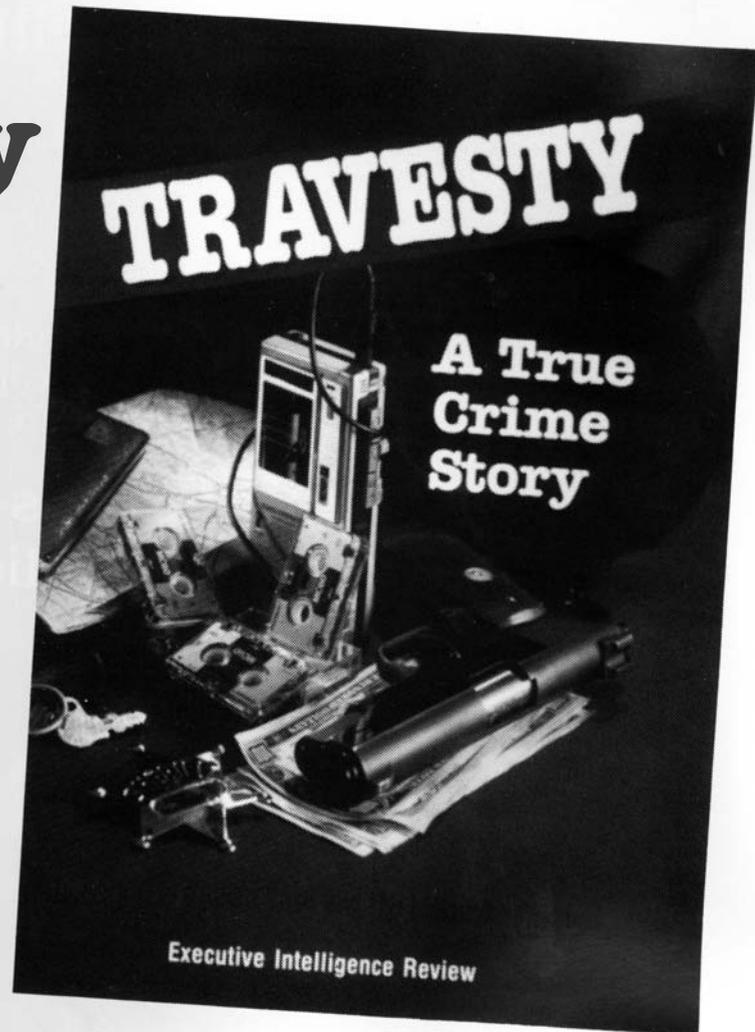
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From the Managing Editor

If you walk into a congressional office these days and tell your congressman that the western insistence upon shock therapy has driven Russia back into dictatorship, you will be met with a blank stare. "What?" they say. "Shock therapy was never implemented. Now, maybe Yeltsin will have a chance to push it through. Things will get better, you'll see."

Our devastating cover *Feature* shows what an illusion this is. Gen. Paul Albert Scherer (ret.), the former head of West German military intelligence, is one who has deep knowledge of the Russian situation, and who has met recently with many such congressmen. His report paints a grim picture of the dictatorship, civil wars, and wars of conquest that await us, very soon, if the policy of the West toward Russia is not changed.

Americans need to know this. There is not much time to avert the danger, but yet it still could be averted. We have dismantled our military bases and cut our defense budgets, because we were told that Russia was becoming a free-market "democracy." Now, with the assault on the Moscow White House, it is apparent that something quite different is in the wind: the Third Rome policy matrix that Lyndon LaRouche warned of back in 1983. We must restore our defense capabilities immediately, and, as General Scherer recommends, we must guarantee the security of Ukraine and the Baltic states.

"How?" asks the congressman, worried about the bankrupt state of the U.S. Treasury. "Where is the money going to come from?" That's where LaRouche's economic policy comes in, the American System of national banking and infrastructure development, to replace the idiocy of the "shock therapists." Unless a shift in that direction is effected, General Scherer's scenarios will go swiftly into effect.

In Moscow, LaRouche's ideas are being closely scrutinized (p. 47). In the Mideast, a battle royal is being waged between those who agree with LaRouche's "Oasis Plan" concept, and those who back the World Bank's miserly approach (p. 44). And back home, we are happy to report, the LaRouche forces are making advances that have their enemies running scared (p. 62).

Susan Welsh

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The bishop of Skopelos, Ukraine is a representative of the Ecumenical Patriarch of Constantinople.

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IMF bankers join the push for NAFTA secret accords

by Richard Freeman

In speeches at the 48th annual International Monetary Fund-World Bank meeting in Washington Sept. 27-30, the heads of both supranational institutions brusquely thrust themselves into the internal, private policy affairs of the United States, Mexico, and Canada, warning that dire consequences will result unless the North American Free Trade Agreement (NAFTA) is rubber-stamped by the U.S. Congress. The audience at this gathering was mainly central bankers, monetarist treasury officials, and private bankers.

On Sept. 28, IMF Managing Director Michel Camdessus ominously sounded the theme that the IMF will globalize the world economy under its control, allegedly to keep up with what he called developing trends. NAFTA is a crucial element of an IMF global dictatorship. "The most significant development of the closing decades of this century," Camdessus said, is "the phenomenon of *globalization* which . . . is transforming our economic life" (emphasis in original). This has led the IMF to "boldly refocus our policy mix." Now, the overriding proposition is that "trade comes first. This is the clear message from the [IMF] Interim Committee. All countries must grasp the opportunities to liberalize trade and exchange arrangements; and the industrial countries must reverse the trends of recent years toward protection." Calling protection of a nation's export trade a "vicious cycle," Camdessus called for countries to reject such sovereign policies. Instead, they should engage "in the game . . . of free trade."

"But what about the growing trend toward regional trading arrangements, such as NAFTA?" Camdessus asked. He answered by applauding it, and said that it would be part of the larger IMF effort on behalf of the General Agreement on Tariffs and Trade (GATT). (The most recent, troubled GATT accord, introduced in Uruguay in 1986, would, if passed, lower world trade levels by 10-20% within two years.)

Lewis Preston, chairman of the World Bank and the former chairman of J.P. Morgan Bank, which has \$90 billion in assets and is the most powerful British presence in the American banking community, praised NAFTA. "There should be no doubt that NAFTA holds great potential to boost wages and living standards for all parties concerned," he stated. "A successful NAFTA and a successful Uruguay Round [of GATT], are absolutely essential if we are to take full advantage" of the current period.

U.S. Treasury Secretary Lloyd Bentsen, as expected, profusely praised NAFTA.

Rallying the bankers

Since 95% or more of the audience of bankers and financiers were already in agreement with Camdessus and Preston, the purpose of the speeches was not informational. Rather, they were a rallying cry to use every resource the bankers have to ram NAFTA through the U.S. Congress, the Mexican Congress, and the Canadian Parliament by mid-November. In the U.S. Congress, a majority of congressmen are on record opposed to NAFTA. The "fast-track" authority, which does not allow Congress to amend or debate separate points of the NAFTA accord but forces an up or down vote of its entirety, expires on Dec. 31; if NAFTA is not passed by then, it will likely be killed. The bankers are entirely depending on controlling the media spin on the debate and will blackmail and bully recalcitrant opponents.

But why are the big guns, such as Camdessus and Preston, brought out on behalf of NAFTA?

The stakes are the survival of the bankrupt Anglo-American banking system. Camdessus, Preston, Federal Reserve Chairman Alan Greenspan, and the 2,000 financiers attending the IMF-World Bank meeting know that the issue

behind NAFTA is not trade per se. The real issue, from the bankers' standpoint, is that in order to preserve the usury-based financial bubbles which have already sucked sections of the economy dry, they must expand their ability to loot into new, previously untapped areas.

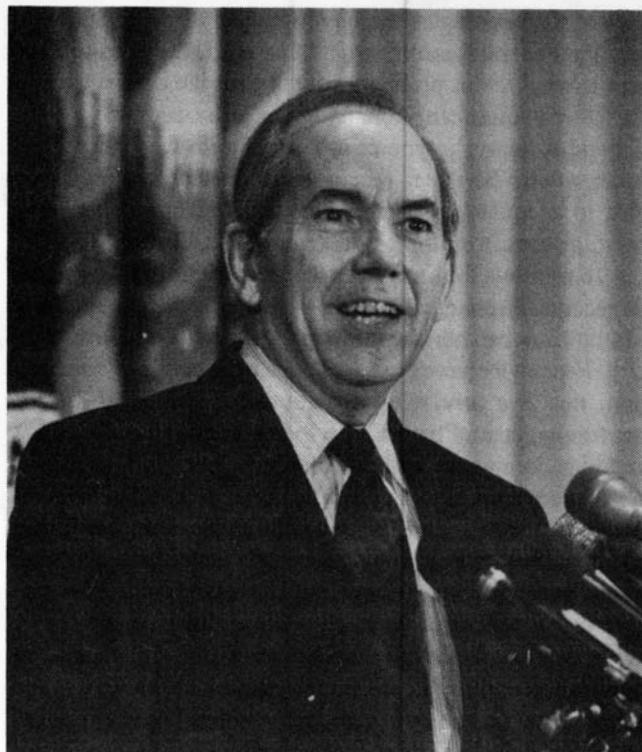
Chapter 14 of the 500-page NAFTA accord, entitled "Financial Services," includes proposed Mexico-United States-Canada tripartite arrangements on commercial banking, investment banking, insurance, and other financial institutions. Chapter 14, along with secret banker agreements and understandings respecting financial services, are the essence of the NAFTA accord. As *EIR* reported last week, they will reorganize the hemisphere under a banking dictatorship, run by the Federal Reserve Board, which is to be transformed into a Super-Fed, in conjunction with the "Big Seven" U.S. derivatives trading banks, Canadian and London banks, investment banks, and non-bank banks, such as the General Electric Credit Corp. If implemented, this would constitute one of the most far-reaching financial-banking reorganizations in this century. The IMF-World Bank rally for NAFTA, led by Camdessus and Preston, is a dramatic message that the international bankers are counting on the NAFTA financial services provisions being in place by early next year.

Banks open in Mexico

If the NAFTA Financial Services chapter goes through, the biggest American banks will flood into Mexico. This invasion will be led by the Big Seven U.S. banks which control 95% of the U.S. commercial bank trade in the derivatives off-balance sheet liabilities market: Morgan Bank, the Morgan-run Bankers Trust, Chase Manhattan, Chemical Bank, Citibank, Bank of America of California, and First Chicago Bank of Illinois. They will seize on the large spreads in Mexico and the attempt to set up derivatives markets, creating a dollarized bubble outside the sovereign control of Mexico or the United States.

Whereas bank spreads in the United States reached a near record 4.5% (the interest rate difference between what a bank pays for its money and what it lends it for), spreads for Mexican banks in 1992 ranged to 7-8.4%. Reporting on the opportunities in Mexico, the Sept. 13 issue of *Business Week*, with uncharacteristic candor, headlined an article "The Gringo Banks Are Drooling." "They're ready to swoop into Mexico once NAFTA is approved," it wrote.

The big U.S. banks are readying to go into derivatives trading, including foreign exchange trading, interest rate swaps, Mexican Treasury strips, and auto loan- and mortgage-securitized bonds. They are also prepared to finance mergers and acquisitions, the Mexican stock market, and the Mexican corporate world. A number of these investments are predominantly in pesos, but several of the derivatives markets have a heavy dollar component. Thus, one would have U.S. banks shipping money to their Mexican subsidiaries, fueling the growth of derivatives markets, which will



International Monetary Fund Managing Director Michel Camdessus is rallying bankers to push the North American Free Trade Agreement through the U.S. Congress.

create potentially hundreds of billions of dollar-denominated obligations in Mexico and other countries of Ibero-America where NAFTA is intended to spread. This creates speculative dollar-denominated obligations in foreign markets outside the United States for which the United States is responsible.

American banks' relations with Mexico will change, taking a more hands-on role. American banks have largely been coupon-clippers, holding the huge Mexican debt and sucking out interest payments. Since the early 1980s, Mexico has paid \$116 billion in interest debt service to all banks. Now, American banks will set up a physical presence in Mexico (only Citibank has ever had subsidiary offices there) and will tap into two income streams which they never had before: that of Mexican public infrastructure through the privatization and securitization of the toll roads, ports, and other infrastructure, and that of the Mexican family's income, through setting up derivatives market instruments like auto loan-securitized and mortgage-bonds. Thus, the American banks will have more of a physical stake in Mexico (see *EIR*, Oct. 8, "Secret NAFTA Accord Threatens U.S. Sovereignty").

The Super-Fed

Guillermo Calvo, a senior adviser in the research department and a director of macro-economics at the IMF, proposed at a July conference in Bogotá, Colombia on the occa-

sion of the opening of the large Cusiana oil field, a plan to turn the Federal Reserve into a Super-Fed. Calvo said: "The way to resolve this problem would be for the central bank of the [Ibero-American] country to have an accord with the Federal Reserve, a type of affiliation with the Federal Reserve, *to also be able to receive discounted credits*, and to be able to adequately back the banking system serving, as it must, as banker of last resort" (emphasis added).

To translate this into English, the key phrase, "to be able to receive discounted credits," means an Ibero-American central bank can borrow through the discount window at the U.S. Federal Reserve System. Aside from currency intervention, this is a privilege only granted to American banks, not foreign central banks. The Ibero-American central bank would be joining the Federal Reserve System.

Moreover, Calvo explained, the purpose of an Ibero-American central bank, such as the Bank of Mexico, borrowing from the Fed would be to lend the borrowed dollars to its commercial banks, i.e., the Mexican banking system. The Fed would become a supplier of dollars for banking systems throughout the hemisphere which are increasing their dollar lending. The U.S. Fed would be the lender of last resort, because it is the only agency that could print and supply dollars if a crisis erupted in the dollar portion of lending by the Mexican commercial banks which needed bailing out.

In the spring of this year, North American Trilateral Commission head and former Fed chairman Paul Volcker indicated to a reporter that whatever is done to Mexico will be done to other countries in Ibero-America, as NAFTA will rope in all the nations in the hemisphere, starting with Chile.

For example, if the Federal Reserve made loans to the Bank of Mexico, then what are called central bank high-powered funds, which can include newly monetized money, will be multiplied many times, depending on the banking system and the investment vehicle into which they go. The Fed will thus be creating hundreds of billions of dollars of new dollar-obligations, in which the U.S. banking system is even further removed from a national banking system, effectively hijacked to the private purposes of a newly created Super-Fed for a hemispheric banking system.

By this process of moving from a national to a regional central bank, the Fed's overall power, and hence dictatorial grip, over America is thereby enhanced.

NAFTA destroys sovereignty

Meanwhile, two-thirds of America's \$311 billion supply of U.S. dollar bills (Federal Reserve notes) circulate outside the United States, including \$5 billion in Mexico, \$7-10 billion in Bolivia, and \$20 billion in Argentina. Citibank in particular is shipping dollars out of the country at record rates. How can the United States control its physical dollar supply, the currency unit of the sovereign United States, when two-thirds of them are no longer here?

The process leading up to these conditions didn't start yesterday. It includes the delinking of the dollar from gold in 1971; the high interest rate regime of Fed chairman Paul Volcker starting in 1979, which shrunk industry; the deregulation of the American banking system in 1982; the explosion in the growth of the off-balance-sheet derivatives market since 1987, and so forth. But the secret NAFTA financial provisions take this process to new heights.

Under it, America no longer functions as a sovereign nation, dirigistically directing credit and bank loans toward building vital infrastructure; capital-intensive and energy-intensive, high-technology goods development; and technology transfers to the Third World. The bankers, assisted and in part directed by the Federal Reserve Bank of New York, now own, through illegal means, the property rights to the dollar, and use it to set up dollarized speculative and looting bubbles globally. The mechanism by which the accords achieve this is that the various levers for determining a nation's sovereign credit policy, its currency, banking system, credit mechanisms, and bond and commercial paper-issuing authority, are systematically usurped for the benefit of a private group of banks and swindlers. Hence, this is what is meant by the globalization of the dollar.

On Sept. 25, U.S. presidential candidate and *EIR* founding editor Lyndon LaRouche stated that "this an attack upon the sovereignty of the United States. And if this attack succeeds, there is no hope from that configuration [of bankers], of any sovereignty for any nation on this planet." LaRouche has vowed to make the destruction of these secret accords a central part of his campaign.

Short-sightedness

The globalization of the dollar and the globalization of the Federal Reserve cannot work. The economies of Mexico and the United States are being taken down, while the NAFTA financial accords would proliferate a new mass of dollar-denominated instruments, added to the already \$20-30 trillion of dollar-denominated claims, in the form of debts and speculative markets internal to the United States. The U.S. economy, in its currently collapsed state, even if the economy of Mexico is added to it, cannot support the rates of return claimed by the old mass of paper, let alone the new. The area for looting is circumscribed by the productivities of each economy.

The looting to support globalized dollar instruments will foster genocide, and further reduce the economies' ability to pay. The globalized dollar is the catalyst for blowing up the dollar-based banking and credit world.

It is clear that at the IMF-World Bank 48th annual meeting, neither Camdessus nor Preston grasped this fundamental point. They would be quite at home with the establishment of a Federal Reserve hemispheric dictatorship. Their rallying cry to get behind NAFTA is a cry of ideological madness which, if unchecked, will wreak havoc in the world.

New Mexican debt bubble requires billions of dollars in loot

by Peter Rush

The North American Free Trade Agreement is being promoted as necessary for the economic prosperity of both Mexico and the United States. Not only is this a monstrous lie, but NAFTA is in reality nothing but an instrument for top Anglo-American financial interests to eliminate the national sovereignty of both the United States and Mexico, and prop up the failing international banking system by stepping up the rate of looting of Mexico to genocidal proportions. This involves skimming off ever greater interest payments on foreign and internal debt, expropriating millions of Mexican farmers through foreclosures and selling off their land to the grain cartels, setting up secondary mortgage and other derivatives markets, turning highway tolls, and even payments on utilities such as water and electricity, into income streams for foreign investors, looting Mexico's pension system, and taking over Mexico's oil industry.

The cornerstone of the push to "privatize" everything in sight, set up derivatives markets, and revamp the country's financial system, is Mexico's foreign debt, now officially admitted to be \$121 billion. This is an incredible \$27 billion more than at the end of 1989, after the implementation of the much-touted "Brady Debt Reduction Plan," which succeeded in shaving all of \$6 billion from the debt, reducing it at that time to \$93.8 billion. This \$27 billion leap in indebtedness in less than four years is \$7 billion more than Mexico's estimated \$20 billion in foreign exchange reserves.

Volatile debt situation

The only factor which has prevented the payments on this debt from causing a financial blowout, is today's relatively low international interest rate, which, should it rise, would plunge Mexico back into a monetary catastrophe. As it is, according to World Bank figures for the end of 1992, almost \$25 billion of this debt is short term, up from \$8 billion in 1989, which is very volatile and can be called in on short notice. The annual \$7 billion in interest payments is a continuing drain on Mexican foreign exchange earnings.

Moreover, Mexico's newly privatized banks now account for \$20 billion of this foreign debt. This has put an enormous burden of interest payments to service this debt on a banking system already bankrupt by any conventional

measure. According to figures presented by Mexico analyst and publisher of *Mexico Report* Christopher Whalen, in testimony before Rep. Henry Gonzalez's (D-Tex.) House Banking Committee on Sept. 8, about 6.7% of all outstanding loans by the Mexican banking system are officially considered non-performing or in default, a very high percentage. But, he added, Mexican officials have told him the true figure is likely between 20-30%.

This has come about because Mexico's economy is moribund, thanks to the application of International Monetary Fund austerity. Even the official Gross National Product is hardly growing, wages and employment are sharply declining, while the going interest rate for ordinary commercial and agricultural borrowers is a staggering 34%, compared to an inflation rate of 9%, and a rate at which the banks can borrow government short-term bills, known as Cetes, of 13-14%. The banks require this usurious 20% spread to cover their own indebtedness. However, when borrowers can't pay, the standard practice has been to "roll over" the unpaid principal and to capitalize the unpaid interest as additional principal—on which the same high interest rate was then applied. The pyramiding of an internal debt bubble analogous to that racked up by Mexico and most other nations of Ibero-America before 1982 has had the predictable result.

Having indebted major portions of Mexico's farmers and smaller businesses way over their heads, the banks are now moving to foreclose and completely reorganize their debt profiles, on the basis of selling the country to foreign interests. This is best seen in the current crisis of agriculture, and the plan to dispossess millions of farmers over the next several years.

The rape of Mexican agriculture

Thrown into crisis by President Carlos Salinas's agricultural "reforms" and a collapsed international market, Mexico's farmers are now under threat of liquidation by the banks, who are looking to clean up their balance sheets by enforcing mass foreclosures on farmers unable to service their mountains of illegitimately inflated debt. Things have reached the point where a large proportion of farmers cannot borrow the money needed to put in winter crops.

In response, the nation's banks have demanded from the government the right to expedite foreclosure proceedings to dispossess all those in arrears on their debts. At the same time, the government and the bankers have offered the irate farmers a deal whereby interest rates will be lowered from the market rate of 34% to about 22% (the Cetes rate plus 8%), and each farmer's debt "restructured" such that the farmer is required to put up collateral in terms of land, property, and machinery anywhere from three to seven times the value of the restructured loans. This means that now if he defaults, he loses not only his land, but everything else he owns.

So far, it is reported that few farmers are taking the deal voluntarily, but they are increasingly being driven to desperation. It should be noted that while the federal government has no money to help the struggling farmers, it has promised to subsidize the banks for the 12% or so in interest they will "lose" under the deal.

The magnitude of defaulted debt involved is not small. According to the latest figures, the value of bad loans in just the agricultural sector was \$8.95 billion in June (27.75 billion new pesos), and \$10.2 billion by August (31.62 billion new pesos), a 14% increase in just two months, or an annualized rate of increase in bad loans of 119%. At this rate, the total of bad loans would be \$25.5 billion a year from now, compared to a total GNP of Mexico of less than \$300 billion. And these figures are just for agriculture, and do not count the billions of matured, unpayable debt from Mexican industry which, especially small and medium-sized firms, has been devastated by cheap imports of consumer goods and the same insane monetary policies.

The Anglo-American game plan is to foreclose on every farmer possible, and then turn around and sell the farmland and machinery to international grain cartels such as Cargill and Archer Daniels Midland, or to other large or corporate farm operators inside and outside Mexico. The cleaning up of the banks' balance sheets in this way will in turn facilitate the next objective of Mexican and U.S. financial interests: the creation of a secondary market in mortgages and car loans, and the establishment of commodities futures, stock index trading, and other derivatives markets to skim yet more loot from the Mexican economy.

The effect on agriculture will be devastating. The new corporate owners of the foreclosed farms will shift toward high-profit export crops, no doubt hiring back some of the former farmers as laborers, but leaving the vast bulk of Mexico's agricultural work force unemployed.

That this is precisely what is planned was confirmed Oct. 4, when the Salinas government revealed it was radically changing its subsidy program for maize, one of the staples of the Mexican diet. It will now pay subsidies to farmers at a rate of 400 pesos per hectare (a pitiful \$54 per acre), rather than the former guaranteed price of around 910 pesos per ton of maize, 460 pesos of which represented a subsidy above

the international maize price. Imported maize costs a mere 450 pesos per ton, well below the price at which all but a handful of Mexican producers can make any profit. Mexico says it intends to begin importing maize at these prices within two years, despite the fact that the country is currently self-sufficient in the grain.

The effect of the change will be to subject Mexican agriculture over the next two years to the same brutal international competition to which it has, with catastrophic results, already subjected its domestic manufacturing industry. The London *Financial Times* of Oct. 5 openly admitted what the new approach will mean: "In many cases, farmers will not be able to sell maize or any other crops profitably at international prices. Some recent studies by academic economists suggest that as many as 700,000 farmers could be forced out of work by full liberalization of maize prices." And a Mexican government official conceded, "In the end we will have fewer people working in agriculture as a proportion of total employment." The *Wall Street Journal* concluded that this will increase pressures on Mexicans to emigrate to the United States: "The elimination of crop subsidies will wipe out many farm jobs and force the workers to seek work elsewhere."

With an official estimate of 3 million farmers producing maize, the estimate of 700,000 to be dispossessed is extremely conservative. The true figure could easily be double or triple that. Upwards of 4 million farmers—representing 15 million or more people—could be thrown out of work by the reforms. And with "Operation Blockade" to shut the U.S.-Mexican border, including the construction of sheetmetal walls, the grim future for these unemployed brings to mind the recommendation of genocidalist William Paddock in the 1970s, who advocated reducing Mexico's population by half through famine and disease. "Shut the borders and watch them scream," Paddock had advised.

The great privatization swindle

Financial vultures are also looking at other income-producing areas of Mexico's economy. Most of the former state sector, such as the telephone company Telmex, two airlines, and hundreds of other companies from steel mills to fertilizer plants, has now been sold off, largely to Mexico's richest citizens, and to foreign consortia. One scheme is the construction of private toll roads owned by foreign capital in which the tolls are paid to foreign investors, guaranteeing them high rates of return on their investment. There are plans for more such roads, as well as plans to privatize public water utilities, and perhaps electricity after that (see *EIR*, Oct. 8, p. 22).

The latest plan is to privatize Mexico's social security system along the lines of Chile's, which would establish a huge pool of capital for foreigners to speculate with. And if the speculations went sour, goodbye pensions. And while it is out of the news for the moment, Mexico's plum, its national oil company Pemex, is still the single largest remaining target of these vultures.

Islands of nuclear power could green the deserts of the Mideast

by Marcia Merry

Israeli Foreign Minister Shimon Peres, in an interview with the Italian magazine *Acque & Terre* in April, suggested that nuclear energy could be “the most viable method for producing water by desalination,” and spoke of regional agreements “to establish international islands on which the stations can be constructed under full supervision.”

In fact, “islands” of electrical power, is the precise term used by nuclear engineers to describe how the modern installations, consisting of two or more modules of power units, should best be built. Innovations over the past 20 years have led to new designs for high-temperature, safe, modular power facilities that can be built, for example, assembly-line fashion in Europe, and then floated to the Mideast by sea-going barge, and finally installed “island by island” on sites perfect for desalinating the plentiful salt waters of the Israel-Jordan region. The nuclear power units are underground, allowing “walk-away” safety features in the event of any mishap. They can make use of safe thorium fuel pellets, with which Indian engineers have particular expertise.

The obvious prime locations are: 1) on the Gaza Strip, to provide power and to desalinate Mediterranean seawater; 2) along the long-proposed Mediterranean Sea-Dead Sea and Dead Sea-Red Sea canals; and 3) at points on a new Red Sea-Suez Canal cut.

The arid lands of the Jordan River Basin are so short of water for the 11.4 million residents of the area, that even the inauguration of the first “island” of power and water would add significantly to the per person and per hectare water-in-use ratios currently prevailing in this desert land.

Moreover, considering the simple fact that it takes 400 gallons of water (1.5 cubic meters) for quarrying one ton of gravel, any individual or agency that advocates housing or other construction projects, without also insisting on water and power infrastructure, is either incompetent or ill-intentioned, or both. If the funds were advanced today to construct simply the housing units and residential infrastructure needed in Gaza and Jericho and mandated by the new peace accords, the construction crews would have to wait, because while salt water can be substituted for many purposes, there is currently not enough usable fresh water available for all the

tasks required.

It is urgent to break ground now on both the basic infrastructure—water and power—and the related social infrastructure of housing, hospitals, and schools. This is exactly opposite to the approach taken by such agencies and think-tanks as the World Bank and Harvard University, which do not recognize even the technology for nuclear-powered desalination. For example, look at Harvard’s publication *International Security*, which this summer featured two articles on the lack of water in the Jordan Basin, appearing under the headline, “Will Blood Flow for H₂O?”

The following are some of the relevant factors of development for infrastructure in the region—water, power, and agriculture potential.

Desalination to end the water deficit

There are places in Israel and the Occupied Territories that have some of the lowest daily uses of personal water, as well as average per capita water use in the economy, of anywhere in the world. The average per capita consumption on the Gaza Strip for personal use is only 82 liters, and in some areas there and the West Bank, people have only 44 liters per day for all personal use—less than the minimum World Health Organization standard.

And yet, in the Jordan River Basin as a whole, all the available surface water is being drawn off, plus groundwater is being overpumped from the three aquifers west of the Jordan River at a rate causing increased salinity and depletion. The flow of the Jordan River itself has dropped from 1,200 million cubic meters per year discharge in the region south of Lake Tiberius (called the Lower Jordan River), to about 100 million cubic meters today, which makes it just a ditch.

Bringing on line a series of proposed nuclear-powered desalination plants, at strategic sites, will not only make up the water deficit now limiting essential economic activity, but will provide plentiful new supplies.

The two prominent designs are the modular high-temperature nuclear reactors proposed by Siemens and Asea Brown Boveri, and by General Atomics, based in California. In the

early 1980s, General Atomics worked out specifications for a proposed "island" installation of four modules to be located on the southern coast of California, to provide power for desalinating Pacific Ocean seawater, and at the same time, to provide electricity (see "Introduction to Nuclear Desalting: A New Perspective," by S. Golan et al., in *Fusion Technology*, December 1991). The physical setting is very similar to the Gaza Strip. If anything, the designs have been improved since the time of the early 1980s proposals, but the specifications are still relevant, and they are used here to illustrate what can be done right now in the Mideast.

Under the General Atomics proposal, a dual purpose desalination electricity plant would consist of four nuclear-fueled modules—each 350 megawatts, installed to provide power for a distillation system of saltwater desalination, which would provide a net volume of fresh water of 401,500 cubic meters per day (106 million gallons) and 466 MW net electrical power output.

Water and electricity gains

Look at what this means in terms of water and electricity gain.

On an annual basis, this one "island" of four nuclear modules would provide 146.5 million cubic meters of water per year. Just this one installation would provide more water than the current flow of the Lower Jordan River! The one "island" would provide more than the volume of water currently used by the 1 million Arab residents of the West Bank—125 million cubic meters a year—an amount fixed by Israeli government water officials in recent years.

It would take only four of these "islands" to provide water equal in volume to all the 650 million cubic meters currently used by residents of the West Bank, including Jerusalem and all settlements.

Twenty of these islands, over half of them located along the Mediterranean Sea-Dead Sea Canal, could provide 2,930 million cubic meters of water a year, which could more than double the current water availability for Israel, the Gaza Strip, the West Bank, and the Golan Heights, which together at present are using only about 2,500 million cubic meters.

Depending on the estimated length of the canal, which varies from 80 to 100 kilometers, according to the route selected (starting through or near the Gaza Strip and proceeding south of Beersheba, thence eastward), this would mean that 20 "islands" providing the water and power for development might be accommodated at intervals of about 4.5 kilometers (3.5 miles). Another plan would see 15 "islands," at larger average intervals, with another five "islands" located on the coast between Gaza and the Israeli border with Lebanon.

Each nuclear "island" would itself occupy an estimated 20 hectares (50 acres), making the surrounding area a potential oasis of new residential, industrial, agricultural, and cultural zones—a "nuplex," or nuclear-centered complex. Plus,

the water and power could be channeled into the regional grids for use elsewhere to upgrade the existing communities. Each nuclear "island" would require an input of 1,263 cubic meters per minute (33,500 gallons) of salt water, which would figure in the final design for the exact dimensions and route of the canal channel.

The same approach applies to the Dead Sea-Red Sea Canal, whose route would extend approximately 150 kilometers through Jordan, terminating at the port of Aqaba on the Gulf of Aqaba. A third cut would be required in the vicinity of the outmoded Suez Canal.

The cases of Gaza and the West Bank

As each "island" came into operation, the water and power generated could provide the resources to conduct the next phase of improvements in the region. How to proceed involves development decisions to be jointly made by representatives of all those concerned. For example, look at the question of water for agriculture in two areas, the Gaza Strip and the West Bank.

The Gaza Strip has the classic arid, Mediterranean climate in which fruit and vegetable crops have been cultivated on the scale of 200 million tons of fruits and 100 million of tons of vegetables annually (in 1987). However, since that time, worsening water shortages, plus social despair and other factors, have seen a decline in output and output potential. Thousands of Arab residents of Gaza and the West Bank have abandoned agriculture and sought work commuting to Israel.

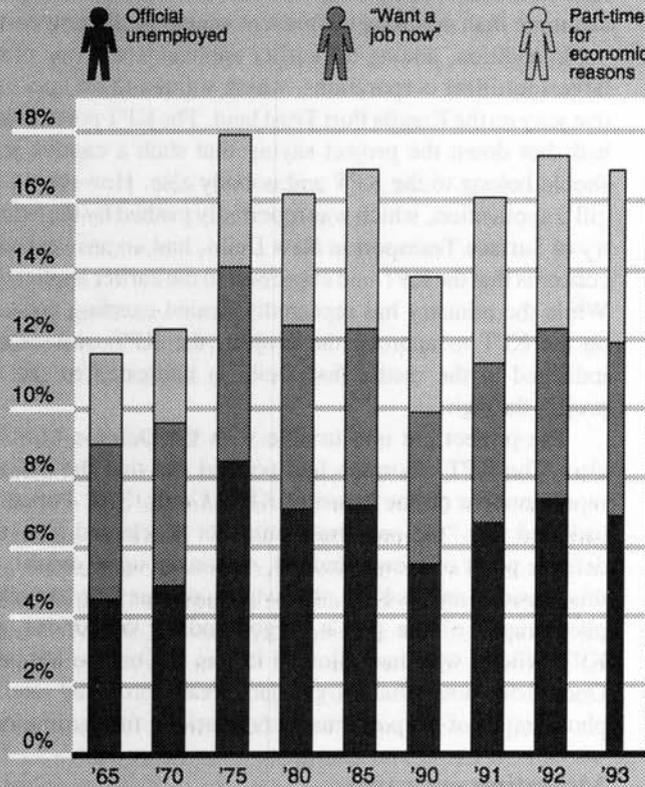
However, look again at the Gaza Strip. Its area (38,000 hectares) is about one-fourth the area of Philadelphia. At present, 800,000 people live in the Gaza Strip, one-half of them under 15 years of age. Rather than presume that new water resources should go into traditional irrigated agriculture, the portions of water over and above filling currently unmet needs, such as personal use and new construction, can go to high-technology agricultural methods such as hydroponics and aeroponics, where yields per unit volume of water, and per unit surface areas, are 10 to 50 times higher than for open-field farming—even with irrigation.

However, in the West Bank, there are an estimated 53,500 hectares that agronomists regard as handily ready for irrigation, requiring at least 200 million cubic meters per year. So at a later phase of installing the water and power "islands," the water of one new designated island (106 million cubic meters per year) might go to bring half of this acreage into open-field cultivation.

The electricity gains are in principle similar to the water gains. To indicate the overall dimensions, the net electricity provided by 20 international islands of nuclear-powered desalination plants, operating for the combined interests of Israel and the Palestinians, would add 9,320 MW of electricity capacity to the region, which, as of 1990, used about 17,491 gigawatt-hours of electricity.

U.S. Unemployment Coverup

Total unemployed and partially employed
(percent of total civilian labor force)



SEPTEMBER 1993		
Official unemployed	8,517,000	6.7%
<i>Last month</i>	<i>8,661,000</i>	<i>6.7%</i>
"Want a job now"	6,523,000¹	5.1%
<i>Last month</i>	<i>6,399,000¹</i>	<i>5.0%</i>
Part-time for economic reasons	6,498,000	5.1%
<i>Last month</i>	<i>6,531,000</i>	<i>5.1%</i>
Total	21,538,000	16.9%
<i>Last month</i>	<i>21,591,000</i>	<i>16.8%</i>
Civilian labor force	127,975,000	
<i>Last month</i>	<i>128,370,000</i>	
Employed	119,457,000	
<i>Last month</i>	<i>119,710,000</i>	
Non-farm payroll employees	110,453,000	
<i>Last month</i>	<i>110,297,000</i>	

1. Compiled quarterly

Source: U.S. Bureau of Labor Statistics

Compiled by Laurence Hecht

What the graph shows

The U.S. Labor Department's monthly unemployment rate (U-5b) is based on a statistical sampling of approximately 57,000 households. But in order for someone to be counted as *unemployed*, the respondent member of the household (often not the person who is out of work) must be able to state what specific effort that person made in the last four weeks to find a job. If no specific effort can be cited, the jobless person is classified as *not in the labor force* and is ignored in the official unemployment count. But over 6 million of these discarded people are also reported on the quarterly survey indicating that they "want a regular job now." These appear in the graph in dark gray shading. In addition, over 6 million more people are forced into **part-time work for economic reasons**, such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics, even if they worked only *one hour* during the survey week. These appear in the graph in lighter-gray shading.

Total unemployed and partially employed (1965-93)

(in thousands)

Year	Civilian labor force (a)	Official unemployed		"Want a job now"		Part-time for economic reasons		Total unemployed and underemployed	
		(b)	(b/a) %	(c)	(c/a) %	(d)	(d/a) %	(b+c+d)	(b+c+d)/a %
1965	74,455	3,366	4.5%	na ¹	—	1,928	2.6%	na ¹	—
1970	82,771	4,093	4.9%	3,881	4.7%	2,198	2.7%	10,172	12.3%
1975	93,775	7,929	8.5%	5,271	5.6%	3,541	3.8%	16,741	17.9%
1980	106,940	7,637	7.1%	5,675	5.3%	4,064	3.8%	17,376	16.2%
1985	115,461	8,312	7.2%	5,933	5.1%	5,334	4.6%	19,579	17.0%
1990	124,787	6,874	5.5%	5,473	4.4%	4,860	3.9%	17,207	13.8%
1991	125,303	8,426	6.7%	5,736	4.6%	6,046	4.8%	20,208	16.1%
1992	126,982	9,384	7.4%	6,181	4.9%	6,385	5.0%	21,950	17.3%
1993 ²	127,762	8,821	6.9%	6,405 ³	5.0%	6,408	5.0%	21,585	16.9%

1. "Want a job now" category estimated as 3,350 or 4.5% for bar graph.
2. Average to date of monthly seasonally adjusted figure.
3. Weighted average of quarterly compiled figure.

Cargill beats a hasty retreat in India

by Ramtanu Maitra

Confronted with a determined and a disciplined lot of protestors, Cargill, Inc. has withdrawn its request for setting up a salt-manufacturing unit at Kandla, Gujarat, by the Arabian Sea. The project, which came under severe criticism from India's entire political spectrum, was designed to set up a fully mechanized refined salt plant, producing 1 million tons annually, exclusively for export, in the state where Mahatma Gandhi was born and which produces over 60% of India's domestically consumed salt.

The surprise announcement by Cargill, Inc. on Sept. 27 was made before the small court in Kandla, where Cargill was contesting a suit filed by the Kutch Small Scale Salt Manufacturing Association (Kssma) against the Kandla Port Trust and Cargill, demanding the project not be implemented. Cargill spokesmen, however, made it a point to note that the project has been abandoned, not because of the political opposition, but for business reasons. Cargill explained that the project has become non-viable in light of the world recession, especially in Japan.

A poor disclaimer

However, Cargill's disclaimer was quickly brushed aside by the protestors, and one of the major protest groups at the site, Samajbadi Abhiyan, led by the high-profile Member of Parliament George Fernandes, has already claimed "victory." Fernandes, a fiery former trade union leader, has since told newsmen that the opposition against Cargill's project was not only because "salt was a symbol of the freedom movement and therefore no foreign company should be allowed to produce salt in India," but also it was feared by the protestors that 225,000 people engaged in producing salt in the small-scale manufacturing sector would lose their employment due to this project. During the British rule, Mahatma Gandhi had undertaken the historic "Dandi March" to the shores of Gujarat to make salt and defy the British colonialists' diktat that all raw materials found on or under the soil of India belonged to the Crown, and Indians would have to pay for it.

The reason why Cargill, the largest privately owned food conglomerate in the world, had to back out, is because of the government's increasing reticence to allow the project through. There was pressure from the local salt manufacturers, and almost 100 applications had been made over the

years for setting up salt plants on Satsaida Island, the very place Cargill was eyeing for its project. All these earlier applications were rejected on a number of grounds. Besides the proximity of the India-Pakistan border, which raises security questions, it had been pointed out to those who had applied earlier that a salt unit would add to the siltation in the Kandla channel, hampering the activities of the Kandla port, and more than doubling the present annual desiltation cost.

In addition, among the earlier applicants was one of the largest fertilizer corporations, which wanted to set up a captive jetty on the Kandla Port Trust land. The KPT port trustees had shot down the project saying that such a captive jetty should belong to the KPT and nobody else. However, Cargill's application, which was reportedly pushed by the Ministry of Surface Transport in New Delhi, had no answer to the concerns that the KPT had expressed to the earlier applicants. While the ministry has repeatedly denied exerting pressure on the KPT to approve the project, the KPT trustees had indicated to the media that Delhi is interested to see the project through.

The project got into trouble with the Defense Ministry also. The KPT chairman had pointed out that the defense representative on the board of KPT, Cmdr. S.G. Patankar, had said that "the proposal could not be cleared from the defense point of view." Indeed, so conscious of security of this sensitive area is KPT, that when a private firm had taken photographs of the port's cargo-handling operations, the KPT official who had allowed it was put on the hot seat. One trustee noted that Cargill had already procured satellite photographs of the port area without asking for permission.

Mounting pressure

While KPT trustees were bucking the alleged pressure from Delhi, politicians of all hues began to assemble people from all over India evoking Gandhi's spectacular salt march.

As the trustees from the KPT began to express their disgruntlement at Delhi's "interest" in the project, and the politicians began to assemble more and more people for silent sit-ins, the Ministry of Surface Transport, saying that "not an inch of land has been given to Cargill," made it public that the project will not be approved unless all clearances from defense, environment, navigation, hydrological, and Kandla Port Trust's expansion angles are cleared. Meanwhile, the Kssma filed writs before the small court in Kandla and Ahmedabad High Court against both the KPT and Cargill. At that point, it became obvious that even friends of Cargill in Delhi would find it difficult to push the project through.

By withdrawing its application for the project, Cargill will be trying to cool tempers. It had already come under attack in the state of Karnataka for establishing the Cargill Seeds India Pvt. Ltd. in Bangalore, where a strong farm lobby is portraying Cargill as trying to gain control of seeds. Cargill's establishments have been physically attacked twice in the state.

Peru still blacklisted despite new anti-terror victories

by Gretchen Small

Peru's President Alberto Fujimori was given a rude reminder during his visit to New York City the last week of September that his government, sooner or later, will be forced to choose between the two contradictory policies which it stubbornly insists on attempting to implement: defeating terrorism or implementing the International Monetary Fund's (IMF) speculation-based policies.

Fujimori came to New York to lead personally the government's efforts to reestablish Peru's international "credibility," hoping to get foreign investors to bring their money to Peru quickly, before the state officially goes bankrupt. The dramatic collapse of national production under IMF policies has destroyed the government's tax base. With foreign debt payments running at \$1.2 billion a year, the government is now desperately turning to "privatization," that is, auctioning at bargain-basement prices state-owned companies and resources to raise the cash needed to pay the debt.

Fujimori addressed all the "right people" in New York. He spoke before the New York Bar Association and David Rockefeller's Americas Society, and met privately with 40 select corporate officials invited by the Rockefeller group. Henry Kissinger received him alone, and then invited 14 top U.S. businessmen and media moguls to dine at his home, where Peru's *Expreso* reported they questioned Fujimori "until all hours of the night." He told them that Peru will change practically any regulation they desire to entice their "business."

The opposition magazine *Sí* suggested in its Oct. 4 issue that Fujimori hired Kissinger's "public relations firm," Kissinger Associates, to "attract foreign investment and improve the Peruvian government's political image in the United States." For its part, *Oiga* magazine suggested that the price tag Kissinger is charging for these services totals \$180 million. That is, that the government agreed to pay the American Insurance Group (AIG), whose president Kissinger advises, the full sum demanded by AIG as compensation for Belco Petroleum, a company expropriated by the previous regime of Alan García, which AIG had insured. Reportedly, the Peruvian government issued AIG a \$30 million payment on Sept. 28, two days before Kissinger invited Fujimori to supper.

Guzmán calls for 'peace talks'

Fujimori faces one central obstacle in his campaign to sell off Peru's riches. Peru continues to be blacklisted inter-

nationally as a "dictatorship," a category of pariah state into which it was placed by the Bush administration after Fujimori, with the full backing of the Armed Forces, put Peru on a war-footing against terrorism in 1992, closing on April 5 the Congress and restructuring the judiciary, which had blocked any war against terrorism. The Clinton administration has continued that Bush designation.

The war on terrorism is the one policy, however, which Fujimori refuses to change. After 18 months, Fujimori's decisive April 5 measures have been thoroughly vindicated. Speaking before the U.N. General Assembly Oct. 1, Fujimori announced that the jailed head of Shining Path, Abimael Guzmán, had just sent him a letter requesting talks on a "peace agreement." The Fujimori government had accomplished what all the Shining Path "experts" had said could never be brought about: that these Maoist fanatics might sue for peace.

Nor does Fujimori plan to fall for any "diplomatic" gambit by a now-desperate Shining Path. "There are no grounds for negotiations with this terrorist and genocidal group," he told the U.N. "A 'peace agreement' presupposes negotiations between two belligerent parties considered to be equals, not only in equivalence of forces but also in ethical and moral content." Peru will honor the Geneva Convention, "but will make no concession" until peace is won, he stated.

Fujimori defiantly defended the actions which made these developments possible. "I ask you: What is the priority: the blind defense of an institutional formality, now obsolete, or a better destiny for millions of human beings? . . . My responsibility, ladies and gentlemen, was to govern, not to serve as Peru's undertaker," he stated.

London says Fujimori has got to go

Fujimori and his close advisers have blamed "misinformation" spread by opposition Peruvian journalists as the source of Peru's isolation. So, the President went to New York to patiently explain that his government's successes against the terrorists have made Peru safe for "investment." He took every opportunity to compare his 1992 actions to those for which Russia's Boris Yeltsin had just been acclaimed internationally—although this was before Yeltsin ordered the parliament stormed.

But Fujimori met continuing ostracism. The day he ar-

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 NORA HAMERMAN, Editor.

rived, Sept. 27, the self-proclaimed human rights organization Americas Watch issued its umpteenth report accusing the government of covering up military abuses of human rights, this time focusing on the unsolved case of 10 Shining Path activists who allegedly "disappeared" after a 1992 Army raid of La Cantuta University in Lima. The next day, the Soros group of international speculative financiers placed an ad in the *New York Times* which labeled the military throughout Ibero-America a threat to "stability":

"When you can be sure that military influence in the government is really firmly finished, the value of any investment goes up 30, 40, even 50%. In Latin America, whenever the army, as an institution, is part of the country's power structure, all investments are discounted because that introduces an element of instability. As an investor, one likes stability."

George Soros sits on the board of Americas Watch, a participant in the Anglo-American plot to annihilate the Ibero-American militaries.

On the following day, the *London Financial Times* carried a 12-page supplement hailing the "fantastic resources" now being put up for sale in Peru. "The country is streaked with enormous deposits of copper, iron, zinc, gold and silver," being offered at prices "significantly cheaper" than those neighboring Chile offered, the paper wrote. The recent sale of a copper mine for a minuscule \$12 million "highlights the bargains that Peru can offer investors willing to gamble."

There was just one catch, the *Financial Times* said: Would-be investors do not trust President Fujimori and "his authoritarian style of government." The paper criticized him for not being "a convinced liberal" but a "pragmatist" in economics, citing his refusal to lift import taxes on basic foods grown in Peru, the continuing of "expensive support of irrigation projects," and his hesitation to allow debt for equity deals, "fearing it would mean a field day for speculators."

Like Soros and his Americas Watch, the *Financial Times* also attacked the anti-terror campaign, and held up the unproven La Cantuta allegations as evidence that the military, which it complains is "still a force to be reckoned with" inside Peru, violates human rights.

It is policy, not misinformation

What Fujimori has yet to understand, is that the very actions which saved his nation, taken on April 5, 1992, are those which have *permanently* banned him from the good graces of the Anglo-American banking crowd. On that date, Fujimori demonstrated a capability for leadership which these financial vultures most hate and fear: that of a head of state who breaks the foreign-imposed "rules of the game" to save his nation. In particular, the Anglo-American plot to dismantle the continent's military institutions was set back months and possibly years by Fujimori's defiant defense of national security.

As the *Financial Times* put it, bankers now fear that if Fujimori felt his control over the country was slipping, he is equally capable of ordering "a sharp reverse in economic policy."

Besides, for the crowd of economic vultures now eyeing Peru, terrorism is not nearly so threatening as a strong, patriotic national government. "It's when you go from disaster to bad that you make the most money. From bad to not-so-bad you make less," the managing director of Soros Fund Management, Gerard Manolovici, explained in the Soros group's Sept. 29 *New York Times* ad on Peru.

So while Kissinger may take Peru's money for his "advice," he will not deliver Washington's stamp of approval, unless Fujimori and the military are gotten out of the way. Until then, the Clinton administration strategy toward the Fujimori government is simply to "keep 'em dancing," in order to avoid a full break with the international financial community. The latest version seen in New York: Fujimori gets a brief "photo opportunity" with President Clinton, but is "disinvited" to Clinton's dinner for Presidents and the secretary of state's reception for dignitaries. Peru's pariah status continues.

Inside Peru, the lessons of Fujimori's trip to New York are being drawn. In its Oct. 4 issue, *Oiga* magazine, close to U.S. and Israeli intelligence agencies, urged Peruvians to stop their anti-terror efforts, because "Soros, perhaps the most important New York financier, was very clear: The undeniable military influence in the Peruvian government, discourages any investments."

On the other side, an advertisement by the Ibero-American Solidarity Movement (MSIA) in Peru, friends of *EIR* founder Lyndon LaRouche, in the daily *La República* on Sept. 29, denounced Soros as a spokesman for the insane Anglo-American policy of eliminating the nation-state globally, citing *EIR*'s new Spanish-language book, *The Plot to Annihilate the Armed Forces and Nations of Ibero-America*. In Peru, this policy would allow Shining Path, almost crushed by the military which Soros now wants wiped out, to regroup for war, the MSIA warned.

The MSIA ad delivered "a hard-hitting and well-deserved answer" to Soros's demand that the government slash the military, Patricio Ricketts, one of Peru's most influential journalists, wrote Oct. 4 in his column in the newspaper *Expreso*. "With friends like Soros, who needs enemies?"

Ricketts warned Peruvians that they had better realize that there is a strategy behind the predictions from international "experts" that Shining Path could take over Peru, but that that would not threaten U.S. interests. He called *The Plot to Annihilate the Armed Forces and Nations of Ibero-America* "a must-read book with a burning title," and suggested Peruvians connect the attacks on Peru's anti-terror war, with the 1990 pronouncement by Citibank head John Reed to the magazine *Veja* that "Peru and Bolivia will disappear."

Technology

Garbage debate is turned on its head

by Alexander Hartmann

Adapted from the German weekly Neue Solidarität.

For years, Germany has been confronted by the solid waste problem. The mass of garbage grows, old dumps are filled, and creating new ones becomes increasingly difficult, between the antics of self-styled environmentalists and the simple "not in my backyard" attitude. Everywhere, waste separation was introduced, at first for paper and glass, shortly thereafter for plastic and other so-called valuable garbage. The garbage public relations crowd came up with a paradoxical verbal creation: If something still has value, it isn't really garbage.

In a slow escalation, citizens were urged to do their part. At first the collection of paper, glass, batteries, and aluminum was voluntary. Later, garbage surcharges were imposed, often doubled or even higher. Finally the threat was added that anyone who does not throw garbage in the proper receptacles is liable to a \$500 fine.

Free yellow sacks were delivered to citizens to dispose their "recyclables." Apparently, Germans were expected to confuse the added expense of recycled products with the general inflation, overlook the rats who gladly multiply in residences thanks to the piled-up yellow garbage sacks, and not take too seriously the press reports of alleged carcinogenic vapors from the sacks.

New process: 99.5% useful products

Now, the entire garbage debate has been stood on its head by the Italian firm Termoselect, which has developed a process for garbage carbonization that can treat garbage in an environmentally friendly way, and works best if it is not presorted but rather is "well mixed."

The process is copied from nature: Just as nature transforms organic materials under pressure into coal, the garbage is here first put under a pressure of thousands of tons in a tubular pressurized oven, where it is heated within two hours to a temperature of over 600°C, and then degassed. By means of a compression to one-tenth the volume, the air is pressed out of the garbage so that paper and other organic material do not burn but rather carbonize and produce practically no

nitrogen oxide.

The garbage is then put into a high-temperature vaporizer where measured quantities of oxygen are introduced. The coal burns and heats the mixture to 2,000° C so that the solid components melt or vaporize. The high temperature breaks down all organic compounds into exhaust gas. This gas is rapidly cooled by the injection of water at under 90° C, which prevents the new formation of dioxides, furans, and other substances, and cleaned in various steps. What is left is an industrially utilizable synthetic gas that can also be used for operation of the plant itself so that practically no exhaust escapes from the plant. The water used for cooling and cleaning the exhaust is cleaned and used again, with calcium sulfate and salts precipitated out. Other residual materials from the clarified water are put back into the pressurized oven.

The fused mass is fed into a second high-temperature vaporizer in which the mineral and metallic components separate by means of their specific weight. Mineral components form a glasslike substance that can be processed into fibers, or construction material, or filler. The metallic components can be poured into slab molds and reused as raw material in the metal industry: They contain, along with 93% iron, other typical alloy materials such as chromium, nickel, copper, with traces of phosphorus, sulfur, and silicon.

Apart from pure water and synthetic gas, therefore, only solid components that are useful are produced. According to Thermosteact's data, this process releases less than 1 kilogram of dust, whereas the European Community standard for garbage incineration allows 43 tons of dust from 100,000 tons of garbage. Less than 90 kg of sulfur dioxide is produced, in contrast to a permitted amount of 258 tons. Instead of 40,000 tons of slag for the landfill, there are 28,000 tons of usable raw materials; instead of 860 million cubic meters of exhaust gas, 40 million cubic meters of usable synthetic gas is produced; 99.5% of the garbage is made useful. Similar ratios hold for the other harmful materials.

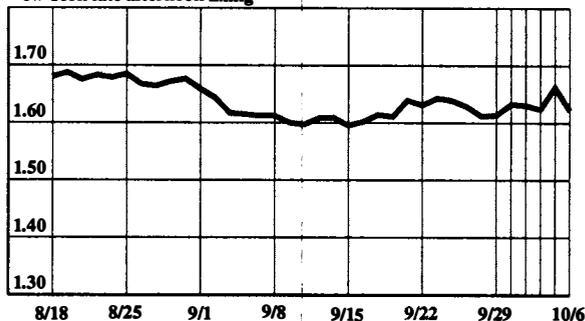
The entire process is ideal, but only for countries or localities which have no laws compelling separation of garbage. If, that is, paper and synthetic organic material are absent from the unprocessed material, in the first step there is no coal or not enough coal, which plays an essential role as energy producer for the later high temperature phases.

There's hope even for countries with elaborate recycling laws, however. The Germans could, for example, consume or mix in garbage that was deposited "unseparated" in past years and thus clean up the many unauthorized garbage dumps in the new federal states that were formerly East Germany. Also, in what was formerly West Germany, shrinking landfill capacities could be extended. When the "old garbage" is used up, the new garbage could, if necessary, be made carbonizable by the addition of organic material, for example, sewage sludge. Better yet, the garbage separation laws can simply be discarded like old buggy-whips, and citizens be spared the absurd cost.

Currency Rates

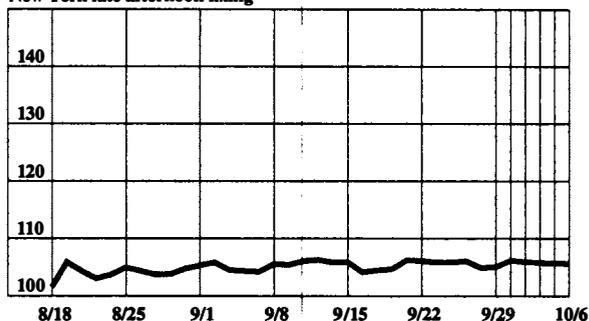
The dollar in deutschemarks

New York late afternoon fixing



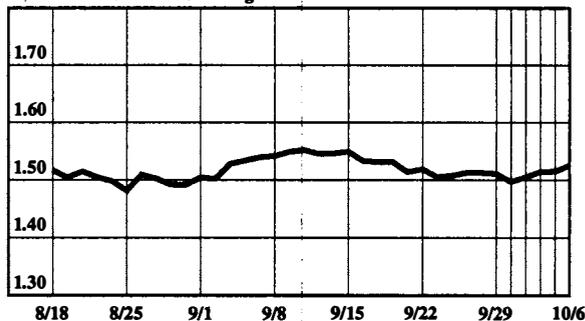
The dollar in yen

New York late afternoon fixing



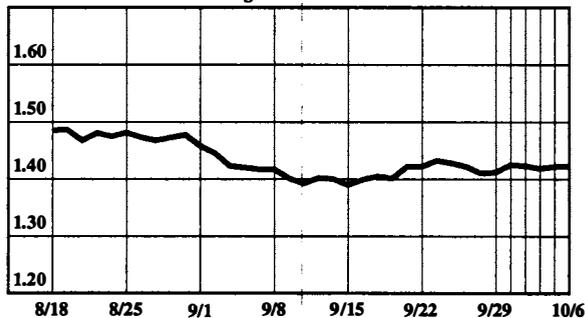
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Gonzalez takes on the Fed

The chairman of the House Banking Committee wants to put the Federal Reserve back under the Constitution.

The crucial battle to restore U.S. sovereignty by abolishing the treasonous Federal Reserve System and replacing it with a Hamiltonian central bank controlled by the U.S. Congress, is gaining momentum, thanks to a series of anti-Fed demonstrations around the country, and the work of Rep. Henry B. Gonzalez (D-Tex.), the chairman of the House Banking Committee. Gonzalez has scheduled four hearings on the issue, on Oct. 7, 13, 19, and 27.

Gonzalez also sent a letter to President Bill Clinton, calling on Clinton to support amending the Federal Reserve Act of 1913, to make the Fed more accountable to the government and the people.

That the Fed is not accountable is no accident. The Federal Reserve Act of 1913, the child of Paul Warburg, J.P. Morgan, and other top international bankers, was specifically designed to give the bankers control over U.S. credit and monetary policy, in direct defiance of the Constitution and national sovereignty. Like the current North American Free Trade Agreement (NAFTA) financial accords, the Federal Reserve Act was negotiated by bankers in secret meetings (see last week's *EIR*).

Clinton responded to Gonzalez's letter Sept. 20, saying that "on balance," he is "disinclined to seek a change at this juncture."

"There are several reasons," Clinton said. "Perhaps the main one is a general feeling that the system is functioning well and does not need an overhaul just now. . . . Changing the way [Fed] bank presidents are elected

at this time runs the risk of undermining market confidence in the Fed."

In capitulating to the bankers and the markets, Clinton demonstrated, at best, an abysmal understanding of the Constitution and the philosophies upon which it is based, and at worst, the sort of cowardice which has permitted the principles of our nation to be sacrificed before the altar of greed.

Having submitted to the dictates of the bankers, however, the diplomatic Clinton did allow that Gonzalez's idea "has merit. There is no doubt about it," and that the criticism of the selection process is "a valid point about legitimacy and representation, and I shall keep it in mind."

That will no doubt be of great comfort to the millions of people whose lives are being destroyed by the bankers and their speculative markets, in the attempt to keep the bubble going a while longer.

Gonzalez's latest move against the Fed began on Jan. 5, when he submitted a bill entitled the Federal Reserve System Accountability Act, designed to strengthen government control over the Fed. The bill outlines a series of measures, including requiring presidential nomination and Senate confirmation of the presidents of the regional Federal Reserve Banks; forcing the Fed to adhere to the Civil Rights Act of 1964; requiring the Fed's Federal Open Market Committee to videotape its meetings and release the footage to the public after 60 days; making the Fed subject to the Freedom of Information Act; making the Fed's SWAP fund for international currency transactions subject to congressional budgetary au-

thority; and ordering the General Accounting Office to perform regular audits of the Fed.

That Gonzalez understands the importance of the issue was made clear in a speech delivered Jan. 25. The Fed is not a government agency, Gonzalez warned, "it is a creature of the commercial banks which compose it. And it has gotten so almighty powerful that the Congress that created it, has no control over it. . . . The commercial banks are the ones who control and dictate the policies of the Federal Reserve Board."

Gonzalez contrasted the bank-owned-and-run Fed with the "Constitution and the formulation of the Bank of the United States, where Alexander Hamilton did brilliant work. He took a government that said, 'We will assume the debts of the States in the Revolutionary War,' and had no money. He worked out a beautiful system that did work."

"Then," Gonzalez continued, "we got away from it, not in the way that is described by the people who would like to blame profligacy or the welfare state, but by the very people that are not content with being the most privileged and powerful individuals in our society. For a banker creates money. He creates credit, and that was the issue from the very first. Who is going to control the allocation of credit in our society? That is the whole question, the long and the short of it."

While Gonzalez leads the fight on Capitol Hill, the LaRouche movement and others are taking to the streets to demand a return to Hamiltonian banking. On Sept. 29, LaRouche associates held anti-Fed rallies at Federal Reserve Bank offices in Baltimore, Chicago, Houston, Philadelphia, Pittsburgh, New York City, Seattle, and Washington, D.C., and attended another anti-Fed rally held on the steps of the Capitol.

Showdown looms over derivatives

Will Australian authorities cover up the illegal derivatives market, or will the rule of law prevail?

As of March 1993, Australian banks' aggregate derivatives obligations stood at over Aus \$2 trillion, equivalent to six times Australia's current Gross Domestic Product. The total of derivatives traded has doubled in less than one year. The stage is set for a blowout in the banking and securities market of Australia.

Alarm bells are now ringing in the corridors of power over the nature of derivatives trading and the rapidity of its growth. It is now emerging that much over the counter (OTC) derivatives trading is illegal, and there are moves afoot to legalize what is a national scandal.

Under the gaming and wagering laws in various states, derivatives trading is only legal if it is in the form of a futures contract and is conducted through a recognized futures exchange. But derivatives that are not "futures contracts" and are not traded on a futures exchange, such as OTC derivatives in the form of "contracts for differences," "contracts in relation to indices," and others, run the risk of being a wagering contract, that is, a gambling contract, and hence illegal and unenforceable. A huge credit risk thus exists in the banking system which could bring every Australian bank and derivatives player into default, and makes a mockery of the rules laid down by the Reserve Bank (Australia's central bank).

About 80% of derivatives trading is over the counter trading and is not processed through a recognized futures exchange. At the very least there is widespread uncertainty in relation

to the legal status of particular transactions. According to the Draft Report of the Australian Securities Commission (ASC), the corporate watchdog in Australia, there is the possibility of criminal sanctions being applied for illegal gambling against the big players such as Westpac Bank, the Australian Wheat Board, Bankers Trust Australia, MacQuarie Bank, and some others. Advice provided by the huge corporate legal firm of Mallesons Stephen Jacques to their clients in April 1993, confirms that most derivatives trading in Australia is probably illegal.

The fact that a trillion-dollar "industry" in Australia is illegal has now stimulated moves to legitimize the current illegalities in the OTC derivatives market. Twelve of the largest players in the derivatives game have organized a two-day conference for November titled "Discover Profitable New Opportunities and Applications for Derivatives: A Practical User's Guide." The key participants in the market and the organizers of the conference include: Coca Cola Amatel, First Chicago Australia, Price Waterhouse, Westpac, SBC Dominguez Bank, and the Australian Wheat Board. Its clear intent is to gather wider acceptance for derivatives activity and to encourage others to participate and become complicit in the illegalities. It is a move to forestall attempts to enforce Corporations Law and the State Gaming Acts.

At this stage, the Australian Securities Commission has received 14 submissions from the big players in

derivatives trading, the consensus of the submissions requesting "safe harbor" legislation to protect from prosecution the trading of those bigger and more "sophisticated" traders in OTC derivatives. This "safe harbor" proposal is based on similar legislation in the United States. It appears that at this stage, the ASC is reluctant to proceed with such proposals. However, other legislative proposals are favored by the ASC, such as limited regulation of OTC trading and total legalization by specifically exempting all OTC derivatives trading from the Corporations Law.

There are no proposals to enforce the law as it stands; what is being proposed is a coverup of illegalities. The only people concerned with enforcing the law with regard to OTC derivatives trading are Lyndon LaRouche's co-thinkers in the Citizens Electoral Councils. The CEC submission to federal Attorney General Michael Lavarch requests that derivative trading be investigated "from the standpoint of national interest rather than the interests of the speculators." A pamphlet put out by the U.S. weekly newspaper *New Federalist*, titled "Tax Derivatives Speculation," has been circulated widely and requests for more copies have been made by the Attorney General.

State gaming authorities have begun their own investigations as a result of CEC initiatives, and have pointed out that illegalities might be involved in OTC trading and that it has "the potential for seriously destabilizing the world currency markets."

The CEC has given every member of the Australian Parliament a copy of the *New Federalist* pamphlet, and the stage is now set for a showdown between those who argue for the law to be enforced, and those who are defending a profiteering racket that has the potential to wreck Australia.

Wine market confirms EIR forecast

The speculative bubble has burst, and though good wine will cost less, there may not be much to celebrate.

As EIR forecast last winter, using information from sources in the international wine trade, the speculative wine bubble has popped. In fact, it had already been punctured at the time, but the effects have taken some time to manifest themselves. According to information received the week of Sept. 27, prices for second-tier red Bordeaux, as well as some top-rated Burgundy, are plunging. Meanwhile, a veritable ocean of fine wine from recent vintages lies in storage or on store shelves, going nowhere. Some sources say the difference between last year and this is dramatic.

Good to excellent weather, combined with technological improvements in control over the wine-making process, have led to a string of good and better vintages in Bordeaux, the French region whose wines in many ways serve as both standard and marker for the world. Nineteen eighty-eight produced a strong vintage, and the following two years were highly acclaimed. Although wholesale futures-offering prices for the '91s started the decline, the change was slight. However, prices for representative '92s, relatively only a fair vintage but by no means bad, came down about 40% from the '91s. (These wines will come onto the general market in '94.) This year's previously promising vintage met with rain just before harvest, bloating the grapes and forcing growers to leave them on the vine in hopes of some sun to dry them back out a bit. The vintage will not be prized.

The high prices for earlier vintag-

es have put them out of step with the collapsing world economy. Chateaux, whose bottles sold for \$12 in 1983 and soared to \$25-35 by the end of the decade, are no longer moving. The speculative market in wine, which was driving huge purchases from especially 1982 on, has collapsed, leaving the current glut. According to one source, in the major wholesale market the '88s "are being given away"; the '89s are trying to retain their high price but going nowhere; the '90s are not selling but have a chance if the top 10 first-tier wines can make a convincing case for pricing the rest of the vintage (plausible but unlikely, in my view); and sales of the subsequent years are, despite the fall in prices, "static." Even top management at Bronfman-owned Chateau and Estates importers (the largest in the United States) are reportedly admitting that "business is bad."

Prices for almost all Burgundy, which capitalized on its small production in a hungry market, have orbited into the stratosphere since the late 1980s; even rather ordinary bottles have been sporting price tags in the mid-teens. Markdowns, however, will not be long in coming. One leading East Coast wine dealer told EIR that last year, one Burgundy house offered him a maximum of three cases (36 bottles, total) of its top wine, at the going rate. Recently, the same representative handed him a list of the wines and told him to write in prices.

Offerings for top second-tier Bordeaux, such as rising star Chateau Lynch-Bages, tell a similar story, as

do prices for even leading classified second-growth wines. Cases (12 bottles) that were \$700 wholesale a year or two ago may see \$400 now (bringing in perhaps \$500 retail)—and not for big orders of thousands of cases but for a hundred or so. Said one New York dealer, "And I don't know if I can get that for them. Who's buying \$20 bottles anymore? There is plenty of excellent wine available for half that and less. People just aren't going to spend that kind of money now."

In France, supermarket shelves that normally hold ordinary table wines for the most part, are reportedly loaded with very good chateau wines from the '87 and '88 vintages at attractive prices, to provide an additional outlet and cash flow for the chateau. In the United States, although the market is relatively large in total, such a tactic is less feasible. The percentage of the population that drinks wine regularly remains low, and that which knows wines well, even lower. At the same time, the increased influx of fine, moderately priced wines from such countries as Chile is lowering the share of a static market available to France.

The price and consumption collapse is bound to cut a wide swath in France, where agricultural producers of all kinds have been suffering from years of volatile trade conditions, subsidy reductions, and concerted attacks from the free-trade forces behind the insane General Agreement on Tariffs and Trade (GATT) and similar wrecking policies. In the United States, the price drop will probably take a while to filter down through the broader market from the centers in New York and other major cities. However, the "natural" course which this flow might take may well be interrupted by major tremors in financial markets resulting from disruptions in the derivatives markets or from the effects of political eruptions in the East.

Business Briefs

Demography

AIDS won't kill enough, says United Nations

A U.N. official rejected on Sept. 30 the idea that the spread of AIDS will neutralize global population growth and eliminate the need for family planning, Reuters reported.

Nafis Sadik, executive director of the United Nations Population Fund, told a conference in Berlin that the total number of people who will die from AIDS in the 1990s will amount to less than two months' population growth.

"There has been some speculation and even some mathematical modelling to suggest that AIDS will increase mortality and reduce overall population growth," she said, according to an advance text of her speech. "Such thinking is dangerous, irresponsible and deeply cynical. It shows both a lack of knowledge about family planning programs and the effects of AIDS on a population."

Eurasia

France, Germany must develop East, says prof.

France must change policy course and work with Germany to develop the East, wrote Prof. Jean Blondel of the European University Institute of Florence, in a commentary in the Sept. 25 issue of Paris daily *Le Monde*.

In an unusual break with the mainstream of "French consensus," Blondel said that French policy over the past years has lacked the fundamental quality of "generosity." People in France cynically think that to be generous would be against France's interest, whereas the exact opposite is true.

The "recession" in France is a lesser problem than "the transformation of East Europe," he wrote. France should have "taken the initiative for a combined European action for the reconstruction of east Germany. France didn't do it. It let Germany make the gigantic effort that was required alone."

Rather than complain that Germany is gaining advantages in the East, France should adopt a "new attitude based on generosity and

on trust," and help in the development, first, of eastern Germany, and then of eastern Europe more generally: "It is not too late for France to incite the members of the European Community to play, honestly and together, the game of development of the East. If France doesn't do it, Germany . . . will do it alone, and will be the sole beneficiary. We will then complain, and, depending on the mood, we will scream or we will cry. . . ."

"France wants to be great; it has a chance to be so, by exercising a real European leadership. It can provide Germany with the proof that the reconstruction of East Europe, and to begin with eastern Germany, is the business of all, and that all are ready to participate in this reconstruction. . . . Then, but only then, the other problems that worry France so much will find themselves resolved, as if by magic."

Aerospace

Down-sizing of U.S. firms accelerating

Martin Marietta Corp. announced on Sept. 30 that it has laid off 9,500 workers across the United States in recent months and will cut another 2,000 next year. Many of its facilities in aerospace and defense electronics are scheduled to be shut down, and many of the jobs already eliminated were at plants involved in the Strategic Defense Initiative (SDI), the *Washington Post* reported. While the company had previously announced some small-scale cuts, it had never indicated the total would come anywhere near 11,500.

Martin Marietta started 1993 with 93,000 workers. During this year it also purchased General Electric's aerospace division, adding 33,000 additional workers, and starting Oct. 1, is completing its takeover of the management of Sandia National Laboratories, which has 8,500 workers. That brings Martin Marietta's combined work force to 134,500 workers. The 9,000 layoffs brings to 40,500 the total number of jobs that Martin Marietta has cut this year. That is, nearly one-third of its total employment has been axed in one year.

Three of the largest U.S. defense companies, McDonnell Douglas, Martin Marietta, and Lockheed, have announced layoffs of

172,000 in the last few years. During that time, total defense procurement has fallen by about 60% in real terms, reflecting the insanity of American policymaking circles in disarming the United States while nuclear-armed Russia enters a period of turmoil and potential civil war.

USAir also announced on Sept. 30 that it will eliminate 2,500 more jobs, following 7,000 layoffs between 1990 and 1992 and losses totaling more than \$1 billion over the last two years.

Italy

Over 100,000 demonstrate against unemployment

More than 100,000 workers (organizers say 300,000) demonstrated in Rome against unemployment on Sept. 25. The demonstration was not called by the trade unions but by factory councils and "basis committees," and was addressed by representatives of all leftist political parties: Rifondazione Comunista, La Rete, Greens, and others. Although the Party of the Democratic Left (PDS, formerly the Communist Party) did not officially support the demonstration, a group of its leaders joined it.

The week before in Crotone, workers forced the government to halt layoffs at the Enichem phosphorus plant, which is to be closed down as part of the national privatization plan. They received the support of the whole city, including the archbishop of Crotone, Monsignor Agostino, who is also vice chairman of the Italian Bishops Conference.

After the government capitulation, the Crotone example was followed by other factories, including the Ilva steel plant in Taranto, and the power plant in Gioia Tauro (Calabria). Free-market supporters are upset at the "wrong signal" given by the government, since in at least a dozen other "hot spots" protests could take the same form.

In reality, the government has rehired the Crotone workers, but has decided to go ahead with the closure of the Enichem plant, since it is allegedly "not competitive." There are only seven phosphorus-producing plants in the world. Italy imports phosphorus because the production in Crotone covers less than half of

domestic needs. The factory is well sited, being close to the raw material source (Morocco) and is on the coast facing the main gas field where Agip (belonging to the same ENI holding company) pumps one-third of its domestic production. In 1991, Montedison drew up a plan to double the Crotona production with a few investments. The plan was stopped because the new plant was supposedly going to be built on an archeological site. The plant has not been built, but in the meantime no archeological digging has been undertaken. Today, any investment plan is rejected as "protectionist."

Crotona, due to its relatively good industrialization, is a "mafia-free zone." In recent years, layoffs have increased so much that they threaten the city with social degradation which typically opens the doors to the mafia.

France

Cuts in social services provoke labor movement

French Prime Minister Edouard Balladur on Sept. 28 announced his intent to limit further increases in spending for social services, and in phase two, to look for ways to impose cuts, in order to cut the state budget deficit from its current 318 billion francs to FF 300 billion in the coming fiscal year. The plan has provoked the labor movement, abruptly ending the truce between the government and the unions that has existed for the past four months.

The communist CGT labor federation has already announced a "day of scorn," with nationwide protest rallies and other activities set for Oct. 12. The conservative Labor Front (FO) union announced protest actions, as have several other big labor federations. What may make this labor mobilization against budget austerity explosive, is the fact that the Rural Coordination group of more radicalized farmers is planning to hold nationwide protests against the General Agreement on Tariffs and Trade (GATT) and the agricultural take-down policy of the European Community during October.

Biological Holocaust

Locust plagues worsen in Africa; aid sought

"The locust plague worsened dramatically in Mauritania, and locust fighting teams will need international assistance if the insects are to be contained," the U.N. Food and Agriculture Organization (FAO) reported Sept. 23.

"Urgent intervention by the international community is indispensable," said FAO Director General Edouard Saouma. "In order to prevent this plague from spreading it must be fought on land and from the air."

Saouma voiced concern that a delay in assistance could result in a widening of the infestation to North African countries. The anti-locust task force in Mauritania lacks pesticides and other equipment necessary to fight the growing plague. In 1988, locusts damaged almost 4 million hectares in Mauritania, which is an ideal breeding ground for the locust because of its ecology and heavy summer rains.

Labor

Workers strike foreign enterprises in China

Workers in at least 10 factories in a major Chinese city have struck their South Korean and Japanese joint-venture factories at least 10 times this year because of poor working conditions, UPI reported on Sept. 28.

In the biggest case, 700 female workers from the South Korean-funded Hanfei Shoe Co. marched on Tianjin's city hall in February to demand better conditions and their own labor union. Shoemakers, among them some 1,200 women, worked eight-hour days for monthly salaries of about 100 yuan (\$17.50). Other cases, some involving hundreds of workers, have also induced workers to strike or threaten a strike.

But wildcat strikes and slowdowns in state-run companies have also risen in frequency in the last few years as enterprises lay off workers to increase efficiency. Government officials and independent labor activists say hundreds of such incidents occurred in 1992.

Briefly

● **PHILIP MORRIS** has reached an agreement with Kazakhstan to acquire the state-owned Almaty Tobacco Kombint. It is expected to invest \$200 million over five years in capital improvements and cultivation capacities, using cheap labor. It has been accused of building a black economy in the former East bloc (see *EIR*, May 21, p. 20).

● **A-BEIJING** influenza will arrive early and hit hard, according to the U.S. Public Health Service. It is recommending that those who normally get vaccinations do so between Oct. 15 and Nov. 15. In most years, flu and flu-related pneumonia claim 10,000 lives. This year, A-Beijing is expected to kill 30-50,000 Americans.

● **CHINA** faces desertification of one-third of its territory, the *Overseas Peoples Daily* reported Sept. 25. Communist Party Secretary Jiang Zemin and Prime Minister Li Peng have approved some 300 projects to overcome desertification.

● **HSBC HOLDINGS**, the parent company of Hongkong and Shanghai Banking Corp., has reached agreement in principle to acquire a 10% equity stake in Banco O'Higgins, Chile's third largest bank with assets of \$2.1 billion, Reuters reported. The drug bank already has investments in Argentina and Panama.

● **HELMUT SCHLESINGER**, the outgoing head of the German Bundesbank, attacked the International Monetary Fund for "analytical weakness," in a speech to the Group of Seven. The IMF "analytical paradigm shift" in the latest IMF "World Economic Outlook" report, he complained, was undertaken by people who lack a good nose for monetary stability.

● **HORST KOEHLER**, president of German savings and loans, called for stronger international inspection of derivatives, at the IMF meeting in Washington in September. He warned that derivatives now comprises almost 50% of major banks' activity.

LaRouche says West must change policy toward Russia—fast

by Nora Hamerman

“Only days after General Scherer discussed with me his warnings of 14 potential destabilizing scenarios in Russia—tending to anarchy, dictatorship, and war—historic, breaking developments conforming to his strategic analysis have begun in Moscow. What is significant is the unfolding of an ongoing process, and not the immediate headline development at the end of each day.”

With these words, imprisoned U.S. statesman and presidential pre-candidate Lyndon H. LaRouche, Jr. began a memorandum on Oct. 3 on events in Moscow, as Boris Yeltsin and his clique took violent action to suppress an alleged parliamentary “coup.” The memorandum sped out over the wires to *EIR* bureaus on four continents. Early Monday morning, Oct. 4, it was being distributed in thousands of copies, hitting policymaking centers from the Pentagon to the United Nations to local, state, and federal government offices and Capitol Hill, and was distributed in translations in major cities abroad.

The flyer was soberly received by many who recognize LaRouche’s longstanding authority as an analyst of Moscow politics, who has consistently been vindicated, while the media pundits, think-tankers, and government specialists have been proven tragically wrong.

Third Rome matrix

As LaRouche reiterated throughout the week of Oct. 3, there can be no grasp of current events without facing the reality that Muscovite Russian politics is dominated by a “Third Rome” matrix, and will be “until someone changes the cultural paradigm.” The Third Rome, Moscow’s self-description as the capital of a third and final world empire, dates back to the 1440s when Moscow’s rulers rejected the western Renaissance, under the influence of Venice and Mt. Athos, and it was consolidated around 1510. It was this cultural matrix that caused the Andropov regime and (and Andropov’s heir Gorbachov) to reject a shared development with the West of the new, peace-winning military doctrine which



Patriarch Aleksii II of Moscow, with U.S. Speaker of the House Tom Foley, in Washington, D.C., November 1991. The Russian Orthodox Church is a pillar of the new ruling junta in Moscow, which is using Boris Yeltsin as a dispensable tool. Yeltsin's "coup" brings to the fore the old Orthodox cultural matrix, the belief that Moscow is the Third Rome, the capital of a new world empire.

LaRouche had created, and which was essentially adopted by President Ronald Reagan in March 1983 as the Strategic Defense Initiative.

After Andropov rebuffed the SDI publicly in early April 1983, LaRouche quickly identified the problem. His first in-depth analyses of the "Third Rome" cultural paradigm were printed in *EIR* in the June 7 and 14, 1983 issues. He advised, "There is only one way to deal with such a beast, to offer it peace and Russian survival from a standpoint of overwhelming raw power and manifest determination to use that power if necessary. As long as we refuse to present Moscow such a clear set of alternatives of this exact type, [the Russian leader] will alternately hiss and smile—like a cobra—until he strikes."

LaRouche also wrote in 1983, "Over the middle 1960s, recognizably 'Marxist' philosophy lost efficient grip in the shaping of Soviet policies, except as part of institutions left over from preceding periods. . . . By 1972, the drift toward a Third Rome policy-paradigm in Soviet foreign policy was sufficiently evident, that the author and his associates elaborated and published a review of these features of 'détente' which we entitled 'The New Constantinople' hypothesis."

At the time, LaRouche and his associates extensively discussed this analysis with the National Security Council, the CIA, and other U.S. officials. Blinded by geopolitics—the delusion that history is made not by ideas but by manipulating the accidents of geography—they refused to see the danger. Then, starting in 1984, they unleashed the attacks on

LaRouche demanded by the Gorbachov crowd, which led to LaRouche's jailing in 1989.

LaRouche explained the danger of the Third Rome-inspired "Holy Mother Russia" cultural matrix to millions of Americans in nationally televised election broadcasts for his 1984 and 1988 presidential campaigns. In 1990 and in 1992, running from prison first for Congress, and then for President, Lyndon LaRouche urged the United States to adopt his plan for a European development Triangle bounded by Paris, Berlin, and Vienna, where high-speed rail and other advanced transport links would lay the basis for a leap in industrial production to drive forward the entire world economy. This would, he said, be the only hope for rapidly bettering living conditions in the countries emerging out of communism, and hence, make it possible for the Russians themselves—at a moment when the small pro-western grouping in Russia enjoyed a peak of goodwill and influence—to replace the Third Rome paradigm.

The chance was squandered by western governments. Now the question is whether those who rejected LaRouche's analysis over the last decade will have the courage to admit they were wrong—not just in their conclusions, but in their fundamental *method* of policy making.

A turning point has been reached

LaRouche stated in his Oct. 3, 1993 memorandum: "It is obvious that a new point of inflection, at the very minimum, has been reached in Moscow today. . . . Whatever the results

of today's developments, the fact is that, given the current Anglo-American policy, and given the submission of Moscow to International Monetary Fund [IMF] specifications, the only possibilities in the former Soviet Union are combinations of dictatorship, chaos, war, and possible general thermonuclear war coming out of it, including attacks upon the United States, with thermonuclear weapons." He underscored: "That is inevitable, as long as this policy continues." On the other hand, "There are alternatives in Russia, but they all depend upon overturning that policy framework."

LaRouche identified "the recently emphasized policy of the Clinton administration" as "essentially nothing but a continuation of the Bush policy." It "follows Francis Fukuyama's ideology with the utopian dogma affecting both our military posture and other strategic postures: stating that the utopian conception of global democracy and global free trade as a universal system is the only goal of U.S. military and other strategic policy. As long as that continues, particularly in conjunction with IMF-World Bank and shock therapy dictates, we can expect the world to blow up."

"So, we must look at today's events, or the past week's events, as a new point of inflection . . . comparable in importance to the events unleashed during October-November of 1989, when the Berlin Wall began to crumble."

Clinton, come to your senses

The problem in Washington is "the superficiality of thinking around . . . hegemonic institutions of policy-shaping, at least at the top level. Exemplary is the emphasis upon the utopian goals of global democracy/global free trade, as enunciated by Anthony Lake, Les Aspin, Madeleine Albright, echoed by Clinton himself. There is a oneness on the part of Washington to deny and ignore every uncomfortable fact which would show this utopian policy to be ill-conceived. And it is the blindness, the unwillingness to face the fact that that policy, which is nothing but an inheritance of the Bush administration, is a total failure, and a dangerous—even a suicidal—one," the imprisoned statesman said.

"Therefore, I must appeal to the Clinton administration, and to others, to come their senses; to wake up before it is too late, while there's still a possibility of changing the situation: *to dump that crazy bit of globaloney left over from George Bush.*"

Unlike the "psychotic, dictatorial character of the Bush administration," which increased over his term in office, LaRouche remarked, "the Clinton administration has brought more openness to Washington. And one would hope that this openness . . . would be utilized to the maximum now to bring about an abandonment and rejection of Bush policy and to go ahead with a new policy, which recognizes that the United States, for its own internal economic reasons, and for foreign policy reasons, must abandon the free trade, utopian model, for a return to the much-needed economic policy on which the United States was founded—that of

Treasury Secretary Alexander Hamilton, Benjamin Franklin, George Washington, the Careys, and Abraham Lincoln."

The Russian enemy-image

LaRouche described how the events in the former Soviet Union pose a future threat of general thermonuclear war: "The ingrained enemy-image in all Soviet, and thus Russian, institutions, in general—be they governmental or related—over the past years, especially since 1948-49 has been that the United States is the credible enemy."

The "very foolish" U.S. "insistence on the continued imposition of the so-called reform (i.e., IMF conditionalities and shock therapy) which is causing hunger and other misery inside Russia and other countries, has revived, particularly in the recent period, that enemy-image problem, and embedded it more broadly in the population," said LaRouche. As reported on page 25, Yeltsin's Sept. 28 decree removed all remaining subsidies for food and rents. To grasp how incendiary this is, consider the fact that already in April, with earlier steps toward price liberalization, a pensioner spending one-sixth of his income on rent and utilities and all the rest on food, could only buy bread and potatoes to eat.

As a result, the historic "enemy-image," LaRouche says, "is multiplied by the fact that the Russians feel that, when the Russians gave their trust to the United States, the United States rudely betrayed it. So, we have not merely a revival of the enemy-image problem; we have it revived with a very specific, added *frenzy* installed."

"In the event of Russians killing Russians in any kind of civil conflict, and the corresponding emergence of a dictatorship (if any government at all, in fact, emerges from such a mess), would mean that the unification of the former Soviet forces under a 'Great Russian'—not a communist—leadership, of course, would be characterized by a bitter, more frenzied hatred of the United States than was true in the period prior to 1983-89." Thus, if the U.S. continues to support the so-called reform policy, the Fukuyama fantasy of democracy and free trade, and civil war breaks out in Russia, this will assure "beyond the point of no-return at some distances of weeks, months, years, whatever, a commitment to thermonuclear war against the United States."

During the last week of September, retired Brig. Gen. Paul-Albert Scherer, the former chief of West German military intelligence, had held discussions with LaRouche at the Federal Medical Facility in Rochester, Minnesota, and then briefed diplomats, press, and government and congressional officials in Washington on his evaluation of the strategic situation in the former Soviet empire. On pages 30-43, we highlight General Scherer's analysis as delivered to our staff on Sept. 30. Konstantin George's news report on page 25 is based on first-hand accounts. Our short roundup of world reactions shows that while some in Germany suffer even crazier geopolitical delusions than in Washington, most observers see the firestorm in Russia as only beginning.

Yeltsin clamps down dictatorship, sets conditions for civil war

by Konstantin George

With the bloody events of Oct. 3-4 in Moscow, Russia has become a military dictatorship, acting through the person of Boris Yeltsin, who rules by presidential decree. Contrary to what you hear from western capitals and the media, what occurred was not a "victory for democracy," in which a coup by a parliament full of communists and fascists was crushed. The myth of such a parliamentary coup was created to justify the real coup d'état by Yeltsin and the military, which ended whatever short-lived democracy post-Bolshevik Russia has experienced.

By no means does the turn to dictatorship mark the end of the Russian crisis. The economic shock therapy policies which are being so foolishly, suicidally demanded by western heads of state and financial institutions will, in the course of this autumn and winter, drive the situation in Russia toward chaos and anarchy. This process will create the conditions for civil war-like conditions. Civil war itself by next spring can no longer be ruled out.

Official myths exposed

There is as little truth to the official version of what has occurred in Moscow as there was to the Bolshevik historiography of the October Revolution of 1917.

The mythology begins with the "storming" of the parliament building, the White House, on Oct. 4, and the Yeltsin regime's claims that the total number killed Oct. 3-4 was 137. First of all, there never was a "storming" in the classical infantry sense. The White House, which had some 2-3,000 people inside it when the attack began, nearly all of them unarmed, was not stormed, but pulverized by tank-fired artillery. According to eyewitness reports, this carnage produced a death toll conservatively estimated at over 700.

The events of the previous day, Sunday, Oct. 3, were staged, or otherwise provoked: The events were set into motion by the large demonstration that was allowed to break through to reach the White House. The day before, the massive police cordons surrounding the White House had been thinned out to skeletal dimensions, allowing the breakthrough to occur. For the Yeltsin regime, the breakthrough was the precondition for initiating violence, so that it could

appear that it began from those at the White House. The shooting actually was initiated by crack OMON units near the White House.

The attack on the Ostankino television center was conducted by a small group of provocateurs. The regime knew in advance that a group was to attack the center, yet it did nothing while the ramshackle convoy of flag-waving desperadoes drove in daylight down broad boulevards clear across Moscow. The smaller bloodbath at Ostankino was precisely what the regime needed to justify the destruction of the White House the next day.

The storming of the White House was preceded and followed by mass arrests, which are still continuing. The myth circulated within Russia and accepted by a credulous West is that those arrested are "extremists" and "armed insurrectionists," and, as nearly everyone in the West believes, that the arrests were limited to those caught at the White House. Ironically, the very data put out by the Yeltsin regime explode this myth. Concerning the 1,500 arrested at the White House, only a small minority was armed. The western media so far are refusing to even cover the news that since Oct. 4, under the nightly curfew imposed on Moscow, a terror wave of arrests, exceeding those of Oct. 4, has been under way. An Oct. 6 report of the Russian Interior Ministry, carried by the news agency Itar-Tass, stated that during the night of Oct. 5-6 in Moscow, 1,700 persons were arrested by security forces on the streets and in house searches. A grand total of 11 weapons was confiscated from these 1,700 "extremists."

Those arrested were either taken to the notorious KGB Lefortovo Prison or to a Moscow sports stadium, in scenes reminiscent of the 1973 Pinochet coup in Chile. More concrete facts are hard to come by, but according to Moscow sources, many of the deputies arrested have been beaten. Among these are, reportedly, Ruslan Khasbulatov, the former chairman of the parliament, and the head of its Committee on Constitutional Questions, Vladimir Isakov. What has happened to arrested former Vice President Aleksandr Rutskoy, also taken to Lefortovo, is unknown.

The next myth to be dispensed with is that the Yeltsin ban on "organizations and parties involved" in the defense of

the White House concerns “anti-democratic” and “extremist” organizations.

In the first place, no state other than a dictatorship bans organizations on the basis of their views, no matter how “extreme,” unless they are committed to the violent overthrow of the state. Lost in the confusion of Oct. 3-4 is the fact that the parliament had voted for a *peaceful end to the crisis through early, simultaneous elections for both parliament and President*. The parliament had met Yeltsin far more than halfway, in agreeing to its own dissolution, provided that Yeltsin, too, would face a free election.

Otherwise the list of banned organizations and institutions includes leading pro-democracy forces, which by no stretch of the imagination could be classified as “extremist.” The Army officers’ pro-reform organization Shield, which played a pivotal pro-Yeltsin role in smashing the August 1991 Bolshevik coup attempt, was banned, and its leader, Col. Vitali G. Urazhsev, arrested and carted off to Lefortovo Prison. On Oct. 5, Yeltsin dissolved the Moscow City Council and all the local district councils in the city of Moscow. These were organs controlled by true democrats, civil rights organizers, men and women who organized the people of Moscow to defend freedom against the August 1991 putschists.

In the evening of Oct. 3, two prominent democrats of the Moscow City Council, Yuri P. Sedykh-Bondarenko, its deputy chairman, and Viktor Kuzin, deputy chairman of the council’s Standing Committee on Legality, were arrested, along with other members of the body, with no charges presented. They have since been released, but the City Council of which they were members no longer exists.

This brings us to the next myth. Yeltsin, in an Oct. 6 television address, promised that elections for parliament would be held Dec. 11-12, and announced the lifting of press censorship. Concerning that, Viktor Kuzin told *EIR* on Oct. 6, after his release: “Yesterday Yeltsin dissolved the [Moscow] councils, so we no longer function as a branch of power. . . . He said there have to be new elections to these [regional and municipal] councils, but he didn’t say anything concretely. I think it is impossible for there to be any democratic, free elections. There is such a mess, such absolutely wild slander everywhere, censorship, banning of organizations. They basically banned communist and nationalist organizations, but they also really want to crush the democratic organizations. There is pre-emptive censorship in the press.”

Western governments and media were quick to hail Yeltsin’s “democratic” promises. Yeltsin announced that elections would proceed for both chambers of a new parliament, the State Duma and a regionally based upper house replacing the existing Federation Council. His original Sept. 21 decree dissolving parliament had called for elections only for the State Duma, and preserving the Federation Council, composed of regional chiefs of administration and regional parlia-

mentary deputies, as the new upper house. In one stroke, he had now dissolved the Federation Council, the sole remaining constituency-based national institution in Russia.

For Dec. 11-12, there are only two possibilities: the farce of Soviet-style “elections” or, far more probable, no elections at all. Taking Yeltsin’s promises of elections at face value is an exercise in stupidity. Before the coup, Yeltsin had promised presidential elections for June 12. On Oct. 6, he omitted any mention of presidential elections.

The dissolution of the Moscow City Council is most telling as a precedent-setter, in that the city of Moscow is one of the 89 regions in the Russian Federation. It is only a matter of time before Yeltsin begins issuing decrees dissolving regional parliaments too. He had already begun, on Oct. 5, to fire regional administration heads who had dared to oppose his coup, sacking the heads of the Novosibirsk region in Siberia, and of the Amur region in the Russian Far East.

The post-coup purge has been extended into the judiciary. On Oct. 6, Valeri Zorkin, chairman of the Constitutional Court, the highest in the land, was forced to resign. It is only a matter of time before the court’s 13 judges either rubber-stamp the decrees of the dictatorship, or are replaced by those who will. In another domain, the Yeltsin announcement that press censorship would be lifted is a cruel joke. None of the newspapers banned—*Rossiskaya Gazeta*, *Sovietskaya Gazeta*, *Pravda*, *Den*—has been allowed to resume publication. Those allowed to publish were told to exercise “voluntary censorship.” The rulers in Moscow demand censorship, but without the embarrassing blank spaces that appeared Oct. 4-6 in leading dailies like *Nezavisimaya Gazeta*, *Izvestia*, and *Sevodnya*, in place of articles that were critical of Yeltsin.

The ‘Third Rome’ ideology emerges

The coup in Moscow has made the Russian Army, and not Boris Yeltsin, the decisive arbiter in Russian politics. This fact was publicly acknowledged by Yeltsin in his Oct. 6 television address. The critical passages, not covered in the American or British press, were Yeltsin’s hailing the Army as “the guarantor of the life and death interests of Russia and the bulwark of Russian statehood.” He swore that the state would “devote special attention” to “caring for the needs of the Armed Forces,” and the security forces of the Interior and Security Ministries. He announced that the Armed Forces would complete as “quickly as possible” a “new military doctrine,” ready for signing by mid-October. He added that the new doctrine had been decided on at the meeting that morning of the Russian Security Council. This body, controlled by the three “coup ministers”—defense, security, and internal affairs—functions as a kind of Politburo for a post-Bolshevik dictatorship.

Yeltsin’s first public acknowledgment of the Army’s predominant role was evident in his television address the morning of Oct. 4, after the attacks on the White House had begun.

He termed the opposition at the parliament "revenge-seeking communists" who "sought to get the Army on their side and failed." He then declared, "Russia is looking to you . . . its Army. . . . Russia is counting on your courage."

The enhanced position of the Army coheres with the emergence, since the Sept. 21 Yeltsin decree abolishing parliament, of the Russian Orthodox Church at the center of Russian politics. Taken together, these two institutions are the two Great Russian institutions of empire which have maintained a historical continuity, and together they will play the decisive role in the coming months. They proceed from the Russian cultural matrix associated with a doctrine dating from the fifteenth century, proclaiming the mission of Moscow as the "Third and Final Rome."

What the United States and other western powers do not realize, in lining up behind Yeltsin, is that the institutions actually controlling the dictatorship may support Yeltsin, the autocrat, temporarily, for a number of reasons, including the current lack of a replacement. But given the intensity of the economic-social crisis, the chances for Yeltsin's apparent victory to end in his defeat are very high. The Army is currently loyal to Yeltsin, but not in any personal sense, and the unstable unity within the officer corps could easily fall apart. Its loyalty is premised on the Armed Forces fulfilling what they hold to be their highest duty: to preserve the unity and stability of the Russian state.

As was clear from Yeltsin's Oct. 6 address, this overriding concern of the military will grant Yeltsin the power to attack the regional opposition. He declared that the regional parliaments were guilty of having created "a dangerous factor for the ignition of a civil war in Russia. . . . The games of regional breakaway contradict the interests and the will of the majority of the population." What is needed, he said, is "a unified Russia."

A new foreign policy

Yeltsin is the vehicle, not the driver. He does not control the Armed Forces; he is their captive. This has become most evident in the foreign policy reversal the military forced on him, in the days immediately preceding the coup.

The reversal was signalled in a letter from Yeltsin to the heads of state of the United States, Great Britain, France, and Germany on Sept. 30, warning them not to expand NATO to include countries of eastern Europe. This was a direct reversal of the statements he had made in Warsaw at the beginning of September, over the vehement objections of Defense Minister Pavel Grachev, saying that Russia no longer objected to having Poland or the Czech Republic join NATO. The Sept. 30 letter even declared that NATO is legally barred from expanding eastward, under the 1990 agreements on German reunification.

Russia also informed NATO member Turkey that it would not abide by the treaty on Conventional Forces in

Europe (CFE), regarding Russian forces in the Caucasus. This was followed up on Oct. 1 with a similar declaration concerning Russian forces in the Leningrad (St. Petersburg) military district. Both these moves pertain to Russian military districts sharing a land border with a member of NATO—Turkey and Norway, respectively. By Oct. 6, Russia was formally demanding that Article 5 of the CFE Treaty, which pertains to force limits on the southern and northern flanks, be suspended.

The official response by NATO was catastrophic. The response was given by German Foreign Minister Klaus Kinkel, after talks with U.S. Secretary of State Warren Christopher in Washington on Oct. 6. Kinkel declared that any form of closer cooperation between eastern Europe and NATO was contingent "on the agreement of the United States and Russia," stressing that in any case, the question of East European countries joining NATO was no longer on the agenda. In effect, under U.S. direction, NATO has accorded Russia a veto right over policy toward eastern Europe. Hours before Kinkel's declaration, the Russian ambassador to Bonn demanded a "co-decision" right for Russia in NATO (see *Report from Bonn*).

The ruinous impact of 'shock therapy'

Internally in Russia, matters will not proceed so smoothly as in foreign policy for the dictatorship. Through the continuation of the shock therapy policies demanded by the International Monetary Fund and the western governments, the underlying basis for anything but fleeting stability is nonexistent. The coming acceleration of shock therapy, as announced in Yeltsin's decree of Sept. 28, creates the basis for the next explosive and dangerous turns in the crisis. The decree, taking effect Oct. 15, will free the bread price and apartment rents, the last two subsidized prices, through which a Russian family was still able to barely survive on its budget. As winter arrives, this will place food and shelter outside the reach of vast number of citizens. By sometime this winter, or spring at the latest, a thoroughly enraged Russian population will no longer be spectators, as they were Oct. 3-4, when new political eruptions occur.

As for Yeltsin, only by breaking completely with the shock therapy policies does he have a chance to remain "on top" beyond the short term. Otherwise, economic and social chaos will force the Army and security forces to usher in a post-Yeltsin regime. By that juncture, however, no action from "above" may succeed in containing, let alone preventing, a descent into a chaotic-anarchic hell of either civil war-like conditions or even outright civil war. The level of rage over the situation among the general population is already close to the point where civil war-like conditions are psychologically possible. Barring abrupt policy reversals, that rage level will cross the critical threshold before the year has ended.

World reactions to Yeltsin's crackdown

Not everybody in international policymaking circles agrees with the Clinton administration's endorsement of Boris Yeltsin's assault on the Russian parliament. Much controversy now focuses on the issue of "shock therapy," imposed on Russia by the West. Here is a selection of responses from around the world.

United States

Sen. Robert Dole (R-Kan.), interview on CNN, Oct. 3:

"We're going to have to take a look at our fundamental relationship with Mr. Yeltsin. And some of the things that we've been doing, the so-called shock therapy, may not be able to work. . . . We've put a lot of pressure through the World Bank and the IMF on Russia to immediately move to a market economy . . . and, of course, the result has been chaos and a lot of inflation. And there are a lot of experts, including Jude Wanniski, who's an economic and political consultant, who think that's precisely the wrong way to go. . . . It seems to me if we take a look at what's happening in Poland and what may have happened in Yugoslavia, part of it was because we were pushing them too fast, too quickly."

Charles Blitzer, chief World Bank economist in Russia, quoted by the *Wall Street Journal-Europe* of Oct. 5:

"I've never had so much fun in my life." Blitzer asserts that the political obstacles should now be less to cutting subsidies for agriculture, cutting bank lending, encouraging foreign investment, and putting into effect the rest of the World Bank-International Monetary Fund package.

Poland

Foreign Minister Krzysztof Skubiszewski, Oct. 5:

Poland is deeply concerned about a new "Yalta" deal by which the West would grant Russia a say on Polish affairs, for example on such vital issues as a future membership in NATO, said the foreign minister. In light of the developments in Moscow, the West is showing signs of pulling out of commitments given earlier to integrate Poland into NATO, and Poland is in danger of becoming a buffer zone again. International diplomacy resembles the wartime conferences of Teheran and Yalta, and of the partition of Poland in the eighteenth century between the West (Prussia and Austria) and Russia's Empress Catherine II. Russian "security guar-

antees are not acceptable for Poland under any conditions."

Rzeczpospolita, a leading daily, Oct. 4:

"What's important is not only what goes on in the streets of Moscow, but what's happening in the provinces, in the cities, regions, and republics, which have been long demanding more autonomy from the center, and in some cases complete independence. Russia is a large continent. A revolt in one place can set off fires in the remaining places. It's hanging by a silk thread, whether it comes to a civil war. One has to be clear about this. And also that therein lies the great danger and threat for Poland."

Germany

President Richard von Weizsäcker, as quoted in German media, speech to the annual German Army commanders' conference in Mainz, Oct. 6:

The present favorable security situation of Germany is not guaranteed into the future, said the President. Because of that, German policy is obliged to be cautious. The world became disoriented after the end of the East-West conflict, and in this situation of uncertainty, Germany's policy has to rest on the commitment to defense and loyalty to the western alliance.

Otto Graf von Lambsdorff, European chairman of the Trilateral Commission, former German finance minister, chairman of the Free Democratic Party, member of the German parliament, discussion with *EIR*, Oct. 4:

There is no alternative in Russia to shock therapy, despite the growing backlash throughout the former East bloc. "Even if we had given aid for the building of infrastructure from rail to safe nuclear energy, Moscow would not have channeled that aid toward infrastructure. The Russian people do not have a sufficient degree of responsibility. Where would the money go? It would go to private bank accounts, because you are still dealing with the old *nomenklatura*. . . . Yes, Poland does show the danger of IMF shock therapy. . . . Yes, it is true, IMF shock therapy may have caused the initial dissolution of Yugoslavia, but the situation has moved far from that now. Now, it is a problem of an outbreak of nationalism."

Süddeutsche Zeitung, a leading newspaper, editorial by Josef Riedmiller, Oct. 5:

"In this battle, Russia's President realized that the forces of the anti-reformers are stronger than previously assumed, and that they haven't given up the old idols and fighting spirit. On this count alone, he can't think of holding elections in December, as planned. This would also not be honest after the ban on extremist parties and newspapers. Yeltsin must take the odious upon himself, as the President elected democratically two years ago, to continue to govern as a dictator, until Russia—paradoxically enough—bids farewell irrevers-

ibly to dictatorship.”

France

Bernard Cohen, Moscow correspondent, in the daily *Libération*, Oct. 4:

One of the “fashionable” lines of discussion in Russian economic circles these days, is that a “dictatorship would not necessarily do damage, far from it, to the business market.” The Yeltsin team is generally refusing to see that there is a growing “social bitterness generated by [the government’s] reforms, and especially by the application of these reforms to the advantage of a tiny part of the population, which the people continue to call, as in Soviet times, the ‘speculators.’ ”

Jan Krauze, Moscow correspondent, in the daily *Le Monde*, Oct. 5:

There are numerous signs that the “uprising” in Moscow could have been a contrived set-up, by the forces backing Yeltsin, in order to provide a pretext for crushing the Ruskoy-Khasbulatov-led forces. “If one reflects on the massive deployment of the preceding days, the [police] resistance was astonishingly weak.” There are some who claim that this was because the Yeltsin team was vacillating on the afternoon of Oct. 3. But there is another explanation, offered by certain observers, who claim that “someone deliberately permitted the supporters of the parliament to commit the irreparable, in order to justify the assault.”

Italy

Corriere della Sera, Milan daily, editorial by Piero Ostellino, Oct. 5:

“In light of what is happening today in post-Soviet Russia, how pathetic is the West’s ‘idealistic school,’ with its disquisitions on the redemptive virtues of transition to democracy, to the market, to capitalism. . . . In Old Russia. . . an autocratic power will come, disguised as representative democracy, as it is in its historical traditions, in the logic of its political culture, in the vocation of the majority of its people. Capitalism, if at all, will come in a pre-modern version, a *rapine capitalism* (financed by the Monetary Fund in the name of democracy?) a contemporary version of that same capitalism that, last century, generated as a reaction the Communist Manifesto.”

Roberto Formigoni, deputy minister for the environment, interviewed in the daily *Corriere della Sera*, Oct. 6:

“I want to distance myself from the trumpet blast with which the West has accompanied President [Yeltsin’s] victory over the rebel parliamentarians. Maybe the West has forgotten that it could have enormous bargaining power in today’s Moscow, power that could have allowed Clinton and the other allied governments a more decisive intervention in

favor of a peaceful solution. . . . We must now prevent Russia from turning into a second Poland. Discontent is real, it has an objective foundation in the economic crisis which is largely caused by the strangling conditions imposed by the International Monetary Fund. The IMF wants to impose the impossible operation of moving from Stalinist socialism to a perfect neo-liberalism. That is impossible, and plays into the communists’ game. Therefore I say: West, wake up, and Yeltsin be careful not to push Russia into the arms of the nostalgics.”

Great Britain

Martin Walker, former Moscow correspondent, in the London *Guardian*, Oct. 6:

Western leaders must “rethink the failure” of their support for shock therapy policies in Russia, or the latest developments in Moscow will be a prelude to disaster. The West is repeating the same mistake it made when Mikhail Gorbachov was in power, “again confronting the gap between a titular leader and the hugely controversial policies associated with his name. The shock in the brisk economic reform known as shock therapy has fueled unemployment, hyper-inflation and deep public resentment against the policies associated with President Yeltsin and his main reformer, Deputy Prime Minister Yegor Gaidar. . . . Readiness to rethink the failure of their economic support so far will be the real challenge for those western leaders who helped bring Yeltsin to this pass, with Russian blood on his hands, and his tanks reducing to a charred hulk the very White House he once stood on another tank to defend.”

Reuters, British wire service, Oct. 7:

“The fires may be out at the Russian parliament, but western experts on Russia are waging war against each other. The battle is over whether President Yeltsin, with parliament forcibly disbanded, is now free to impose ‘needed’ shock therapy on the vast, unmanageable Russian economy, or whether it was the imposition of drastic economic changes that created the problems in the first place.”

Jeffrey Sachs says that Yeltsin’s triumph has now freed him to impose drastic measures. “The fact is that there was no shock therapy. It was only a plan on paper, only incoherently and fitfully put into practice. Now there is a chance to do something,” Sachs says.

But Alex Motyl of Columbia University’s Harriman Institute says that introducing shock therapy “would mean that you would have to abandon democracy and human rights there and use force. Economists live in a world of mathematical formulas and people like Sachs have no sense of political and social realities. He may be right about the money supply. But you can’t throw people back to near slave-like conditions and expect them not to protest. Shock therapy is a prescription for disaster.”

Russian 'revolution from below' brings threat of war and conquest

by Gen. Paul Albert Scherer (ret.)

Gen. Paul Albert Scherer (ret.), the former chief of West Germany's military intelligence and counterintelligence service, is one of the world's top experts on Russia and the former Soviet bloc. He visited the United States at the end of September, for discussions with Washington policymakers. The following is the text of a briefing he gave to the staff of the Schiller Institute in Leesburg, Virginia on Sept. 30. It was translated from the German by John Sigerson.

When I was here the last time, six months ago, the situation looked quite different than it does now. Already at that time, one could recognize that the Yeltsin group could easily lose its authority. Then, over the course of the summer, it turned out that indeed the Yeltsin group could not continue to exist. This was underlined by two important elements of the situation. First was the slow social collapse, which by autumn had gone over into misery and impoverishment. And on the other side, very gradually there emerged a new enemy image, going in the direction of a majority in Russia once again becoming anti-western. That, of course, is a process which is still ongoing.

Setting out to evaluate the situation today, on Sept. 30, we note that we have a quantum jump, i.e., a very sharp change, which has become evident to all over the past few weeks. This quantum jump shows up in the fact that the revolution from above is over, and that the revolution from below has now begun. This means that the old authorities have essentially been dethroned, and, as is customary in a revolution, new authorities are now coming to the fore. It is no longer possible to focus on individual personalities—you *must* not do that, because if you do, you will make mistakes.

We all have little direct experience with revolutions. It is therefore necessary to glance back into history. We have, for example, the French Revolution of 1789-93; we have the relatively big Russian Revolution of 1905; and then we have the Soviet Revolution from 1917 to 1920-21. When we properly survey our knowledge of this history, we see that jacobin elements of extreme political persuasion develop, who attempt to push themselves to the fore, and are churned to the top. I recall the current example of what is going on in Siberia: Fourteen governors and heads of provincial authorities in Siberia have sent an ultimatum to Moscow, in order to make it clear that "Either you free the Parliament, or we

will cut off your supplies." And that means, of course, a withdrawal of industrial products, since a considerable part of Siberia is industrially oriented and sends these goods westward.

Who will determine Russia's fate

Regarding this revolutionary shift, there are four great social groupings in Russia which can become significant in shaping how Russians will be thinking and how power will be projected. The first group, I would estimate, is comprised of a certain upper layer of 8 million people who have recently been cast out of power. These are the old communists who made the turn in 1985 in the belief that they could surge to the top in the Gorbachov era, or else they had already been toppled from their former power. Their disappointment was extraordinarily great, and for their families, the sudden collapse in social status was a fateful blow of the first order. As I said, I estimate this group to be 8 million strong. Remember that the membership of the Communist Party, before it was outlawed, was 18 million.

The second group—and here I am not talking about parties; indeed, parties don't exist in that sense; parties were permitted and founded in March 1990, but so far they have not gone beyond the formation of core groups—the second group is that of the nationalists: first, the nationalists who want to be normal Great Russians, as it were, and another part which is chauvinistic and believes that the Russians are the world's superior people—i.e., their racism has a certain arrogance, and as a result of 1,000 years of anti-western inculcation, they believe they are basically superior to the West, because in their eyes the West is degenerated. And from that standpoint, this group is considerably larger than 8 million. I estimate that it comprises quite a large number of people, from 30 to 100 million, who can shape thinking in that direction.

Let us for a moment review some overall statistics. The potential magnitudes are: 285 million [in the entire former Soviet Union], of whom 140 million live within Russia's borders, another 25 million Russians in the CIS countries, and the rest consisting of the almost 100 subject peoples formerly under Soviet colonial rule. Therefore our figure of 30-100 million is not unreasonable, and if you compare it with the 8 million old communists, then you see that the latter

group is relatively small.

I estimate [the third group], the reformers, to have comprised from 3 to 5 million people at the beginning of their better days. All the others were only onlookers, who were saying, "We'll see." Aside from this group are a number of other small groupings which would have been prepared to trust the West, and a majority of them were eager to grasp the opportunities which friendship with the West might bring.

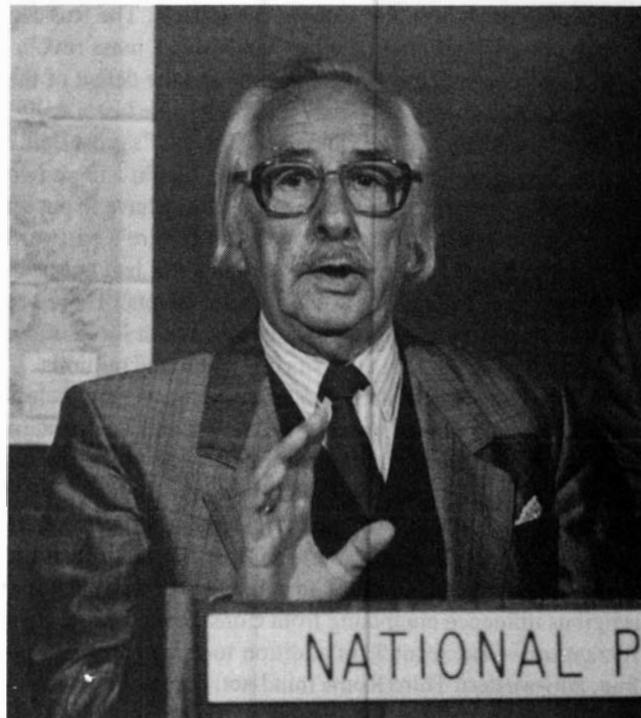
Let me now characterize the fourth and last group. It is basically a grab-bag of numerous different extremist attitudes. In the forefront are the brown-red fascists. Their group has experienced considerable growth, and I estimate their current size to be up to 10 million. Besides them, there are other extremist tendencies, for example those with strong fascist coloring who go way beyond what is normal, wearing uniforms resembling those of the Nazi SS and so forth. And then there is the political emergence of a section of the Cosacks, who want to intervene into politics and are forming large volunteer armies.

I have attempted to point out four groups which play a significant role in Russians' attitudes or which influence them. I am sure that the reformers' numbers will dwindle even further. It is my impression that they will soon be chewed up and spat out. I.e., reform is dead. It has failed, essentially because, first, the Soviet system could not be reformed. We must keep in mind that the Gorbachov group's so-called Great Experiment proceeded in the direction of maintaining the Soviet Union as a non-communist Great Power; and when that was no longer possible, they tried to present it as a new Great Russia. They failed in both these attempts. I would therefore characterize it as a seven-year-long period of experimentation. Its greatest success was the "Gorbymania" in the West, and the "Gorby magic" which the western media spewed out on Gorbachov's behalf.

Failure in western morality

So we have had to learn that there exist tremendous possibilities to influence people on a primitive and naive level, and the West succumbed to these. Western civilization as a society is relatively difficult to maintain in a moral direction. The majority are urged into hedonism, which is based on the pleasure principle and on the rejection of pain. And thus this society is rapidly drifting downward, and from the present standpoint is forced to either interrupt that downward course, or to go under.

It is not out of place to draw our conclusions from these two opposite courses. Most importantly, the one course—that of demoralization—has been most evident in the Balkans. I maintain that this is where western morality has died a silent death. And unfortunately, in fair-weather democracies, people only come to their senses when a lot of babies are thrown into the well and die. That is a very sad indication of our psychological state, and if we were to judge right now, I would be inclined to predict that we are going to see a relatively great number of dead babies in the well.



General Scherer told Washington policymakers that if defense cuts continue in the western nations, it is much more likely that we will be overtaken by a third world war.

I said before that we now have a shift from the revolution from above, to the revolution from below. And I said and emphasized that on the one hand, this has a social origin in misery and poverty, and on the other hand is based on the overturning of an image of the outside world, namely, the originally positive view of the West, and then the slow process of its poisonous transformation into an attitude of confrontation and rejection. The previously indicated four groups essentially all share an anti-capitalist bent—including the reformers. That is, ideologically they have left communism behind—Marxism-Leninism—and have switched over to this new posture of so-called anti-capitalism, as a substitute secular religion. And as I said above, this has very deep historical roots. One can say that we are seeing the result of almost 1,000 years of rejection of private property and a collective society, a society which developed the so-called *mir* principle, according to which the fields and houses belonged to all, and no one was allowed to hold private property. All this, of course, developed into a full-blown, modern anti-capitalist ideology under Soviet communist pressure.

The reason why I emphasize this psychological side so strongly, is because it is one of the root-causes, and also one of the driving forces behind developments to come. And that is also why I mentioned the potential magnitudes of the various groupings, in order to show you how I believe the revolution will take its course.

In the French Revolution, 1,119 people were brought to the guillotine, most of them members of the nobility and

intriguers from within the Jacobin camp itself. The Russian Revolution of 1905, on the other hand, was a mass revolution, a reaction to the Japanese victory and the defeat of the Russian czarist forces. You may recall that time historically, around Port Arthur and the China Sea: The czar's great Baltic fleet sails halfway around the world, and within a mere two days is pulverized. People are aware that they have to put up with huge losses in order to support the empire's eastward expansion. But at the same time, serfdom still had not been abolished, and the masses went into the streets. There are considerably more casualties than in the French Revolution, and then in 1917-20, the numbers climb into the millions.

My prognosis is that the modern revolution from below which has now gotten under way, will claim the greatest number of victims in comparison to all these other revolutions. The power of the great forces at work which I have described, can only be evaluated correctly when we take the Russian mentality into account. The Russian mentality is the product, on the one hand, of this 1,000-year anti-western, religious influence emanating from Constantinople—the old Byzantium—and second, in addition to this purely Byzantine, anti-western Third Rome mind-set, comes the rejection of all other possibilities in the wake of the Mongol invasion. The 240 years of Mongol occupation—from 1240 to 1480—

brought with it the mass experience of Mongol terrorism, and thence derives the hardening of the Russian mentality in its fight against this highly oppressive domination. You have to be aware that whenever a village had not paid its tribute, they would immediately burn down all the houses, hang the women and treat the men accordingly, and also kill all the children.

Thus we have two moments within Russian history which are crucial: Orthodoxy versus the western Rome, deriving from the schism between the Latin and Byzantine churches—both of them Christian, but completely differently constituted. The western Roman pope is rejected, and with this, the East is cut off from the West. And from then on, there was no new opening until the short period under Peter the Great, and during the brief reigns of some other czars. But in every case, they were always pushed back by Orthodoxy, i.e., by the Orthodox Church: "Shut the windows, close yourselves off! This is a hostile world, and we can only conquer it by destroying it." This ideological heritage was carried forward. In 1904, Lenin developed these ideas while he was in Switzerland—already by then he had fled into the underground to become a super-agent—and from his station he acted to play on the powerful force of anti-western sentiment, using it to drive his strategy.

General Scherer's record

In numerous visits to the United States during the past several years, General Scherer has briefed senators, congressmen, and the press on the crisis in Russia, warning them, "Keep your powder dry!" Here are some of his forecasts. All were given in press conferences at the National Press Club, except for the last. All were translated from the German by Webster Tarpley, and were published in EIR.

April 29, 1989: The Russians "have not trodden the path of western civilization for the last 400 years. Therefore, we must doubt the ripeness of the Soviet population to adopt democratic ideas as we have them in the West. There will be blood raining out of heaven in the Soviet Union in the coming period."

Oct. 18, 1989: "If Gorbachov and his group are able to survive into the summer of 1990, they will then be ousted in one way or another. . . . I am convinced that Gorbachov will fall, he will trip, he will stumble, in the same way that I predicted that Honecker would be out. I would add to that the prediction that Poland, for economic reasons, even with western aid, simply will not make it."

May 16, 1990: "The year 1990 is decisive, and not any successive or later year. I would say that if Gorbachov proves to be incapable of using these last chances that are still offered [giving up control over the Baltic states—ed.], or if a successor group to the Gorbachov group proves to be incapable of exploiting these opportunities, then my prediction is a civil war in the Soviet Union, under extremely bloody circumstances that will last from three to four years."

June 5, 1992: "I don't think we're going to be able to avoid civil war, either in Russia or in Kazakhstan, and especially not in the Muslim southern belt."

March 26, 1993, briefing to the Schiller Institute in Leesburg, Virginia: "The Yeltsin crew has reached the end of their rope. . . . Tying this into the situation in the Balkans and the experiences there, this means that if tomorrow, or in a month, or perhaps in two months, the question of power is posed, namely, when entirely new forces push themselves to the fore, as in a revolution, and a change of power occurs—a junta replacing the Yeltsin group—what do you have? It is certain that under those circumstances there would exist an inclination in the Great Russian mentality to resume a position of opposition to the West. . . . The illusions of a long period of peace, the illusions of no more nuclear war, the illusions of a pleasantly disposed East which will come over to our ways, all these illusions have now blown up in our faces."

After Yeltsin goes

Coming back now to this new revolution, we can see that the new people who will come in after the Yeltsin group, will necessarily be more extremist than anything that has come before. What is available to them? What is a driving element for the revolution from below? It can only be this underlying Great Russian attitude, and they can only attain their goal of reaching the masses by showing them that “we aren’t going to resurrect the Soviet Union, but rather the *union* of all great parts of Russia.” That means that the new revolutionaries—i.e., the revolutionary leadership group or the elite which is churned to the top—must do something to get the masses on their side. We don’t need to puzzle very long over what that might be. There are two possibilities, and they will probably use both of them.

First [pointing to a map of Eurasia], here is Ukraine. In the Don River Basin there is a rather strong Russian contingent. We have 54 million people living in Ukraine, and 12 million of those are Russians. The preponderance of the Russian population is located to the east of Kiev, and as one proceeds westward, the proportion of Russians gets progressively smaller. Thus, the Russians have a claim there, and can insist that “we’re going to liberate our 12 million Russians.”

Second, some 60% of the coal reserves of the former Soviet Union are located in this Don Basin area. The Russians can convince their various people that “we just can’t do without this territory. We can’t leave it in Ukrainian hands.”

Third—something which immediately convinces everyone, wherever they may be, whose heart throbs for Russia, especially members of the older generation—is the return of Crimea and the Black Sea coast. It is a convincing argument when these new revolutionaries say, “This is what Peter the Great took back from the Turks! So we have a right to be back on the Black Sea coast. And the Ukrainians have no right to say that this stretch of land shouldn’t be Russian!”

These are three quite convincing backdrops to the prospect that misery at home will be recompensed by moving outward. Thus we can assume that the Ukrainian war—Russians against Ukrainians—must be coming very soon, because it is a signal for all Russians: “We are recreating the union, and we’re going to make our western front, our western territory, whole again.”

This means that with this recreation of the western territories I am also including the Baltic states. For four years now—you can read it anywhere in the newspapers—it has been clear that all national Russian forces have been demanding the Baltic states back. The little countries of Estonia, Latvia, and Lithuania are really quite sparsely settled. None of them has more than 4 million people—one has only 2.5 million—and they are heavily russified, hence a good proportion of their residents are newcomers. All retired officers of the Baltic fleet and the Western Army have settled in the old villa neighborhoods formerly owned by western-oriented local citizens, especially in Estonia and Latvia.

They’re living there now, and they are demanding that this keep on being Russian soil. They are complaining that they have to learn the old language, or to put it better, learn what for them is a new language.

Thus, my evaluation proceeds first from the assumption that warfare will shortly begin against the Ukrainians, because otherwise no revolutionary group will pull through or succeed; and they must be successful, even if the people are starving. Second: There are now opportunities to copy from the experiences in Serbia. Western civilization’s worst mistake was when it raised the flag of cowardice in the Balkans, because now the copy-cat criminals are entirely justified in saying in all sobriety, “Nothing can happen to us. The West is too weak. They are basically degenerate, soft, cowardly.”

To that extent we can assume that both territorial changes will soon get under way with warlike means. I am not a soothsayer who can tell you the exact day, but a serious analyst, one who says what could happen in five to six weeks—that would be in November—what would be *possible*. I can briefly describe what it would look like. A standard winter war would not be necessary, and so it would be possible any time from November up to next spring. This will depend on how strong the Russian military forces are which allow themselves to be turned in the revolutionaries’ direction.

The decisive role of the Army

Here we arrive at the very important realization that there has been a drastic break with what has come before. Namely, for the first time since the 1919-20 civil war, an official call has been issued [by Aleksandr Rutskoy] to members of the Armed Forces to disobey orders.

It is extremely important in evaluating this development, to know that the Russian Army is especially trained in unswerving obedience; the usual punishment for disobedience is death, and acts of disobedience are avoided, insofar as volunteer and career soldiers are concerned. A big distinction must be made between them and the draftees. Some 70% of all draftees run away within three to four years. They can always disappear somewhere into the vast countryside, and no one notices them, because the normal structures have crumbled. There is still a huge bureaucracy, but it’s not the same as it once was. Now there is no militia, and thus no police who can go after people with the old harshness. There are mafia conditions, and there is the black economy.

Thus, as I said, we are confronted with a destroyed society, and from this standpoint, it is quite an easy matter to roll up the entire society and lead it into dictatorship, in effect.

What we need to think about now in order to see correctly into the future, is: What options could actually be carried out under the circumstances I have described? I repeat: The Army, the last element of order, is now forced by a poisonous call to consider where it and its loyalties lie, and within the coming weeks will have to determine which way it will go. To put it even more precisely: The Army—the infantry, the

Air Force, the Navy, the border troops, and the so-called OMON troops (these are domestic security troops responsible to the Interior Ministry)—are all being subjected to a process of fragmentation set off among them by the most highly decorated officer of the Afghanistan war. I'm an old soldier myself; I know what's at stake here, and for 40 years and longer I have studied the Russian or Soviet Army and so forth. This is an *absolutely* new development, whose consequences we will only first experience in the coming days and weeks.

It would be tea-leaf reading for anyone to say right now which way the various parts of the Army are going to go. It is certain that there will be widely divergent paths: the Air Force, the tank corps, the missile troops, the Navy—for example, those in the Black Sea fleet, large numbers of whom have sworn oaths of allegiance to the Ukrainians, but who

Rutskoy calls for the military to revolt

Gen. Aleksandr Rutskoy has issued a series of statements calling upon soldiers to oppose the Yeltsin regime. The following decree, "On the Neutralization of Anti-Constitutional Actions," was released on Sept. 29. Rutskoy signed it as Acting President and Commander in Chief of the Russian Federation (R.F.):

In order to neutralize anti-constitutional actions, I have decided:

1) to urge the R.F. Defense Ministry, commanders in chief of all branches of military, commanders of military regions and fleets, commanders of formations and units to undertake necessary actions in respect to those who violated the Constitution of the R.F., the law of the R.F. and their oath.

2) to recommend all servicemen of the Defense Ministry of the R.F., the Interior Ministry of the R.F., the Ministry of Security of the R.F. to strictly follow in their actions the Constitution of the R.F., the law of the R.F. and their oath.

Servicemen of the Ministry of Defense of R.F., the Interior Ministry of the R.F. and the Ministry of Security of the R.F. who were forced to carry out illegal and criminal orders but who did not cause harsh consequences and terminated fulfillment of those orders the moment this decree was issued, are freed from responsibility.

are now saying, "What are we Russians doing, sticking with the Ukrainians? We want to go back!" We will have to watch this development very carefully.

I advise you especially to watch the military developments, not because I'm a former soldier, but because this is the key to the period ahead. For, here we are dealing with the last apparatus which remains more or less intact. And it will be of crucial importance where it lets itself be led—with or without disobedience. It is what will decide which politicians will wield power, and which revolutionaries will end up seducing the people.

Thus I have attempted to lay out to you a comprehensive picture of the great quantum leap this autumn, of the beginnings of the revolution from below, and of the poisoning of the last organizational apparatus which up to now has staved off anarchy. And now I come back to the reason why there are only two options for the Russians.

No prospect for democracy now

There is absolutely no possibility that we can expect democracy in the near future. The *babushkas*, the women, are basically saying now, "We have no use for democracy." You have to consider the woman's position in Russia differently than we would in the West. It is somewhat similar to the Italian situation: The woman has a relatively pace-setting function, despite her job, in society and in the family. The older she becomes, the more influence she has over the family. And these women are all saying, "I've had enough of your democracy. It doesn't fill our stomachs, and right now we don't want to have anything to do with this western devility."

You must know that the Russians were initially quite ready to accept the West; in fact, they wanted to kiss the Americans' feet. This was a most fortunate state of affairs immediately following the shift in 1985. As I said before, they had a great curiosity toward this superior western civilization. It was similar to what the Russian soldiers experienced when they first came to Germany [at the end of World War II]: For the first time they saw houses which were not made of wood, and saw superhighways, subways, etc. Despite Germany's destroyed condition, they become convinced that "this is something entirely different from what we have at home." These same respectful and curious glances toward America, toward the American way of life, this basic attitude regarding the outside world, to what exists, was quite compelling.

And what remains of this today? This friendship, this respect, this openness and readiness to acquire new beliefs after the old belief had failed, this development has been slowly reversed—after all, it has been eight years now, during which Russians have gone through unbelievable changes. And their most significant impression now is, "Things were better under Stalin than they are now, even though that son of a bitch cost us 40 million lives." And that, of course, is a

disappointing development indeed.

NATO must act

I will now briefly indicate why I came here. Six months have passed. I believed I had recognized that the Russian military campaign against Ukraine was imminent, and that the Baltic states would be reoccupied. And so even at that time, when I was with you before, I saw the possibility of a great self-laceration which would last from two to four years—a process of so-called self-purging.

But so far, no one has been purged. All revolutions have always stormed the previous elite and removed them, imprisoned them, or put them in front of a firing squad. But this has not happened, and thus we must assume that we will have to reckon on great difficulties coming up in this conflict. That is, the Russian mentality in this form—in its conflict with the outside—will assume incredibly harsh forms, and as I already estimated, it will mount into the millions. I am assuming it will be over 40 million, and that there will be 20 million refugees who will flee over the Polish border.

And to that extent I have also considered it necessary to urge representatives of the U.S. Congress that they politically intervene to ensure that four states in eastern Europe (which really is now Central Europe, since these are nations with ancient cultures), namely the four former satellite states Poland, Hungary, the Czech Republic, and Slovakia—that they need backup and security for the times ahead. They must be immediately accepted into NATO. And I say there is no way around accepting this demand and implementing it.

I know that some NATO states will not want to do that. But if this demand, this basic necessity, is not implemented, it will set western civilization on a course toward oblivion. This also means that the pent-up negative effects of all the challenges which are now being responded to dishonestly, will then play themselves out. One example: If nuclear weapons are used in the conflict between the Ukrainians and the Russians, this means that our loss of will has come to roost. It is possible that this region will become uninhabitable for the next 40-100 years. It is possible that other forms of warfare will also be found. Do not forget that the Russians are able to conduct war with B and C [biological and chemical] weapons.

I assume you know that up to 1984, Marshal Ogarkov for his part wanted to launch his war-planning efforts against the West on the level of the three great weapons of those types. And he was recalled and fired, because the political leadership in Moscow had become convinced that it would not be able to survive such a war, because the exhaustion of human resources was too great, the possibilities for capital investment had been exhausted, and thus that the necessary financial means and resources could not be deployed, because this war would last a good deal longer than 50 days, and the Soviet Union did not seem up to it.

This Ogarkov plan demonstrates that B weapons are

available. There hasn't been any disarmament; the C weapons are likewise still there, and Ogarkov, along with his general staff, was convinced that the cheapest war would be one fought with B weapons. That means we can assume that if the coming civil war enters a terrible phase, B and C weapons will also be deployed. And perhaps right after that, we'll see what might be possible in other theaters.

I repeat, I'm no trombone-player in the panic orchestra. For 40 years I have attempted quite honestly to do clean, serious forecasting, relying on years-long examination of over 100 different factors. Otherwise you aren't doing anything, and it is merely tea-leaf reading. And thus I earnestly endeavor to ascertain where the worst consequences could arise—*could*, because they *must* not arise. Prognoses are made in order to make people smarter, give them pause for thought, and to assist the leadership in making decisions. And that is why I have come here. I wanted to make sure these four essential requirements are met—I repeat: an absolute guarantee of peace and security for Ukraine's borders; second, the same for the borders of the Balkan states, all three of them; then the acceptance of these four former satellites into NATO, so that their eastern borders become NATO's western line of defense. This red line [the eastern borders of Ukraine, Poland, and the Balkan states] would be the border.

When you consider that Poland, Hungary, etc. had already issued their requests for NATO membership quite early on, this demonstrates that they have a better feel for the way things are going. These populations have always known from their own political experience with the Russians, how to tell the difference between playing above the board and having an enemy underneath it. And so they quite readily recognized the Russian strategy in this direction as psychological warfare.

In addition to these two proposals, I had two others. I requested that henceforth no more false signals be sent in Russia's direction. That means no more talk of disarmament. Disarmament was a bit of wishful thinking following the accession to power of General Secretary Gorbachov, and seasoned observers recognized that he was developing a deception strategy, since the entire period was overshadowed by the heavy demands of the KGB. The more than six-year reign, the experiment of maintaining the Soviet Union without giving up the Communist Party, was all aimed toward this goal. And thus one can say that we are now being forced to completely reexamine all of our assumptions, all of our fundamentals. We must recognize that in the revolution, Russia will and *must* influence the world far beyond its own domestic domains.

I wanted to indicate to you what we can expect if things go completely awry. And that is why I have raised the demand: Let's stop sending false signals! Let's stop talking with words alone; *there is no peace!* There is also no disarmament at the present time; that is the wrong answer to our dangerous challenge. And anyone who does not acknowl-

edge the existence of that challenge, will surely fail. And secondly: The truly difficult financial conditions in the western nations must not by any means, as a consequence of these terrifying changes, result in further reductions in the defense budget. It is clear to me, of course, that a significant number of politicians will say, "This Scherer is crazy. What do we have left? We don't have any more money, and besides, that's the only way we can make further cuts." These cuts, in my view, mean the possibility that we will be overtaken by a Third World War much sooner than we would like.

The road to war

And now to the crucial background question: How might Great Russia behave toward western civilization? As I said before, any revolutionary group which wants to take power or is already in power, must achieve certain definite goals, otherwise it is swept from the scene. You know the old saying, "The revolution eats its own children," and it's true. That is, the Jacobins who are in power will get booted out if they are not successful. Now what, in Russians' eyes, must be done with the West? The first thing they will do, is to force the West to compensate for their poor harvests, through cheap money. The price of their grain imports will have to be lowered—in short, blackmail, and the West will have to go along with it; it's in no position to refuse. That will necessarily lead to war.

Second, the Russians will insist on the right to resume great power status, with all the privileges of a superpower, even though domestically it remains a second-rate country, if not a third-rate developing country, unfortunately, under conditions of misery and impoverishment.

Now come the difficulties: If the revolutionary leadership groups run out of domestic successes—let us assume they have already taken Ukraine, they have reeled in the Baltic countries, they have been relatively victorious in the civil wars, but their domestic economic position is very unfavorable and they cannot provide for their people—therefore their only option is not only to force the West to deliver, but also they will utilize the hostility which the West will exhibit under such circumstances, to prove to their own people that they are serious about changing the world. In my forecast [see the following article] I put it this way: The group will come and say, "If the West sends us into Hell, we're going to take them with us." That is the great danger lurking in the background if we continue our acts of cowardice in the Balkans.

The West is utterly unprepared

Today I had the opportunity to meet with ten congressional representatives or their aides. Eight of them were convinced that I am right, but two were less convinced. And I believe the great majority in this Congress will not go along with it at all. No, these proposals of mine will not be adopted, and thus the danger of World War III is much greater.

I now come briefly to the West's military situation. In the best of circumstances, the potential magnitudes are unbelievably small. First, the American situation is one of no reserves. You must know that in the Persian Gulf war, the 7th U.S. Army Corps in Germany had to be deployed into the war, because *there was not a single division or a single brigade in the United States which could be deployed*. That is the truth, and the Russians also found out about this later on. Second, it turned out that in the Persian Gulf war, the United States needed *seven months* to put their arms and ammunition into fighting shape—seven months! In other words, it was the first clear-cut logistical defeat for the United States in this entire century. That means we can assume—and I have the proof of this—that the Russian general staff has clearly recognized these things. So one of the reasons I went to Congress was to hear how the United States will react militarily, and here's what I heard: "No one will react or deploy NATO forces; no one will come to the defense of Ukraine—except for words. And the same goes for the Baltic states." That means that the western world is continuing to declare its impotence; it just doesn't have any troops. So much for America.

And now to Europe. It is no better there. First, Germany, which is first in line, currently has *one-third the number of combat-ready brigades in Central Europe that it had three years ago*—one-third! You ask why. It's quite simple: The Two-Plus-Four Treaty forced Germany to reduce its troop strength from 500,000 down to 370,000—including the NVA [the army of former East Germany], small portions of which we had to absorb. That means Germany as a whole had to reduce its troop strength from 750,000 down to 350,000. At the same time, because of the new strategic developments—because the Soviet Union was dead, and because people were counting on peace from then on—a reorganization of strategic forces had to occur, and for financial reasons this has now only just begun. That means concretely, without hiding any secrets, that only one-third of Germany's former military war-fighting potential is available for some time to come.

Second, almost half of the German population is unwilling to allow so-called "out of area" deployments. This attitude can be traced back to the western "re-education" following the 1945 surrender, which of course led to a pacification, creating a new, egoistic state of mind. Young people generally only think about themselves; they no longer want to serve their country. Germany today has the greatest number of conscientious objectors in its history. And from this standpoint, the possibilities for defending the country do not exist in the event that there's more in the East than we expect, and that there's an incursion.

Let us briefly review the French situation. It is fraught with special difficulties. They have only a 12-month period of military training. Now, how are you going to train a modern soldier in 12 months? And that includes vacation time—and

sleep! It's impossible. (The Italians have an even shorter stint: nine months!) So this is basically only a visitor's pass, which is invalid. France is able to put a single corps into the field—three divisions. The most combat-ready is the Foreign Legion—and most of its soldiers are Germans or Russians.

I forgot earlier to mention the Cossacks. It occurs to me at this point, because we are talking about military potentials. Let me quickly insert it here. We must recognize that the formation of private volunteer armies has been in full swing on the Russian scene for about the past year. I don't know who pays them, but they're there, and they're growing strong, and there is an intention to form at least ten divisions of them.

I don't know if you are familiar with the history of the Cossacks. I can only briefly outline it here. In the Middle Ages, the Cossacks were runaway sons who were unwilling to go into serfdom. From their villages they fled southward and formed so-called hetman domains—that is, they elected a hetman as their leader, built great war camps, grew their own food, bred horses, had a large cavalry force, and then offered their war-fighting services to the czar or to other potentates. They made a living this way, and they were successful soldiers. In World War I, over four divisions of Cossacks were set up, and they excelled in their conduct of crucial parts of the war, while the Russian Army had to suffer serious defeats because of their outmoded strategy.

Now Cossacks have turned up in Serbia; they turned up in Tajikistan, they are in Azerbaijan, and are fanning out over Russia's entire territory—also in Georgia. That is, we can assume that the Cossacks' readiness to hire themselves out as soldiers and to take on any assignment having to do with Russia, will force a change in the way the fighting will proceed in the civil wars.

I also had the opportunity to speak with Ukrainians about this, and I know—I won't name sources—that strong power formations are also developing among the Kuban Cossacks, who want to build their own section, or more precisely, one to two divisions *for the Ukrainians*. Whether this happens in time for the war ahead, I can't say. But in any case it also provides the Ukrainian side a strong Cossack organization.

Now back to France. As I said, their military potential is relatively paltry, and is in no way sufficient for fighting an actual conventional war.

The British are even worse off. They have an all-professional army, a significant part of which is stationed in Northern Ireland, another part on the Lüneburg Heath [in northern Germany], and other big parts spread throughout those parts of the world which remain British-oriented. This means that the British, too, are never able to come up with more than one corps.

If we think back to World War I or World War II, all sides had far more than 150 *divisions*. And back then, divisions consisted of 20,000 men, whereas today's divisions have only 10,000. And if you consider that the French now have

three, the British four, the Germans two, and the Italians perhaps two, we immediately get the point. It's really not a laughing matter; it is an absolutely terrible starting position, and the Russian general staff, of course, knows this all too well.

The only advantage for Europe, is that if the Russians go to war, they are not going to want to strike at Europe. They need lands beyond their own borders in order to build up their own industry. This investment can only be provided by Germany, France, and northern Italy—perhaps a little from Spain, too. Thus we can assume that Europe, at any rate, will not be engulfed by war, but nevertheless will have to absorb the previously mentioned huge numbers of refugees, which in turn will cause boundless impoverishment and a loss of security which there is no way we can quantify at this point.

The previously cited possibility that a group of madmen gets into the revolutionary leadership, and that the West begins to strangle the East, because the West says, "You've done this, and this, and this; we're not going to supply you anymore"—this can actually lead them, in the midst of their civil war, to conclude: "So, we'll take the West along with us." And this, in my view, would occur on the level of the most modern weaponry, and on the level of the cheapest forms of warfare. I therefore believe that entirely new weapons, above and beyond those of the current nuclear age, can come into play.

At the same time, however, it is both possible and probable that the Russian submarine fleet will be unleashed, to the extent that its units are war-ready and deployable against the United States. The statistics: There are 228 nuclear submarines and eight ultra-modern submarine cruisers. Each one of the submarine cruisers has 120 warheads on board. That means 1,000 of these ultra-high-power warheads on those eight ships alone. And it is the sworn duty of the crews of those eight ships, that they agree not to come back alive if they fire the first shot. Thus, they are prepared to accept their own deaths. It is a variation of Japanese kamikaze warfare.

I wanted to indicate this in order to make you aware of the dangers under which we will live if we give out the wrong answers, and also to question how we can forge ahead so blithely into a period which will be confronting us with by far the most difficult challenges.

At the same time, I would like to add that I am not interested in painting monsters on the wall. The Russians are definitely no worse a people than we are. But they have a very unfortunate history, and they have always had an elite which has kept them down and imprisoned as slaves, and thus they cannot so quickly grow into western civilization. It's not enough to simply drink Coca-Cola or eat certain hamburgers, or wear these ridiculous pants; rather, it's a question of developing the underlying culture. And the Russians already have their very own high culture, on their own level. And we, in our western eyes, believed they could simply absorb everything—that they would simply throw

their old mentality overboard and become westerners the next day. Both in the Congress and in policymaking circles, people simply expected that “the Russians have to think the way we want them to.”

We must prevent this calamity

To conclude, this means we have to recognize that we will all be overtaken by a great calamity, over time. I expect it will last through 1995-96-97, and up through that time things will go worse than they have up to now. So we must all make efforts to convince people around us not to continue as we have up to now. Your movement has already been doing this for years. Indeed, you are a motive force behind this development, and I am also helping you in this. I hope you will succeed in getting through.

I had the opportunity to spend two days with Lyndon LaRouche in prison in Rochester, and I went through all these situations with him. After reading or listening to my 14 different scenarios [see following article], he was convinced that these things are being considered seriously, and that they are also possible *and even probable*. He basically sees developments in an even more negative light than I do, because he has a better knowledge of western attitudes. I am an expert on the East, and have trained myself to think, so to speak, with a Moscow brain; and he is a philosopher and scientist who wants to drive western policy forward, and to that extent he knows more about the West than I do. One must always be ready to see and recognize the talent of another, and to that extent I am glad to be working with him, and I have also promised him I will return to America to visit him as soon as the possibility and necessity exists to do so, regardless of whether he is free or not. I also expressed my wish to him—and also sent a request to the [parole] board—that at the very minimum he be released through the parole process.

Questions and answers

Q: Today it was reported in the U.S. media that the Patriarch Aleksii of the Russian Orthodox Church has offered himself to mediate the dispute between the Parliament and the party of Yeltsin. What is the significance of this?

Scherer: That is a typical signal of the continuing weakening of the Yeltsin group. In my opinion, the Yeltsin group is pretty much finished. And here the developments demonstrate that this is indeed so.

Q: What is the possibility of the Russians' use of electromagnetic pulse weapons, which they have been researching?

Scherer: I already indicated earlier—I can't do more than

that—that on this level, for security reasons, the Russian leadership and general staff does not want to reveal what weapons it possesses. This past July, they made a genuine offer to cooperate with the United States to develop so-called antimissile missiles in such a way that the primacy of nuclear weapons would be displaced. And America said “no.” In my view, it was an earnest attempt by the Russians to ascertain just what they could actually believe about the Americans, and what was merely deception. And they decided it was all deception. This will have the effect of poisoning future developments for the revolutionary leadership. I can't give any particulars on the possibility of electromagnetic weapons, because I don't have the sources to substantiate that.

Q: What is the influence of the economic and philosophical ideas of LaRouche on this whole scenario? Can we break the scenarios if we spread these ideas?

Scherer: In my view, you function as yeast within western civilization—although this is limited by the time factor. This time factor is a time restriction factor, since you have to assume that the Russians are going to react relatively quickly now. Whether these ideas' profound effects can have a mass impact, is doubtful. But they do have an impact among a broad layer of people who are now becoming thoughtful. It is my sense that they are having much more impact than two years ago, because people are realizing, “They were right on the mark, they were already saying that back then! The Lyndon LaRouche people already predicted that!” This also means that the more unfavorably things go—including on the western side—the more people will take note of these ideas and realize that you have developed more wisdom than others, and that you have acted more responsibly than many of the western egotists.

Q: What is happening in Georgia with the Abkhazian forces, which are supported by forces inside Russia? It would appear that Shevardnadze is part of the *nomenklatura*. So it might not necessarily be that they are trying to depose Shevardnadze.

Scherer: We must keep in mind that there are no more than 540,000 Abkhazians. The Russian side has in effect painted them into the rejection corner: “Don't get upset, settle down. You don't want to belong to Georgia? We'll help you.” And the Russian Army is being very quiet about it, but is deploying there. Shevardnadze, former KGB major general, then Politburo member in the Georgian Communist Party, then becoming a reform politician and getting installed as foreign minister of the Soviet Union and of the transition. From there, his warning [in December 1990] about the coming conspiracy, and his resignation from the leadership. Suddenly without any assignment, he allows himself to be summoned back to his homeland Georgia, and fights against the elected government there. Civil war comes. The Russians see their chance: “This is where we can apply our lever.” And the lever was, on the one hand, Zviad Gamsakhurdia,

on the other, the 540,000 Abkhazians. And along with that came the opportunity in Sukhumi—a beach resort on the Black Sea, surrounded by industrial areas—to show: “Hey, you Ukrainians! Watch this! This is how we’re going to get our coasts back.” And so all the developments in Georgia are many-faceted, and I have tried to present them so.

Q: Can you tell us anything about how the black economy is functioning?

Scherer: At the moment, it’s the black economy which is making it possible to survive. You must realize that. The fact that it’s not a good thing, everyone knows, but it is only because it exists that people can survive. A college-educated Russian citizen makes about \$15 a month—for him and his family! What is he to do? So either he has a few old pictures hanging on the wall and sells them, or else he moonlights as a taxi driver during the time when he really ought to be studying—just to take the example of a college professor. It’s even harder for the worker, since he has to deal with the bodily exhaustion of working his regular job all day, and on top of that he now needs a second job. The best thing is for him to go to the black market, bringing along a few dollars, and buy whatever he can through this dollar economy.

To repeat: The black economy is helping people get through these catastrophic things, but the high price is the mafia and the rate of criminality. So we have a morally totally destroyed society. The police are on the road to corruption. If you press some foreign money into their hands, you can have anything you want: All eyes will be closed, a car stolen in Germany can get a new registration and license plate, etc. And so, if there hadn’t been any black economy, someone would have had to invent it.

It’s a crazy situation, but that’s the way it is. You can’t keep the heads of 140 million Russians above water otherwise—and the majority of them are living in the big cities. As a result of industrialization, the megalopolis has become the center of criminality and of dangerous living. In the big, wide countryside you can still grow vegetables in your garden, you can keep a couple of chickens, a goat, or a turkey, or a cow, depending on whether you have a pasture, and you can survive. Or in vast Siberia you can shoot a couple of nice foxes or bears, and you can even get dollars for the pelts.

I’ve simplified it a bit here, but just in order to indicate to you that your question is pertinent. A society whose structures have been destroyed always will find some way to survive. And it doesn’t enter into people’s minds that they should forgo something which they need simply to survive—even if they get it at the price of panic.

Q: Of the four countries that you suggested should be immediately accepted by the West into NATO, Poland, of course, has just had a change of government, the Czech Republic and Slovakia have just been formed, but their applications for joining NATO were made before those governments

changed. Where does it stand now?

Scherer: Following the elections, we have a basic trend toward the left, this is true, and thus have arrived at a stronger anti-western attitude [in Poland]. But do not forget that this leftward slide is to a significant degree conditioned by the growing impoverishment and misery. So these were elections which went to the left out of frustration. That, however, does not mean that people don’t know anything about their basic security interests.

Let me emphasize that the Poles have always been anti-Russian—always! There is no greater attitude of hatred in the East, than the historic hatred between Poles and Russians. Partitioned three times between Prussia, Austria, and Russia, they have no sympathy for the Russians. Do not forget that Marshal Pilsudski and his troops marched all the way to Kiev in 1920, and took the city (it was Russian then, not Ukrainian). The Poles had to put up with Marshal [Konstantin] Rokossovsky as their first Polish leader. The nobleman Felix Dzerzhinsky, before World War I, was an agent of the czarist underground organization. When Lenin arrived on the scene, he joined up with him and became head of the Cheka. I bring this up in order to indicate that a small part of Poland’s elite went over to the Russian side—a spat-out minority—whereas the Poles themselves (and the Russians know this, too) can’t be turned around.

On top of this, of course, comes the fact that their religious attitudes diverge. The Poles are Catholic, western-oriented, loyal to the pope, Mary followers—i.e., they are very strong proponents of the religious orientation toward the Virgin Mary, not so much Jesus, but rather Mary, putting an emphasis on the female. So from this one can assume that a return to the Russian fold will not be coming along with the leftward slide.

The Czechs are a western nation. They have never drawn the Russian card. In 1918 they founded their own state, and especially cultivated their relations with France. They were anti-Austrian. They were friendly to the Russians. There was a Czech brigade in World War I; this grew into a big division, and they fought on the Russians’ side in Siberia—that is true. But despite that, the Czech Republic is more strongly oriented toward Europe. They have the highest industrial standard, and the best prerequisites for providing a normal life. And so I cannot imagine that they would draw the Russian card.

The Slovaks are absolutely anti-Russian—they’re Slavs, but they are basically alpine Slavs, mountain people, like the Armenians. (Karabakh is also a large region of alpine meadows and mountains.) And so they have a certain basic attitude of independence. So no one in Bratislava is going to start up anything with the Russians.

And now we come to Hungary. In 1919 the Hungarians went along with the red revolution. They poisoned those politicians shortly thereafter. They’ve got 1956 under their belts. They are the most anti-communist-oriented society of

all. And in 1989, they also were the first to muster the courage to pull down the barbed wire. Indeed, it was they who in effect sparked the liberation of east Germany, their basic attitude is anti-Russian, and long before the Russians did, they had asked to join NATO.

Q: On the situation in Germany: The Russians have said they are going to withdraw troops earlier than originally promised. Is this particular situation that you are describing, and also the West's failure to coherently develop an economic program for eastern Germany, going to have an impact on this area in a negative sense?

Scherer: The withdrawal of the Russian elite division is two-thirds complete. What remains is the command staff and about a third of the troops, about 110,000. The KGB is also still there. This presence is supposed to end (provided Germany makes the extra payments) on July 31, 1994. You are right to ask whether the military presence of a rump of Russian elite troops creates problems in Central Europe. I can't exclude it. I do not know how the soldiers will react individually—i.e., their officers. If the revolutionary upsurge begins to resonate in their heads, it could be that some of them will leave the service, quit, flee, and present themselves to German officials, saying, "Take us, give us asylum." You have always had small numbers who have done that, but it could become a mass movement.

On the other hand, they are excellently equipped. They are therefore an operative element with which you could do a lot against the Poles on their rear flank, and could influence Germany. But I do not dare make a hard forecast. I must and would like to wait until sources indicate which way the majority is tending to go, i.e., it must be preceded by a further marked change in the Russian heartland.

One thing is sure: These troops would prefer three times over to remain in Germany instead of going back home. If you had witnessed how these people say their goodbyes, how the wives weep, how the officers express their disappointment that they have to go back to Russia, then you could believe me that a good number of them, once the revolution and the civil war are under way by spring of next year (if it gets to that point), they would rather flee, throw away their weapons, and say, "We can't go on. Take us." Similar things happened with soldiers of the warring powers during World Wars I and II when they got to Switzerland. They would flee there and say, "Take us in, then we'll be able to survive." And the same thing can happen here. But I'm not sure; it could be quite different. There could be divisions that say, "Tanks, ho! And now we'll show those Poles who calls the shots in Warsaw!"

Q: Before the Polish elections, I had some indication that Poland had put an ultimatum forward, that NATO should come forward and accept them by January, or else they would look for other strategic alliances. And there was another

strategic alliance offered by Ukraine earlier, but it was rejected. Are there any possibilities for these types of strategic or raw material alliances in terms of Ukraine and Poland?

Scherer: There are indications in both directions. First, the ultimatum is certainly not meant seriously, in terms of a threat. *There are no other alliances*, and if there were such, they would be illusions. I know from the Ukrainians that they are only prepared to seek temporary assistance from Poland in the event that they—the western Ukrainians—are attacked. Whether Poland is ready to do that, I doubt.

There exists a certain state of enmity, or to put it better, a state of rivalry between Poland, the Ukrainians in the south, and the Lithuanians in the north. What is the basis of this? There used to be a great Lithuanian empire, and there was a great Polish empire to which more Ukrainians belonged than to their own nation. And in view of that, I would venture to say they would only approach each other in a time of dire emergency, when actual war had broken out. That is possible.

The ultimatum that they would not enter NATO if they are not accepted by January, only tells me that the Poles know all too well about the timing they're talking about. That is my evaluation—theirs, too; namely, they have a better feel than do the Germans, the Americans, the French, for which way the horses are running in Russia, and where the next meadow will be where they'll graze.

Q: In the list of the emerging groups in Russia, you mentioned the red-brown coalition which is growing fast. Could you discuss that a little more?

Scherer: It's basically a very strongly fascist train which is leaving the station. There are "old communists," young and old, there are also war veterans, especially from Afghanistan, the so-called Afghantsi. They have of course been let down by their own country, because the majority of those returning had been severely wounded, and so are now poor handicapped people drawing scant pensions. Therefore you can assume that they will be sustainers (I know this, too) of these extreme groups which are rebelling.

The guiding principle of these groups is rebellion against society. And among them is one further group which is absolutely anti-Semitic, because they claim, with no justification, that the Jews have always been on the side of the criminals and those in power. That is absolutely not true: A substantial proportion of Russian and Ukrainian artisans are Jews. You can see this in Odessa, you can see it in Kiev in the Ukrainian region, and you can see it in Moscow, St. Petersburg, and even in Yekaterinburg (formerly Sverdlovsk), only to mention a few major regions. Thus, the anti-Semitic attitude, propaganda, and agitation is a thoroughly racist, fascist attitude. And you know that the majority of Russian Jews have already fled—they have emigrated, the majority to Israel and the next greatest number into Germany.

Q: You talked about the first groups, the communists on the

one hand, and the chauvinists on the other, and you talked a lot about what they have in common: the anti-capitalism, the pro-collectivist mentality, the chauvinism, the anti-western tendency. Aside from the question, perhaps, of the Orthodox Church, what are the other major things that separate them?

Scherer: First, the old communists are basically only interested in being readmitted into the leadership elite and in rebuilding the old structures. They have plunged from their former paradise of perquisites. That is an essential element of what motivates them. We see the same in eastern Germany: A significant number of former SED [East German communist party] functionaries have sworn not to make any statements to the courts; they won't give up, and they are just waiting for the day when Moscow calls them back into service. And this group in Russia is likewise waiting to be called, without knowing by whom. It is a despairing group on the way down, which, if it cannot get anything palpable beyond its own wishful dreams, will make up its own illusions.

That is the essential difference with the Great Russians, the nationalists and chauvinists. These don't want any return to the past. Lenin is dead. Marxism-Leninism is a secular religion which led them to the firing squad. They want to positively intervene and shape society according to their ideas, into a dominant group in Europe. Concretely, a significant portion of them harbor the illusion that they can resurrect Great Russia. Another portion would be satisfied with just a *big* Russia, and not a Great Russia. That is an important distinction. The common roof I mentioned is the attempt to gather together as many forces as necessary among old communists, the orthodox—orthodox doctrinaires, not churchmen—and on the other side the nationalists and chauvinists.

As for the Orthodox Church, it is in the middle of all groupings. Their leaders were [KGB] agents, and their top functionaries have still not emigrated. They're not very good shepherds, and right now are looking around for new alliances. The pope has only given a very few of them permission to show their faces in Rome; the others aren't allowed to come at all.

The Orthodox Church has two important hierarchical levels, which do not correspond to any western archetype. The priesthood, which emerged from the Orthodox-Byzantine monastic orders, is not educated in a theological university sense; rather, they have so-called brotherhood status. They have no specialized education, as do our priests and theologians, but ply their trade close to the people, weaving in mystical elements. Above them is a small, elite group of church leaders, extending up to the patriarch, and in this church there are many intrigues and internal struggles, alongside a convincing zeal unknown to us in the West. I expect that a significant portion of the younger generation will go back into the church. But this is a long process; one must never forget that they all grew up as atheists.

Scenarios for Russia's future

by Gen. Paul Albert Scherer (ret.)

The following is a summary of remarks made by General Scherer at a press briefing at the National Press Club in Washington, D.C. on Sept. 29. For a report on the rest of his press conference, see EIR, Oct. 8, 1993 "Scherer Analysis Sobers Up Washington on Yeltsin Coup."

A sober evaluation of the Russian situation shows clearly that Boris Yeltsin, like Mikhail Gorbachov before him, has failed to evaluate the time factor properly. Yeltsin's support for reform is praiseworthy, but his program can no longer be implemented. We must establish what options the Yeltsin group, on the one hand, and the western nations on the other, have in order to deal with the coming challenges. These options can only be established through detailed study and scenarios. The public has the right to up-to-date information on these issues.

We can sum up initially by saying that there are only two options for Russia: dictatorship or anarchy. The democratic solution has ceased to exist for the moment.

The forecasting of these scenarios requires that we size up the operative factors and indicators. First is the supply situation in the cities and the countryside; second, the exercise of power and authority; third, domestic law and order security; fourth, factors influencing public opinion; fifth, the economic and social situation of the various strata of society; sixth, the psychological mood region by region, in terms of basic outlook; seventh, the short-term psychological situation; eighth, the compelling factor of time; and ninth, the impact of actions by other countries on Russia. The evaluations are then classified as possible, probable, improbable, or impossible.

The scenarios are as follows:

1) The Russian population is dominated by lethargy. There is no large-scale breakdown of discipline in the Armed Forces. Yeltsin wins the elections. There is no insurrection during the winter. A new constitution is approved. After two years, the first payments of \$50 billion are made on debt owed to the West; Germany receives \$32 billion. The situation in the Balkans and the Middle East remains calm. In summer 1994, the first stabilization becomes visible. A mild dictatorship under Yeltsin takes hold.

Evaluation: Completely improbable and impossible. The suffering due to the Russian winter will stoke a revolution from below and the current mood shift is increasingly ex-

pressed in the form of a new anti-western enemy image.

2) The coexistence of the Yeltsin group and the Russian Parliament is continued, but in an atmosphere of incipient violent conflict. The Army and the Omon troops of the Interior Ministry restore order. Finally a state of emergency is declared and stays in force all winter. There are no insurrections. In the summer, the promised but delayed elections take place.

Evaluation: improbable, because of the breakdown of consumer goods supply and because of the time factor.

3) Speaker of the Parliament Ruslan Khasbulatov incites certain Army units to mutiny against Yeltsin. Street fighting in and around Moscow develops. Yeltsin must flee Moscow, but reconquers the capital from outside. Yeltsin then carries through elections. Yeltsin assumes the role of a national savior and thus fulfills a deep need of Russian mentality.

Evaluation: Possible, but only with large-scale deliveries from foreign countries during the winter period.

4) Yeltsin is assassinated. The old communist *nomenklatura* wins out and starts to seize power. Aleksandr Solzhenitsyn presents himself to public opinion as the counterpole to the communists. After bloody clashes of civilian and military forces, Solzhenitsyn wins out.

Evaluation: Possible, as long as national chauvinism does not grow beyond certain limits.

5) Aleksandr Rutskoy succeeds in convincing the Army to oppose the reformers and the Yeltsin group. The insubordination of the military allows the seizure of power by a war council or military junta. Elections are postponed. There is no significant resistance to the military dictatorship. Khasbulatov and the reactionaries are thrown out of power.

Evaluation: Possible and probable if the Yeltsin group commits massive political mistakes before the December elections.

Note: Scenarios 5, 6, and 7 are possible simultaneously, and could all take place in the very short term.

6) The military dictatorship degenerates during the winter into an atmosphere of warlords, strikes, and street fighting. In the springtime, a civil war begins and is fought out with light conventional weapons.

Evaluation: Possible and probable.

7) After a time during which the junta attempts to adapt to western demands, there begins in the spring of 1994 a war against Ukraine for the purpose of reconquering the Crimea and seizing control of the Black Sea Fleet. The goal is the restoration of the western sector of the Soviet Union. Belarus, without having offered any resistance, declares itself ready to be annexed by Russia. Hostilities are preceded during the winter of 1993-94 by a subversive campaign of targeted terrorism, sabotage, and agitational networks. NATO protests, but feels itself too weak to intervene.

Evaluation: Possible, and very probable even during the next few weeks.

8) The junta's tactic of adapting to the West is abandoned



Soviet troops on maneuver, dressed in atomic-biological-chemical protective gear. According to General Scherer, one possible scenario for Russia is that extremist madmen come to power and launch World War III, vowing, "If we must go to hell, then we'll take the West with us."

during the spring of 1994 with the reoccupation of the Baltic nations. Estonia and Latvia are seized as the key positions for the domination of the Baltic Sea. These countries were conquered from Sweden by Peter the Great in the seventeenth century. The Russians extort a treaty from Lithuania which guarantees the Russians access to the strategically vital region of northeast Prussia around the capital city of Kaliningrad (Königsberg). The western countries issue sharp protests, but do not intervene because of the danger of a Russian nuclear first strike.

Evaluation: Probable and possible, starting from the early winter of 1993-94, because of the demands of the retired Russian officers living in the Baltic states.

9) Russia seeks to reestablish its hegemony over the Caucasus region because of the need for oil, and to establish defensive positions against Turkey and Iran. In the summer of 1994, the military junta in Moscow, after having occupied Ukraine and the Baltic states, begins the reconquest of the Caucasus and thus of the independent states of Georgia, Armenia, and Azerbaijan. The Republic of Chechnia is overrun. Turkey, as a member of the NATO alliance, insists on intervening in the fighting in support of the 20 million Azeris and their important oil resources. Greece protests, but the NATO leadership is incapable of attacking its own member state Turkey. NATO is therefore paralyzed.

Evaluation: A war with Turkey is possible but improbable. Such a war becomes probable if the military junta in Moscow feels itself strong enough for a limited confrontation

with the West.

10) The Balkan conflict, despite the efforts of the European Community and the United Nations, becomes a regional war with overtones of world war. The Albanian minorities in Kosova are determined to end their three years of massive repression by Serbia. Montenegro is forced to join the Serbian side. Greece mobilizes against Macedonia. With the end of the winter season, Serbia undertakes a massive envelopment of Croatia. The U.N. troops are forced to begin defensive ground and air operations. The neighboring nations—Hungary, Bulgaria, and Romania—are obliged to mobilize. NATO can no longer avoid defensive warfare against Serbia.

Evaluation: Possible and probable, with a tendency for this war to expand.

11) In the successor states of the former U.S.S.R., dramatic domestic conflicts unfold as a result of nationalist hatreds and propaganda. The resistance of the component republics and regions against the centralism of the Moscow dictatorship leads to an expanding prairie fire which rapidly assumes the character of a devastating large-scale civil war. Large areas secede from Russia, especially parts of Siberia east of the Urals and the Volga. In the course of time, massive streams of refugees cause chaos as they move west. The eastern borders of Poland, Slovakia, and Romania are overrun. Germany, the Czech Republic, Austria, and northern Italy are destabilized by the mass refugee presence. Regional anarchy emerges through the mass flight of up to 20 million persons.

Evaluation: Possible and probable, if consumer goods deliveries are impossible because of civil war. An intervention by the western nations appears unlikely because of the danger of nuclear war waged by anti-western Russian leaders.

12) During the revolutionary struggle for power among warlords in the U.S.S.R. successor states, the image of the West as the enemy is accentuated before a background of severe famine. Extremist madmen take power and are determined to drag the West down into the abyss with them. The slogan of this ruling group becomes: If we must go to hell, then the West will go to hell with us. This group unleashes submarine-launched ICBMs against the United States as the center of so-called western capitalism. The British Isles are annihilated by mobile SS-24 rockets. The Russian first strike is answered by a disorganized American retaliatory attack. Large parts of western Russia are wiped out and made radioactive. World War III has emerged from the large-scale civil war in the U.S.S.R. successor states.

Evaluation: Possible but probable only if chaotic conditions emerge and make all residual control of intercontinental nuclear weapons impossible.

13) The U.S.-supported integration of Israel into the Arab region fails. An extremist majority in the Russian military junta promises to support certain Arab states against the proposed western solution. Nuclear weapons are detonated in

the region of Syria-Jordan-Israel. The revolutionary policy of the Iranian fundamentalists is supported by the Moscow junta, so that the pro-western governments in Egypt, Tunisia, Algeria, and Morocco are overthrown. The security architecture of NATO cannot deal with this strategic threat to the soft underbelly of Europe. A massive flow of refugees from north Africa seeks to enter Europe.

Evaluation: Possible, independently of developments in the U.S.S.R. successor states, as soon as a doctrinaire anti-western minority emerges in the military junta in Moscow.

14) The relatively successful development of South Africa toward a peaceful accord of the black majority with the formerly dominant white minority and the Indian minority is broken up by a war promoted by long-existing terrorist networks directed from Moscow. The goal of this large-scale planned operation is total strategic destabilization of the western position in Africa. New civil wars flare up in Angola, Mozambique, Sudan, Liberia, Nigeria, Ghana, and other African states. Russian long-range aircraft support the insurrections and Russian generals take over leadership in waging civil wars in order to seize natural resources (gold, diamonds, coal, uranium, etc.) for use by the exhausted Russian war economy.

Evaluation: Possible as a result of the increasing anti-western hostility in Russia, and probable starting in the winter of 1993-94 or in the following years.

Summary

Western civilization can conclude from these scenarios and from their evaluation that the deadly threat to which it is exposed will grow from day to day, to the degree that the anti-western animus and will to confrontation gain strength in Russia. The degeneration of today's Russian revolution toward a Jacobin outcome proceeds independently of individual leaders, and comes rather from extremist leadership groups who may momentarily win the upper hand.

If a vast civil war and a third world war are to be avoided, the leading power of the western world and the NATO alliance must immediately issue a binding security guarantee for the borders and sovereignty of Ukraine and for the three Baltic states of Latvia, Lithuania, and Estonia. Poland, Hungary, Slovakia, and the Czech Republic, in conformity with their requests, must be immediately admitted to NATO, because of the extreme danger to their eastern borders. The goal of these guarantees and new NATO memberships is to send a signal to new Moscow leaders to dissuade them from the policies mentioned in the scenarios.

Although concerns about financial shortfalls in national budgets are understandable during the current economic decline, today's strategic threat profile requires that no further reductions be made in military expenditures. The current strategic crisis makes mandatory a thorough rethinking of basic policy in order to avoid a third world war and/or a series of regional conventional wars.

Mideast pact offers new chance to revive Europe

by Muriel Mirak-Weissbach

The following is edited from verbal remarks addressed to EIR editors on Oct. 1. Based in Wiesbaden, Germany, the author has 20 years of experience in analyzing European politics for the LaRouche political movement. She has traveled extensively in Israel and Arab lands.

It's very clear that the horrendous crisis in this nuclear superpower—Russia, the former Soviet Union—is the result of criminal stupidity that has been committed by the West since the lost opportunities of 1989. The question I want to pose is how can we change the parameters of policy making globally.

There are two processes unfolding, through which we can effect this radical shift: 1) the historic opportunity that has opened up in the Middle East with the Palestine Liberation Organization-Israel agreement; 2) the collapse of the western European economy, accompanied by an outbreak of labor ferment quite unprecedented in the recent period. If we seize this opportunity, we can not only ensure a peace through development perspective in the region, but also by setting it as an example and tying a Middle East development plan to a revived European Productive Triangle project [Lyndon LaRouche's proposal for the intensive industrial development of the Berlin-Vienna-Paris triangle], we can hope to effect the global policy change needed to reverse the depression worldwide.

Where we stand in the Middle East

Since the news of the Israeli-PLO accord broke out four weeks ago, our movement has bombarded Israeli, Palestinian, and other Arab quarters with press releases, with LaRouche's interviews, and with our Oasis Plan, and also with the historical background and his role in the process. We've given marching orders to go quickly as possible with

the infrastructure buildup that was announced in the economic annexes [cf. *EIR* Sept. 17, p. 24]. This we did for two reasons: First, to provide proof to the populations on both sides, particularly the Palestinians who are in a desperate situation in the Occupied Territories, that peace works by giving tangible evidence of an improvement in the standard of living. Secondly, to outflank any maneuver on the enemy's side to subvert the process and turn it into a free market looting scheme. We've been making this point from the outset by warning Palestinians and Israelis that if any World Bank, International Monetary Fund, or other free market approach prevails, then the region would explode.

The major opposition seems to be quite neutralized despite public relations efforts financed by the Lubavitchers to mobilize the Sharon-Shamir faction against the treaty. Rabin and Peres did force it through the Knesset, and as a result, the Likud party is split. Thus, what was a slim majority of Israelis in favor of the plan at the beginning, is growing into a consensus. On the Palestinian side as well, the Hamas and the PLO have made an agreement in Gaza to prevent the outbreak of internal Palestinian conflict, thus defusing the potential for a civil war in the Occupied Territories which would spill over into Jordan and ignite flames throughout the region. Most Arab forces now support the plan, including the Gulf Cooperation Council, the Arab League, and most Arab nations. Iraq is still opposed. Syria is apparently trying to strike some better bargain with Israel. It should be noted however, that the Syrian minister of economy and foreign trade said in an interview with an Israeli newspaper, that economic cooperation between Syria and Israel would be welcomed. Clearly the Syrians' main concern is control over water in the Golan Heights. The Sudanese government, after being briefed by PLO head Yasser Arafat personally, announced its cautious welcome to the accords. Jordan, a very

important component of this process, reacted initially against the accords, mainly out of fears of Palestinian migrations and concern over water rights; now Jordan has also committed itself and there are reports of secret meetings between King Hussein and members of the Israeli government.

More importantly, the economic debate has broken out into the open. Think back to 1989, the last time we had this kind of historic opportunity. The British attacked the potential of Germany going with a Triangle project, with the Herrhausen assassination, with slander campaigns against the "Fourth Reich," and so on; but the content of the economic policy debate was not out in the open. Today instead, two diametrically opposed, mutually exclusive policy orientations on economy are becoming the subject of a political confrontation in Europe and the Middle East. One is seen in the Harvard study and the World Bank report. The other is seen in Israeli Foreign Minister Shimon Peres's "Marshall Plan," the PLO economic program, and most important, LaRouche's Oasis Plan.

The Harvard study and the World Bank plan propose doing the same wrecking job on the Middle East that these same forces have imposed on eastern Europe and the former Soviet Union since 1989. They would cede a mere \$5 billion of financial aid or credits over ten years. The World Bank is calling for "sustainable development," i.e., Palestinian slave labor employed in construction and services, the introduction of free trade zones, concentrating on tourism, the introduction of swindles like total deregulation, and Anglo-American banking structures.

Regarding infrastructure, what does the World Bank say? The report calls for repairing existing roads and cleaning up sewers and wells. As for highways—they don't even talk about railroads—they postpone them to the medium and the long term, which means never! Regionally, the World Bank would like to set up a free market arrangement including Israel, the Palestinians, and all the Arab nations for the free flow of cheaply made goods and services among all these states. This would be a Middle Eastern NAFTA. They would like to use the Palestinians as a Trojan Horse to take over the region's economies for looting.

The Peres approach

Peres's plan, which we discussed back in 1984 with people like Gad Yaacobi—then economic planning minister of Israel, and today ambassador to the U.N.—is totally different. In interviews, and particularly according to the article he wrote for the Italian magazine *Acque & Terre*, the subject of economic growth is science. This is called the "Middle East in a New Era," and I quote:

"We study a country by learning about its geographic dimensions, climate, population, natural resources, and history, and with this information we determine whether a country is large or small, rich or poor, yet what we should be looking at is that nation's level of education, its scientific

and technological capacity, and its capability to meet the challenges of change in the future. . . .

"To begin with, there is economic change. The production of bread today depends more on production efficiency than on the quality of the soil. Today we require less work, less land, and less water in order to produce more and more crops. The United States, which employs 1.5% of its work force in agriculture, produces 25% of the total world food supply, while the ex-Soviet Union, employing 33% of its work force in agriculture, cannot supply its own food needs. The U.S.S.R., for example, bought cows from Israel. Why? Because the Israeli cow gives three times more milk than the Russian. The cows are the same ones with the same horns; the difference is in the method that can increase production threefold. In other words, if in the past successful agriculture depended on land, water, sun, and the farmer, today it is increasingly dependent on science.

"And that is not the last word. Science will eventually adapt and harness the two great reservoirs of future food production, the salty seas and arid deserts. With a threefold worldwide population growth in the 20th century, efforts will concentrate on tapping these two reluctant factors for the world food supply. People will harvest directly from the sea or create potable water by desalination, and they will make the desert bloom by cultivating rocky terrain that until now has mocked man's plow."

This concept of increasing productivity through the application of new technologies is expressed in Peres's plan by the introduction of nuclear-powered desalination plants. These plants, which could be mass-produced in Germany and elsewhere and floated down to the area by sea, could be set up along the new canals that are to be dug between the Dead Sea and the Mediterranean Sea, and between the Dead Sea and the Red Sea. This would provide enough fresh water for a growing population of households, for industry, and for irrigation. This is apparently what Peres had in mind when he spoke in New York recently of "new beginnings." He said, "We can fight the desert to produce food for Muslims, Jews, and Christians." Right now, the Middle East is dependent on food imports. Solving food production by tackling the water shortage with advanced technologies, through nuclear plants for desalination, is the key to solving the economic problems.

On the Palestinian side, unfortunately we do not know exactly what their program entails; the PLO group under Yusef Sayegh has not yet made it public. We know from discussions with various Palestinians involved in this work, as well as from other Palestinian projects, such as "Master Plan: the State of Palestine; Suggestive Guidelines for Comprehensive Development," a report put out by the Palestine Studies Project in March 1992 in the perspective of establishing a Palestinian state, that they place primary emphasis on basic infrastructure, particularly water. They are calling for building a deep seawater port in Gaza, which in the context

of the Red Sea-Mediterranean Canal, a Dead Sea-Mediterranean Canal, would transform Gaza from an extended refugee camp into a major transshipment point for expanded world trade. The studies also emphasize the need to vastly expand and upgrade educational facilities in order to increase the ratio of Palestinians engaged in science, engineering, agronomy, and medicine.

LaRouche's approach

Lyndon LaRouche's major writings on the subject, particularly his 1983 and 1986 pieces on Israel and Mideast development, where he stressed the primacy of "flank," have been crucial in shaping the outlook of the Palestinian and Israeli plans now on the drawing boards. It is not just that he focused on water as a starting point, or that he has proposed concrete projects like the Dead Sea-Mediterranean-Red Sea canal (and another canal between the Red Sea and the Suez Canal). But his unique understanding of the science of economy is emerging as the mode in which these other approaches have been cast.

The World Bank held its meeting in Washington Sept. 20-21 and proffered a miserable \$1 billion for Mideast peace. President Clinton suddenly recognized the PLO so that he could invite Arafat to the signing ceremony in Washington the next Monday. Clinton had magnanimously called for a Donors Conference in order to pool together somebody else's money for the Middle East.

A number of people in Europe are adamantly opposed to the idea that this precious opportunity for peace might be ruined. Norway, the country that hosted the secret PLO-Israeli talks, "does not want the World Bank to have a central role," says its foreign secretary. European Community spokesmen have been quoted as suspicious of the Washington conference, because they fear a replay of the disastrous donors' conference for Russia, where everybody talked about aid but came up with no money. The EC, according to one official, "is not keen on seeing the World Bank take the lead on the Middle East." Another official is quoted: "We don't need new structures like the ones the World Bank is willing to finance." Manuel Marino, the EC commissioner responsible for relations with the Mideast, said, "We don't need to invent any new financial and legal structures." With unusual candor, he denounced the British and some other governments for wanting to put the process under their control.

This voicing of opposition within Europe to Anglo-American meddling is not limited to EC spokesmen. Former German Economics Minister Jürgen Möllemann, the head of the German-Arab Society, went to Damascus to meet with President Hafez Assad and to Tunis to meet with Arafat, and afterward issued an outline of a policy role for Europe to play. France has been talking to Peres about projects for months. The French press first published the economic protocols, which most other media ignored or suppressed. Arafat is meeting with the French and is scheduled to meet with

Germans. France would like to use its high-speed TGV train in the region, to set up a Middle East railway network and presumably link those to the European network. Italy is also very interested in the Middle East development from an economic standpoint. Since the time of [national oil industrialist] Enrico Mattei, Italy has enjoyed good relations with the Arab world and is eager to provide engineering expertise and industrial goods. The Scandinavian countries have had very good relations over the past 40 years both with Israel and the PLO (one reason why the Norwegians hosted the secret meetings).

Every national economy in Europe is sinking

The Europeans are not saying "keep the World Bank out" in a vacuum, but in the midst of the most dramatic economic collapse in their memory—due, of course, to their own stupidity since 1989. There's an upsurge in labor across the board. Farmers are demonstrating against GATT throughout France. Industrial workers in Germany and Italy are taking to the streets in the hundreds of thousands. These are not mostly demonstrations or strikes controlled or called by the unions, but a rank and file protest against the effects of the depression and the austerity policies being shoved down their throats.

Yet the Mideast developments over the past four weeks have sparked a certain optimism in Europe. We in the LaRouche movement see it in the street organizing every day as well as in some elites, particularly in industry. We must nourish this optimism by forcing Europe to take on and win the policy fights against the free marketers: internationally vis-à-vis the Middle East, and domestically, too, since you can't have people proposing derivatives markets and other monetarist swindles in Germany, and at the same time have a sane Mideast policy.

If we can win this policy fight, we'll provide infrastructure for the Middle East but at the same time rapidly force a change in policy in Europe vis-à-vis the East. As LaRouche has elaborated, there is no way that western Europe can make the Oasis Plan work unless it develops the Productive Triangle at the same time—unless it harnesses its entire industrial potential to develop the Eurasian continent, so as to provide the kind of technology transfers required for great projects in the Middle East, in the Horn of Africa, and elsewhere.

We have very little time. People who have just recently been in Jericho, in East Jerusalem, and particularly in Gaza tell us that if the projects are not initiated right away there is serious danger that the optimism will turn to bitterness, pessimism, and rage. Refugees are living in concentration camp conditions. One observer who was in Gaza just two weeks ago, said that in some areas there's three feet of water on the ground because the pipes have broken, there is no sewerage, there is no drinking water. It's undescrivable horror.

LaRouche human rights case is featured in Moscow newspaper

The Moscow daily Nezavisimaya Gazeta, whose circulation is nearly 200,000, carried a feature article about Lyndon LaRouche on Oct. 1, titled "The True and Complete Story of a Human Rights Campaign." The article was written by Sergei Mitrofanov, before the imposition of press censorship and the attack on the Russian Parliament. We publish excerpts here.

. . . At the beginning of August my good friend Viktor Kuzin (deputy chairman of the Committee on Legality of the Moscow City Council, which is practically an illegal organization by now), went to the United States on the invitation of an organization of radicals there, the so-called Schiller Institute. He came back terribly agitated: "America is not at all what we imagine. There are also dissidents there, and we should help them right away."

At his press conference, which was attended by two and a half journalists, Kuzin told about a certain Lyndon LaRouche, "a prominent American economist and political figure," who is currently serving a 15-year prison term. In Kuzin's words, the institute, founded by LaRouche in 1984, sees the model for progress differently than do the communists and the party of democrats in Russia (which means also differently than Kuzin), and differently than the International Monetary Fund. According to Schiller Institute data, the policy of the IMF, as a rule, leads to the collapse of national statehood and the ruin of the social organism. This position, according to LaRouche's lawyers, led to the organization of pressure on the institute by both the KGB (because of LaRouche's promotion of the Strategic Defense Initiative doctrine in the late 1970s) and the CIA (because of his appeal to developing countries, not to pay their debts to the IMF).

As a result of the combined pressure of these special services, Lyndon LaRouche, "several-time candidate for the U.S. presidency," was sentenced to 15 years of imprisonment, formally on charges of financial malfeasance and tax evasion. Besides LaRouche, other representatives of the Schiller Institute were condemned to various prison terms. Michael Billington got a 77-year sentence, Rochelle Ascher got 10 years. In October of this year, Donald Phau is to go to prison for 25 years, and Anita and Paul Gallagher for 39 and 34 years, respectively. . . .

We acted from purely journalistic considerations. First

of all, material on a dissident in the U.S., whoever he might be, and about intrigues of the secret services and a worldwide plot, is highly scandalous, and therefore guaranteed to be readable. Consequently, this material is worthy of being written about. Secondly, although we have no bias with respect to the activity of the IMF in Russia, we also have no certainty, that all of its activity is for the good. Who doubts, that huge credits will have to be given to us somehow? And who is ignorant of the "special circumstances" of Russia, which make it possible to suppose that the greater part of them will land in the pockets of people who are not exactly patriots? We thought that to present the opinion of some opponents of the activity of the IMF, and thereby to prompt discussion about whether those credits are necessary or not, as well as about the purposes for which they would be used, and monitoring of this, would be not only not harmful, but even useful. And finally, judicial errors are also possible in the U.S., which means that it is necessary to react to alarm signals from there.

Preparing for this article, we met with Schiller Institute coordinator Karl-Michael Vitt, who was in Moscow—a big man, with a nice open face. Here is a short history of the problem, as laid out by Mr. Vitt.

From the moment it was founded, the Schiller Institute pursued the goal of "establishing a new, just economic order in the world." Not overestimating their capabilities, the Schiller people wanted to counterpose an ethical approach, to the global political and economic negative, as well as to the influence of international oligarchies. The scope of its intervention in public life is rather broad: from "a revolution in the construction of musical instruments" to policies against the IMF. Thus, in 1988 the Schiller Institute undertook to attempt to introduce a bill in the Italian Parliament, that would mandate a lowering of the construction of musical instruments, because performing arias in the modern interpretation is destroying many unique voices. Then, just a little bit later, Lyndon LaRouche appealed to the developing countries to refuse to pay their debts. In his opinion, these debts are impossible to pay anyway, while the debt burden restrains the development of the debtors and creates an illusion of stability on the part of the creditors. It was this latter demand by the Schiller people, together with the fact that LaRouche ran for President of the U.S., that Karl-Michael Vitt believes was the reason for the pressure organized by the international banks.

In Mr. Vitt's words, as outsiders in politics and solitary rebel intellectuals, the Schiller people nevertheless threaten to upset the world balance. . . .

Attempting to formulate our own (independent) view of the activity of this numerically small group of radicals in the West, we even read Lyndon LaRouche's textbook, *So, You Wish to Learn All About Economics?* published by the Ukrainian University in Moscow. We got the impression that in the descriptive section, the Schiller people are right on a lot

of things, and that their point of view is not brand new. . . . In any case, it seemed to us that the Schiller people are people of their convictions, and that the sentences they received from the American justice system are so incommensurate with the indictments (in this country, you'd have to at least dismember somebody, to get such a sentence), that these sentences really do smell of something very familiar. . . .

We wrote an article in which we presented all the arguments "for" and "against" LaRouche's theory, without embellishing its fantastical character whatsoever. And we took it to a certain democratic newspaper. Well, the article was rejected. It's worth focusing in on the arguments, because they highlight a quite special problem that has nothing to do with LaRouche but is connected to that social ailment which I mentioned above. Here are the arguments:

1) In America, they don't just put people in prison.

(Well, fine. That says it all. After getting such an argument, all you can do is to leave on tiptoes, pressing your hat to your chest. How good it is, that there are still Americans who have doubts about this! What if we had been answered like that in the 1970s or 1980s!)

2) We have a liberal newspaper. A neutral attitude to socialists is unacceptable.

(What a refined understanding of liberalism!)

3) This LaRouche of yours in the U.S. is just like our Zhirinovskiy. LaRouche is an American Kurginyan.

(May be, may be. . . . I am sorry. [English in original.] But Zhirinovskiy and Kurginyan are still at large, and feeling fine, aren't they?)

4) LaRouche's theories are similar to the views of Oleg Lobov, and any Lobovshchina is unacceptable to us, because, once again, we have a liberal newspaper.

(Well, LaRouche really has a bad luck!)

5) LaRouche is a crook. We know this very well. He refused to pay taxes, and that is a serious crime.

. . . Suddenly we felt that they were beginning to look at us as if we were some kind of communists, and they were already grabbing their mausers. Dear gentlemen, we did not want anything like this! God knows, we have no doubt, that we have a punitive system here, but over there it's fair and, what's the word?—civilized. We don't even doubt "the LaRouchies" evade taxes, in their spare time when they're not writing articles (well, maybe we doubted it just a little bit), and are thereby harming friendly America. But please excuse us for looking at things from our own belltower. You realize, that if we were to judge so strictly, then absolutely the entire government would have to be jailed, all the officials, and at least three-quarters of the population; and, as everybody knows, justice should be meted out equally spread all over the world. And then . . . 15 years for a 70-year old essay-writer is just not right, no matter what kind of a Kurginyan or Zhirinovskiy he might be. Don't you sense that? Going by the American movies, they deal more liberally with rapists and maniacs there. . . .

Economic deals bring India and Iran closer

by Ramtanu Maitra and Susan B. Maitra

Indian Prime Minister P. V. Narasimha Rao's recent visit to Iran on Sept. 20-23, following his successful tension-easing trip to China, has brought into focus the possibility of a new strategic alliance in Asia. On Delhi's part, the search for new friends in Asia and efforts to reestablish old ties distorted by the vicious Cold War power game are as much attempts to play the role of a stabilizer in Asia as they are to find new economic partners in the region.

Rao's trip to Teheran was built up at the outset as a venture to further economic cooperation between the two nations. To that extent, the trip was highly successful. Besides the warm reception that the Indian prime minister was given, Iran signed two memoranda of understanding with India for cooperation on surface transport and transit facilities, science, and technology. Implementation of the memorandum of understanding, including laying a gas pipeline, setting up a chemical fertilizer plant, and technical cooperation in the field of oil and gas, are to be strengthened by giving a substantial filip to economic and trade ties.

The agreement represents a reversal of the noticeable hesitancy over recent years to move forward on economic cooperation. In the pre-Islamic Revolution days, the Shah of Iran was favorably inclined to increase trade ties, and India was a major trading partner in the early 1970s, although New Delhi kept its distance from Iran politically in light of the Shah's military and economic ties with Washington and Teheran's anti-Soviet postures. Since then, however, economic and political relations have seen a steady decline, and Iran's vocal support of the Kashmiri militants did little to assuage India's apprehensions.

Hectic diplomatic efforts in the post-Cold War days by the present Indian government, with a clear show of interest from President Ali Akbar Rafsanjani and Prime Minister Rao's old friend, Foreign Minister Ali Akbar Velayati, set the stage for the recent visit.

New strategic alliance

Only two days before Rao's scheduled departure for Iran, President Rafsanjani, in an interview with the pro-government English-language daily, the *Hindustan Times*, stated that Iran seeks better economic and political relations with

India. On the sticky Kashmir issue, Rafsanjani said that Iran did not approve of "the existing situation," but that it will not interfere and would like to see a solution emerging through dialogue.

Rafsanjani also alluded to the formation of an Iran-India-China axis to counter western muscle. He pointed out, "Very important countries are in Asia as far as population, industry, and markets are concerned," adding that "if we cooperate, we in Asia will be able to have a say in international affairs."

Throughout the Indian prime minister's visit and meetings with Iranian political, economic, and academic leaders, these issues were discussed at length. Rao told the Iranian leaders that Muslims are a part and parcel of India, and that they will continue to be regarded as such.

That Rao's point was not lost, was evident from the reception he received at the Iranian Majlis (parliament) which he addressed during his visit. The entire crowd of 250 Majlis members stood up and cheered Rao as he entered, and did the same when he left after delivering his address. Rao became the second head of state, after Pakistani President Ghulam Ishaq Khan, to address the Majlis since the Islamic Revolution.

On Iran's side, Rafsanjani, during his two-hour talk with the Indian prime minister, pointed out that since both India and Pakistan are friends of Iran, Teheran would like to see the two settle the Kashmir matter through discussions, and Iran was willing to offer its services. The Iranian assurance that it would not interfere in the Kashmir imbroglio has brought relief to Delhi. Kashmir, which has the largest concentration of the Shia community outside of Iran, is considered important to Iran. However, Iran, which still identifies Pakistan as a friendly nation, has also taken note of the increasing persecution of Shias in Gilgit (the Pakistani part of Kashmir), Punjab, and the North West Frontier Province.

An India-Iran-China bloc?

The back-to-back visits by Rao to China and Iran, and Rafsanjani's statement that it is important to form an India-Iran-China alliance for the security of Asia, has raised questions as well as expectations. At this point, any assertion of such an alliance would be merely speculative. Nonetheless, there are many reasons why these three countries should work more closely together, at least in certain areas.

To begin with, Iran's economy remains in the doldrums following the snapping of continuity in the aftermath of the Islamic Revolution. The attempt to recover economically then received a further setback when Iraq, prompted by the West, began its devastating eight-year war against Iran. Iran now requires a significant improvement of its basic infrastructure, of the kind which India can provide. Iran also has interest in the newly independent Central Asian nations, not for any territorial ambition as such, but ostensibly to counter the advances of Turkey, Saudi Arabia, and Pakistan—all

Sunni Muslim nations—in the region. But to make a dent in Central Asia requires large expenditures associated with the necessary expertise to develop infrastructure in that area. Again, Indian assistance would come in handy.

Iran quickly agreed to the Indian request to make New Delhi a partner in the ten-nation Economic Cooperation Organization (ECO). All these ten nations are Islamic, five of them belonging to Central Asia, as the memorandum of understanding signed between Iran and India noted.

The agreement could bring considerable prosperity to Iran by putting it on an emerging trade route to the new republics of the former U.S.S.R. India is expected to participate in constructing the railroad link between Central Asia and Iran which, besides promoting economic cooperation with the Central Asian republics, will also be a major step toward realizing the concept of a Eurasian railroad connection (see *EIR*, Oct. 8, 1993, p. 57).

Iran, it has been reported, has already developed a plan to lay a railway line from the Caspian Sea to the Persian Gulf. It is envisaged that the Caspian seaports of Freydukenar (a few miles west of Babol Sar) and Bandar-e Abbas in southern Iran near the Strait of Hormuz, will also be expanded.

Prior to Rao's visit, the outgoing Indian naval chief, Admiral Ramdas, had paid a quiet visit to Iran. Although the details of the trip have been kept under wraps, the Iranians have long shown interest in stepping up relations with the Indian Navy, because they see India as one of the few neutral nations in the region. Iran is uncomfortable about Pakistan's rejoining the American camp and about the recent anti-submarine exercises held near the maritime boundary by the Pakistani and U.S. navies. In all likelihood, in the near future Iran will ask the Indian Navy to carry out a hydrographic survey of the Iranian coast.

For India, better relations with Iran are economically beneficial and allow India to cultivate its relations in Central Asia and parts of the Persian Gulf. India believes that the Kashmir issue, which hangs like a dead albatross on India's neck, can be resolved with active pressure on Pakistan by both Iran and China, both contiguous to Pakistan.

In addition, India wants to utilize its good relations with Iran to dissuade Teheran from playing any negative role vis-à-vis the recent Israel-Palestine accord. Rafsanjani has already spoken out against the accord, and the Indian prime minister has told him why India considers the accord to be beneficial for peace. It has also been reported that Rao was persuaded by Israeli Foreign Minister Shimon Peres, over the telephone, to discuss the issue in Teheran prior to Rao's departure. There is reason to believe that Israeli Prime Minister Yitzhak Rabin will also be discussing the same issue in Beijing during his upcoming visit, and will ask his hosts to use their good offices to talk to Iran about the accord. The Indian interest, besides stability in West Asia, is to participate in the building of infrastructure in the West Bank and Gaza.

Venezuela shaken by threats of a coup

by Valerie Rush

Former Venezuelan President Rafael Caldera, the favored candidate to win the upcoming presidential election, convoked an unprecedented press conference on Oct. 2 to warn of coup threats from both the ultra-left and from the “criminal, secret, and encrusted mafia” of recently ousted President Carlos Andrés Pérez (CAP). He called on the population and Armed Forces of the country to be on the alert.

Caldera’s dire warning reflects the escalating chaos and government paralysis in the country, the result of deliberate sabotage caused by CAP loyalists still “encrusted” within the Ramón J. Velásquez government. Their strategy was revealed on Sept. 23, when a large student demonstration in Caracas protesting tax hikes and demanding higher teacher salaries and a bigger university budget was fired on by police, killing one and wounding at least 30. There was also violence in six other cities, with many more wounded.

The crackdown was reportedly ordered by Defense Minister Radamés Muñoz León and not by President Velásquez, and coincided with reports that generals loyal to CAP were planning a coup, using the student unrest as a pretext. The Caracas city council immediately demanded Muñoz’s ouster, charging excessive use of force and abuse of authority.

On Sept. 29, international news agencies reported on alleged statements of Interior Minister Carlos Delgado Chappellín to the effect that the government had uncovered a coup plot and made arrests. Despite later denials of such a statement, Caracas was awash with rumors the next day that the government had just stopped a coup planned by Defense Minister Muñoz.

It is widely rumored that Muñoz works hand-in-hand with CAP, who was in the forefront of those defending the defense minister from charges that he had mishandled the student protest. CAP insisted that had Muñoz not acted as he did, the results would have been “far more tragic,” and that anyone attacking the defense minister was out to destabilize the country. It is equally significant that Vice Admiral Muñoz had returned from a lengthy, hush-hush visit to Washington, D.C. just days before the Sept. 23 crackdown, and had held a closed-door meeting with all of the country’s top Air Force officers within hours of his return to the country.

On Sept. 30, Muñoz presided over an emergency closed-

door meeting of the military high command. By the next day, all of Caracas was militarized in response to both the coup rumors and fear of the unrest that would be triggered by implementation of a first-ever 10% sales tax in the country. Troops were sent to reinforce security at such key points in the nation’s capital as the presidential palace, the Defense Ministry, several key television stations, water distribution sites, airports, and fuel depots. Hundreds of raids were conducted in various cities across the country, with both civilian and military arrests estimated at more than 70 people.

A recipe for civil war

Any attempt by the military high command to carry out a coup against the Velásquez government will be opposed by the junior and middle-level officers, warned Gen. Carlos Santiago Ramírez (ret.) in an interview with the daily *El Nacional* on Oct. 1. This would fracture the Armed Forces “and push our civil society into chaos; that is, civil war.” The general especially warned that the combination of the appearance of a power vacuum in the country and the imposition of a value-added tax which would devastate Venezuela’s already swollen poorer class, would prove extremely dangerous. General Ramírez urged that the tax increase decree be rescinded and that Carlos Andrés Pérez’s arrest be ordered.

Ramírez’s call was echoed by Caldera in his press conference the next day. The presidential candidate insisted that he was not an “alarmist,” and that the strong rumors of coups and insurrections which had been sweeping Venezuela in the previous days were “not the product of an overheated imagination” but were based on the desire of certain sectors in the country “to perturb the path of democracy that is clearly oriented toward holding the Dec. 5 elections.” These minority sectors, he said, seek to create “a socially explosive situation, that could serve as a pretext for their objectives.” Caldera also demanded an immediate retraction of the sales tax, arguing that neither the government nor the population were prepared to handle the economic and social ramifications of such a move.

Sachs: Improve tax collection

Caldera’s attack on both the sales tax and on what he calls “the illegitimate portion” of the foreign debt, is causing headaches for the international creditor community. Planning Minister Hernán Anzola, just returned from meetings with the International Monetary Fund and World Bank in Washington, insisted that Caldera’s call for suspending the tax was “inconceivable,” and Jeffrey Sachs, former adviser to CAP and mouthpiece for the “shock therapy” monetarists wreaking havoc around the world, told a forum in Caracas on Oct. 4 that such taxes were necessary to “modernize the economy.” He added that the country should quit talking about the debt, and start worrying about improved tax collection and reduced government spending.

The role of religions in the search for peace

by Muriel Mirak-Weissbach

In a world shattered by economic breakdown and ensuing social dislocation, famine, and wars, political institutions have had their mettle tested, and most have failed miserably. Be it in post-1989 eastern Europe, the Balkans, or the Third World, political institutions invested with the responsibility to promote the interests of society have by and large failed to provide solutions to the crises threatening the very continued existence of their nations and populations.

In this political vacuum, religion has come to occupy an increasingly prominent position. Precisely what role religion should have in the current strategic juncture was the topic of debate among leading figures representing the world's major religions who gathered in Milan, Italy on Sept. 19-22. The conference, entitled "Earth of Men, Invocation to God," was the Seventh International Meeting for Peace organized by the Italian lay organization Community of St. Egidio. It represented the continuation of a discussion process promoted by Pope John Paul II, which began with a day of prayer in Assisi in 1986.

None of the debate was academic, nor could it be, considering that the conference opened in the wake of the mutual recognition of Israel and the Palestine Liberation Organization, continued as the news of a communist victory in the Polish elections hit, while the war raged in Bosnia-Herzegovina and David Owen seemed on the brink of effecting the partition of Bosnia, and concluded the same day that Boris Yeltsin engineered his preemptive coup in Moscow. Thus, the round table discussions dedicated to such themes as "Israel between Universalism and Nation," "Religions and Balkan Conflicts," "Islam and the Modern World," and "From Eastern Europe: Questions to the Churches," thrashed out issues of immediate relevance.

Two main currents of thought emerged from the conference: a one-worldist vision of global government, imbued with religious feeling directed toward establishing a malthusian harmony between man and nature; and, a truly ecumenical dialogue predicated on the highest universal principles pervading the great religions, oriented toward establishing peace, based on economic and social justice.

One-world malthusianism

Mikhail Gorbachov, speaking as the president of the foundation bearing his name as well as of the Green Cross over which he presides, delivered a keynote address at the gala opening at the famous La Scala opera house. In what one Italian newspaper called "the encyclical of Gorbachov," the former U.S.S.R. President inveighed against the "secularization of society," and proposed that values reflected in religions be mobilized to guarantee the "survival of humanity and the whole ecosystem." He railed against the "development without return of the technical sphere, which destroys nature, including man, and ending up in the so-called 'demographic explosion,' beginning with the insatiable thirst for consumption." Calling for a "radical intellectual renewal, a moral purification," he hammered away at the notion that "technological civilization, after having juxtaposed man to his natural environment, has exhausted its potential" and "has become a prevalently destructive force." Therefore, "No longer sovereignty over nature, but harmony with nature must, from today on, become absolute law."

The form in which this new world dictatorship should emerge, according to the man who oversaw the delivery of his nation into the malthusian clutches of the International Monetary Fund, is that of "renewal of the instruments of interaction among states, beginning with the U.N.O. [United Nations Organization] and regional organisms, like the Conference for Security and Cooperation in Europe." These institutions, he said, must be "perfected" through radical revision of law. "The entire corpus of international law must be reviewed. . . . Even such 'hot' problems as the relationship between the sovereignty of states and the guarantee of universal human rights, of rights of peoples, of minorities, do not yet have just juridical norms universally recognized." Gorbachov proposed that such norms be drawn up and made binding for the whole world.

Peace through technological progress

Although echoes of Gorbachov's radical one-world malthusianism could be heard reverberating here and there in the

conference, his message was, fortunately, not the one that dominated the proceedings. Particularly among the high-ranking church figures from the former Soviet Union and eastern Europe, one felt his very presence was not embraced with excessive warmth. Whereas Gorbachov proceeded from a quasi-masonic notion of "religiosity" which allocates belief to the other-worldly realm of the mystical, most of the authoritative voices heard appealed for understanding among peoples and nations on the basis of a principled, ecumenical agreement to safeguard human society in its lawful struggle for progress. Italian lay figures juxtaposed to Gorbachov's malthusian nightmare, a vision of peace through technological progress.

The conference brought together 350 religious leaders from the world's major faiths, including Buddhism, Hinduism, Tenri Kyo, Rissho Kosei-Kai, Jainism, Shintoism, Sikhism, Zoroastrianism, and Mandeism. Major attention was directed toward ecumenical understanding among the three monotheistic religions, Judaism, Christianity, and Islam.

The most illustrious representative of Judaism at the conference was the Chief Rabbi of Israel, Israel Meir Lau, who, after intervening in Milan, flew to Rome for a meeting with Pope John Paul II, the first such encounter in history at the Vatican. Rabbi Lau's approach to the need for common action among the monotheistic religions was pragmatic. After citing a passage from the prophet Isaiah, who projects the vision of universal peace, in which the "wolf lives with the lamb, and the leopard with the child," he said, however, that "our generation will not have the privilege of living in the epoch prophesied by Isaiah." Rather, today's world, he said, is more akin to that of Noah, who succeeded in bringing animals of different types to live together peacefully on the ark, by virtue of the fact that they had a common enemy, the flood. Today, the rabbi continued, echoing certain strains in Gorbachov's speech, the common enemy is to be found in "want, cancer, AIDS, drugs, nuclear weapons, ignorance, and the rejection of religious faith." Thus, he called for men to lay down their lances and take up the plow, to "mobilize the resources of humanity for a common war against the enemies which threaten it."

Judaism and the nation

The conceptual problem tackled by Jewish speakers at a round table on "Israel between Universalism and Nation" was theological and philosophical in nature, but charged with political implications. Is Judaism the "universal religion" whose laws are binding on all humanity, as Grand Rabbi René Samuel Sirat, president of the Permanent Council of the Conference of European Rabbis, seemed to imply? Or is Judaism a religion, distinct from the nation, which shares with other religions certain universal principles? University of South Florida Prof. Jacob Neusner, who cited St. Paul's

"distinction between Israel after the flesh" (ethnic Israel) and "Israel after the promise" (the community of believers), seemed to promote the latter idea. Yet he, like the keynote speaker of the session, Rabbi David Rosen, director of the Religious Affairs Department of the Anti-Defamation League in Israel, left the question hanging.

Indeed the issue of the sovereign nation-state wriggled like a live fish being tossed from hand to hand in the conference. What made it particularly slippery was the controversy regarding the status of Jerusalem, considered a holy city by the three monotheistic religions. In a press conference, Rabbi Lau tried to dismiss Christians' and Muslims' claims, saying that the former had Rome as their holy city and the latter, Mecca. In response to proposals, such as the one authored by the Vatican, for Jerusalem to have an international status, he was explicit: "Go and ask the Americans to make Washington an international city, or the Muslims to make Mecca an international city." Announcing that he would reiterate Israeli Foreign Minister Shimon Peres's invitation to the pope to visit Jerusalem, he said that the image of the pontiff's arrival in "the eternal city of Jerusalem, the capital of Israel" would do much to contribute to eliminating anti-Semitism in the world.

The status of Jerusalem is a highly complicated, charged issue. Prof. Mohamed Esslimani from Algeria expressed his view in a press conference that an international status for the city might be a starting point for breaking the deadlock. Professor Riccardi, president of the host organization, floated the proposal in his opening remarks, that the Community of St. Egidio might organize its next meeting "next year in Jerusalem," a proposal which Rabbi Lau later accepted. Cardinal Martini, the archbishop of Milan, also announced that he would visit Jerusalem in February, presumably to prepare a papal visit later in the year. One significant reference by Rabbi Lau was his insistence, during the press conference, that the conflict which has raged in the Middle East for decades is political, not religious. He also pointed to historical Andalusia as the "best period for the Jewish diaspora and perhaps the best moment for all of Europe . . . the golden era." That was a period in which Muslims, Jews, and Christians coexisted in a flourishing society.

Loyalty to the nation-state

The spirit of loyalty to the nation-state, regardless of religious affiliation, dominated the encounter among religious leaders of war-torn Bosnia in a round table discussion on "Religion in the Balkan Conflict." Trifunovic Laurentije, bishop of Sabac-Valjevo, was present as the official representative of the Orthodox Patriarch of Serbia, together with the Catholic Archbishop of Sarajevo Vinko Puljic, the Auxiliary Bishop of Zagreb Djuro Koksa, the Archbishop of Tirana Anastasio Yannolatos, and the Grand Mufti of Sarajevo Jacob Selimoski. In the course of the session, the Catholic,

Muslim, and Serb Orthodox leaders joined in an embrace which attested to their conviction that the war is not religious in origin. Bishop Laurentije, who issued a call to soldiers to lay down their arms, expressed his "hope that the religions may exercise a decisive influence in the peace process."

Monsignor Puljic (who had been forced to use a tank to reach the Sarajevo airport) expressed doubts that Serbian soldiers would heed that call, given that they are not Christians, but atheistic communists. He launched a plea for preserving the unity of Bosnia-Herzegovina, denouncing the Owen-Stoltenberg plan for partition. "The province of Sarajevo," he said, "is 110 years old on the territory of Bosnia-Herzegovina, which is a historic territory, where three peoples live, not an artificial creation like Yugoslavia. In the name of the Catholic Church," he said, "I call for this ecclesiastical province to be kept united, and invite political leaders to consider this." His plea for national unity was seconded in no less uncertain terms by the grand mufti, who said, "We cannot divide the territory. Aggression was launched, ethnic cleansing was carried out, and this cannot be accepted. There is *one* Bosnia, within which there is respect for all peoples."

No less poignant was the discussion on the fate of the nation-states of eastern Europe, liberated in the revolutionary wave beginning in 1989, and handed over to the vultures of the free market—what Cardinal Jozef Glemp of Poland called the "negative effects of a savage capitalism"—for looting and destruction. The round tables dedicated to this theme, "Eastern Europe: Questions to the Church" and "Ukraine and the Christian Churches," witnessed a painful soul-searching on the part of the religious leaders participating, who tended to treat the catastrophe which has befallen their peoples as *their* responsibility. In certain cases, such as that of Bulgaria, the responsibility of the Orthodox Church in failing to interpret and support the democratic aspirations of the people was rightly criticized. Stoyan Ganev, president of the General Assembly of the U.N. and former deputy prime minister and foreign minister, attacked that faction of the Bulgarian Orthodox Church which maintained its historically close relations with the communist power structure even after 1988, rather than providing the support for democratic reform demanded by the population. In a speech which stood out for its frankness, Ganev charged that the political institution in Bulgaria that had placed greatest emphasis on "orthodoxy" as an identity for the people had been the old communist party, re-baptized the Socialist Party. This was done, he said, not to imbue the population with religious values, but rather to provide an "orthodox" identity which would "isolate Bulgaria from western Europe and from its values."

More than any other speaker at the round table, Ganev, who founded a Christian Democratic party in Bulgaria in hopes of promoting Christian values, put his finger on the central point: "Bulgaria is a part of Europe," he stressed, "not

part of the post-communist family, which doesn't exist, but which some want to re-create." He urged greater economic, cultural, and political integration of Bulgaria into Europe. He stressed as well the crucial role Bulgaria could have, as a part of western Europe, in reinforcing contacts among all Christian forces, in order to prevent the Serbian war against Bosnian from expanding into an all-Balkans war.

As could be expected, the representatives of the Russian and Bulgarian Orthodox churches did not reply directly to his charges. Msgr. Miloslav Vlk, Catholic archbishop of Prague and president of the European Bishops Council, added to Ganev's observations, by recounting how the communist regime in his country had worked to prevent the unity of non-communists, fomenting precisely this kind of division within the church. Interestingly, he also noted that the communists, by bandying about the slogans of "solidarity" and "peace" over the decades, had emptied these words of their true meaning, such that the people could not take them seriously. He, too, issued a plea for overcoming obstacles to cooperation in Europe.

Grappling with the symptoms

Although Ganev came close to it, no one in the discussions explicitly identified the nature of evil which has been the cause of suffering among peoples of different religious persuasions, whether in the Middle East, eastern Europe, or the developing sector (which also was treated in several round table debates). Geopolitics, neo-colonialism, the role of the British, in particular, in fomenting decades of Middle East conflict, in stimulating wars along "religious" lines, for example, between Muslims and Hindus on the Indian subcontinent, or in dashing the hopes of newly liberated eastern European republics for economic justice and true liberty, were, unfortunately, not on the official agenda. Nor was the dimension of economics introduced as an integral part of the peace process in any of these troubled areas. Speakers dealt with the social and spiritual *effects* of economic looting against their people, grappling with the symptoms of a disease, but without ever identifying the cause.

His Excellency Pangratios Majdanski Vsevolod, the bishop of Skoelos, Ukraine and representative of the Ecumenical Patriarch of Constantinople, attacked "western materialism" with its "television programs which frustrate people with their inaccessible consumer goods"; he denounced "secularism," which is "making its terrible entrance into all aspects of the population; pornography and drugs are phenomena that are increasingly widespread."

But while accurately depicting the phenomena of social degeneration, most religious leaders seemed helpless in grasping the economic or philosophical or political causes for the evils afflicting their flock. By remaining at the descriptive level, one could only fall prey to the kind of argumentation presented by Gorbachov at the beginning of the conference:

that "modern technology" has brought us to this pass, nationalism has created wars, and the way out must be a return to a mythical pre-industrial state, under one spiritual world umbrella.

Economic growth is vital

One forum, however, did focus on the crucial economic dimension, and forcefully so, in terms that challenged the parameters of Gorbachov's ecologism. The round table on "Economics, Religion and Ethics" brought together mainly industrial personalities, one of whom hit the nail on the head.

Bruno Musso, industrial magnate of the Italian Ansaldo group, posed the question of world crisis in economic terms. Denouncing free market economics for having "satisfied the growth of one-fifth of humanity, while four-fifths remain in a situation of serious underdevelopment," he posed the question: "Can this market economy guide a balanced development of humanity?" He stated unequivocally: "I am not a neo-malthusian, I do not believe in zero growth, I am deeply convinced that resources should be managed carefully, but I do not believe that this involves an idolatry of the ecosystem, to be safeguarded at all costs." Musso denounced those who would attack development as pernicious, saying "there has been real growth in the last centuries and especially in the last decades, which it would be criminal to underestimate and from which those who have been excluded cannot be further excluded." Musso called for a "development according to quality" which "promotes human growth in the broadest sense, embracing man in his integrity, his extraordinary and often forgotten richness, which cannot be reduced to the logic of consumption (be it materialist or Marxist)."

'Access to our creativity'

Musso said that the challenge facing mankind to continue to develop meant that "the primary resource we have to have access to is our creativity." He continued, "Associated by God at creation, man has interpreted . . . his privileged role, giving free rein to his imagination, his intelligence and his desire for domination; science literally exploded, in a productive and mutual interaction with technology." This development, he continued, led some to believe they were "supermen," and they decreed that God was dead. It is in consideration of these negative aspects, he said, that "we have seen the rejection of scientific-technological evolution, which was responsible for defeating deadly diseases, increasing our life-span," etc. "The ecology movements," he continued, "have made themselves anti-technology and anti-industrial, and have called for the cancellation of technology *tout court* and the return to a 'state of nature' idealized and considered a kind of paradise lost."

This would have devastating consequences: "Having re-

fused scientific-technological-industrial development, there would remain only to decree the end of all development and seek refuge in a demographic stoppage, [zero population growth] without even being able to ensure for those now living in this world conditions . . . for human growth of individuals and peoples." Musso called for "reestablishing the shattered alliance between man and technology; man . . . returning to be the instrument of development which can never be capricious, but is rather the faithful servant of a design which comes from an Other."

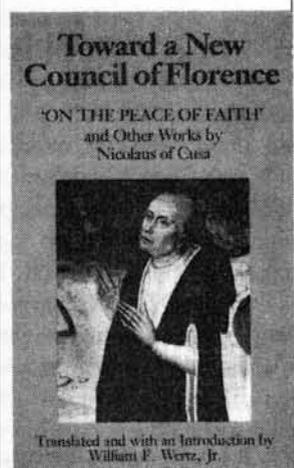
Concretely, what Musso proposed was harnessing science and technology so as to provide "adequate energy supply in forms compatible with the environment" through nuclear energy, "support for agricultural production, health services, water management, reforestation, infrastructure of transportation and communications." In doing so, he added flesh to the debates unfolding in the other round tables, identifying the economic content of a program, inspired by the concept that man, as the highest expression of creation, is endowed with creative reason, with which he is empowered to establish justice through progress. This, rather than any vision of a "universal religion" or vague spiritualism, as advocated by Gorbachov, points to the true parameters for ecumenical understanding among all religious cultures which share this view of God and man.

Toward a New Council of Florence

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The Schiller Institute has just released this new book of translations of seminal writings of the 15th-century Roman Catholic Cardinal Nicolaus of Cusa, who, through his work and writings, contributed more than anyone else to the launching of the European Golden Renaissance. The title of the book, *Toward a New Council of Florence*, expresses our purpose in publishing it: to spark a new Renaissance today.

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A moral challenge faces eastern Europe

S.E. Pangratos Majdanski Vsevolod, bishop of Skopelos, Ukraine and a representative of the Ecumenical Patriarch of Constantinople, was interviewed by Muriel Mirak-Weissbach and Leonardo Servadio at the Seventh International Meeting for Peace, held in Milan, Italy Sept. 19-22.

EIR: In your speech you addressed the moral challenge posed by developments in Ukraine, particularly due to the degenerate character of certain western culture, or counterculture, which has been introduced.

Bishop Vsevolod: The degeneration began long before the West exerted its influence, and it is not western *culture*, but the bad aspects of western civilization. People in the East were deceived for 70 years by false promises, building hopes on something that did not exist, that has no spiritual existence. They were promised that the Golden Age would come and we would build socialism, the Golden Era, but it was all falsehood and the whole society existed on the basis of this belief. Then it collapsed because it was based on false premises.

When it collapsed, people started seeking some new formula, what to believe, how to believe, whom to believe. And they moved to the church. Younger people, who were not prepared for the church; older people who remembered some spiritual support they had received from the church. But the young people, who were never exposed to it and were forbidden from having intercourse with any spirituality or religious aspect of life, were bewildered. And here comes the West with all its glory, with all its material wealth, all kinds of gadgets, and everybody wants, wants, wants, and the material needs become more important than the spiritual needs. Thus we have a moral collapse, which will exist for quite a while.

I am a bit pessimistic, because to build up moral fiber, it has to start not only from religious people, religious institutions, but also from the family, it has to start from childhood. So I find to my chagrin that perhaps a whole generation is lost. But what is good is that—with God's help, and miracles do happen—there are people who had moved into the empty field of atheism, materialism, and disbelief, who will pick up the pieces, and the family will start building up morals,

philosophy, outlook, expectations of spirituality they can gain from the great religions of the world, especially from the religion of the Orthodox or Catholicism. So I do feel that eventually, maybe within a generation, we may see the moral fiber permeating through the family and children, and the next generation will regain its spirituality. Right now people are looking for something and don't know what they will find.

EIR: What you describe is something that has been observed in eastern Germany; people had great expectations, not for consumer goods but for infrastructure, industry, and improvement in their living standard. Is this the cause of the demoralization in Ukraine?

Bishop Vsevolod: We don't have to drink the whole ocean; we can take a spoonful and know it is salty. Take an example from Ukraine, which is similar to Germany, because all men are the same, they have the same desires and expectations. The eastern Germans, after unification, felt they'd improve their lot. Instead, they became weak; not everyone has job security, they have to struggle for security and find a job and they find it's not so easy, there's a competitive system and values are expressed in nothing but monetary fashion. Again, here we have the same phenomenon and again the only solution is for people to find richness in themselves, in spiritual life. If you are satisfied because of what you have, and you know that what you have is not more than what others have, because you have this kind of faith and conviction in higher powers, then you're not afraid of anything. You don't need to seek this false security in material things because it is all a sign of deprivation, anxiety, and insecurity. How can we satisfy somebody who is insecure? He can be a millionaire, he can be a Rockefeller, and still he will feel insecure, unhappy, and anxious, and go to his psychiatrist to seek help.

What we need is spirituality, a spiritual approach to life, and hopefully our clergy in Germany will stand up to that. They have to do double work. I see no solution to this. We will be hungry for material things no matter what we have. Because this hunger is not for things which we need. It is a hunger expressed because of anxiety, desire to be accepted, and that's all this materialism. If we have spiritualism, we don't need this.

EIR: What do you expect out of this conference, especially in reference to what Gorbachov said in his speech?

Bishop Vsevolod: There is a parable in the New Testament, the sower goes and sows the seed. Some falls between the rocks, some falls between the thorns, and some falls on good ground. I feel that the people who came here came with good will and good ground, and will sow the seeds. I'm impressed with the young, enthusiastic people of St. Egidio—young, bright, intellectual, and willing to sacrifice. So the seed sown here cannot be lost.

What China staked in wager for Olympics

by Cho Wen-pin

The day before the final decision on game sites for the year 2000 was made by the International Olympic Committee (IOC), tens of thousands of Beijing youths went to the Great Wall, chanting a fresh new theme: "Five-Star Awaits Five-Ring," referring to symbols on the Chinese national flag and the Olympic flag, and romanticizing the supposed economic achievement that made it possible for China to bid for the Olympics 2000.

But this time, the Beijing government was humiliated. One of the reasons it lost the bid to Sydney, Australia can be found in the monumental Tiananmen Square—just 20 miles from the Great Wall, and the place where, four years ago, hundreds of students and other protesters died for their bravery in launching a freedom movement, a heroic event that the Beijing government would like to expunge from the world's memory, using the Olympics to do so.

The bid to host this millennial game started two and a half years ago, when Deng Xiaoping expressed his wish to see the Olympic gods in Beijing. Members of the IOC were treated like gods when they toured the freshly cleaned and decorated city. City Mayor Chen Xitong, who presided over imposition of the 1989 martial law and the crackdown, and now heads Beijing's Olympic bid committee, said earlier this year, "We regard the International Olympic Committee as a god, and what it says is a command to us."

In fact, the full weight of the government and Communist Party, from Deng down to district party chief, was thrown into the effort. Streets were cleaned, highways built, factories with smokestacks moved out, prisoners released. Then, in the days before the IOC decision, the government organized thousands in flag-waving rallies at the Temple of Heaven and the Great Wall.

Had Beijing won the prize, the next seven years would certainly have seen intensive propaganda campaigns, deploying the muscle of the Olympic gods to hold the country together, while the old red gods are dropping the communist torch. So the Communist Party put the prestige of country and party into the hazard, like a desperate gambler with the most to win—or to lose.

But Beijing miscalculated. Had the city won, it would have pulled in billions in investment over the next seven years, but investors would have only put out their money for short-term gains, widening the gap between the capital and the poor interior, where people eat supper by oil lamp.

This would have worsened the bubble economy in the capital. "The government can barely control the economy now. With further stimulus, it would become even more difficult," a Japanese economist told Mark O'Neill of Reuters in Beijing. "Foreign firms wanted Beijing to win so they could benefit from a construction boom to bring the city to Olympic standards, but that would be good for them, not China as a whole."

So the daring bid made little sense economically. It was very *political*, which explains why China was fuming at British Foreign Secretary Douglas Hurd's public criticism of its try for the Olympics. Minutes after Sydney was announced as the winner, Beijing re-issued a statement first released 11 years ago by Deng Xiaoping, in which he warned that China would take back Hong Kong before the negotiated 1997 date, if serious disturbances arose there.

Downturn of China's relations to the West?

Attacking London over the issue of Hong Kong's return only reflects Chinese wrath toward some western governments and the Anglo-American human/earth/animal rights groups who slapped the communists in the face. Yet the timing of a series of attacks, including China's Foreign Minister Qian Qichen's lashing out at the United States as "self-styled 'world cop'" and the underground nuclear test in Xijian, suggests that Beijing is ready to strike back.

The Beijing regime has wasted no time to take this chance to try to gain popularity. Blended with sympathy toward their comrades lost in Moscow over the Oct. 3 weekend, some Chinese communists have revived anti-western hatred. For the rabidly pro-free-trade Chinese, who only saw the trade opportunities brought by the shock therapy in Russia, Yeltsin's "victory" supported by some of the military is an unrealizable dream. The Chinese Army may have even fewer illusions about the West than its Russian counterpart. Indeed, Beijing's hardliners are reportedly pumping out a wave of new propaganda that would shift the role of the People's Liberation Army from "escorting the reform" to "preparing for wars against the West."

When Hong Kong's Olympic committee chief Sales accused Olympics-West of "plotting against China," he mentioned he was not alone in this idea. Yet he had no suspicion that the plot is based on the "Clash of Civilizations" thesis put forward in the Council on Foreign Relations quarterly *Foreign Affairs* by Samuel Huntington of Harvard University, which foresees inevitable battles between the West and the "Confucian" (even though one cannot call today's China Confucian) and "Islamic" civilizations—a thinly disguised declaration of war from the Anglo-American interests which have caused most of the crises in this century.

Without fully understanding how its adversaries had used the Olympic Games to play Beijing from the above vantage point, China's government will not draw any lessons from this 1993 humiliation.

All quiet on the Eastern Front?

The German government and other institutions are once again showing a suicidal appeasement of Moscow.

In its official reaction to the developments in Moscow, Bonn sailed in the pro-Yeltsin convoy of western governments, assuring him of their support for his crackdown against the "violence-prone opposition."

The fact that many moderate opposition figures who did not belong to the Ruts koy-Khasbulatov group were also victimized, held under arrest for 24 hours and more, wasn't addressed by Bonn. Nor was the fact criticized that the main mouthpiece of the moderates in the opposition, the *Nezavisimaya Gazeta* daily, was put under partial censorship through Yeltsin's emergency decrees and was prevented from publishing articles critical of his regime.

Neither were the German embassy nor semi-official institutions present in Moscow, such as the Social Democratic Friedrich Ebert Foundation, able or willing to give information about the effects of the Moscow curfew and the emergency regime upon the daily work of the moderate opposition. A source linked to the foundation even said it was useless to press the Moscow authorities for information about such matters, that one would have to wait until the "dust settles."

This attitude is the old appeasement in a new coat. This is even practiced against German establishment figures. For example, Karsten Voigt, a senior foreign policy expert of the Social Democrats, was ostracized when he warned party executives at a Bonn meeting a few days before the crackdown that it was a mistake for the West to stake all on Yeltsin. He said that there were many in the oppo-

sition who, unlike Ruts koy and Khasbulatov, were worth listening to.

The appeasement line went into effect long before the recent bloody phase of the Moscow power struggle. At a foreign policy congress of his liberal Free Democratic Party, Foreign Minister Klaus Kinkel revealed on Sept. 10 that the German government and the West accepted a Russian sphere of influence over the former Soviet bloc except for Poland, Hungary, and the Czech Republic. These three nations would be integrated (with Moscow's consent) into the western economic and security institutions, while Ukraine and the three Baltic states wouldn't, Kinkel declared.

That congress was addressed by the foreign ministers of Britain and France, Sir Douglas Hurd and Alain Juppé, respectively, and by Polish Foreign Minister Krzysztof Skubiszewski, who was quite surprised to learn that German Defense Minister Volker Rühe had just told a Bonn meeting that Poland's request to join NATO would be on the agenda at the NATO summit in January 1994.

When the crackdown in Moscow occurred three weeks later, Bonn's official line changed visibly: It was leaked from Kinkel's Foreign Ministry that the issue would not be dealt with prominently at the next NATO summit, and it was alleged that the Polish government had accepted that.

What had caused the change was not a retraction of Poland's motion for NATO membership, but a confidential letter from Boris Yeltsin to the United States, Britain, France, and

Germany. The letter, whose existence was leaked on Sept. 30, specified that Russia wanted a say on such "vital security" issues as the integration of Poland into NATO, and warned that nothing should be done on this matter without Moscow's consent.

The affair was played down by Bonn and most of the German media, but more insightful people rightly interpreted this letter as a message from the Russian military.

When the first reports about the bloody showdown in Moscow on Oct. 4 came over the news wires, Foreign Minister Skubiszewski issued a statement in Warsaw, charging the West with selling Poland out to Russia. He said there were unmistakable signs in western governments of an intent to pull out of commitments given earlier for Polish integration into NATO, and that Poland was in danger of again becoming a buffer zone in a new Iron Curtain between the East and the West.

Skubiszewski, who called the Bonn Foreign Ministry's leaks about a changed Polish view a rumor-mongering campaign, charged that current international diplomacy resembled the conferences of Teheran and Yalta that gave eastern Europe to Moscow, and of the partition of Poland in the 18th century between the West (Prussia and Austria, at that time) and Russia's Empress Catherine II. Russian "security guarantees are not acceptable for Poland under any conditions," he stated.

Skubiszewski's remarks were played down in Bonn, and some went so far as to say that after the recent elections for Polish Parliament which resulted in dramatic losses for his UD party and other "reform" groups, he was a lame duck political figure anyway. Bonn appeasers are tuning in, already, to a strong current in Poland's new parliamentary majority that seeks closer ties to Moscow.

Narco-terrorist 'justice' exposed

"Police corruption" charges in Colombia are revealed as the work of drug cartel agents inside the justice system.

The discovery by state intelligence agencies that Guillermo Villa Alzate, the federal prosecutor responsible for overseeing police operations, is an agent of leading drug traffickers Gilberto and Miguel Rodríguez Orejuela, chieftains of the so-called Cali Cartel, has confirmed the long-standing suspicions of many military and police officials that the Attorney General's office serves the interests of narco-terrorists.

For more than six years, that office has in fact functioned as a virtual subsidiary of Amnesty International and other international human rights lobbies whose intention is to facilitate the emergence of dual-power governments with such narco-terrorists as the FARC, the ELN, and the cartels themselves. Toward that end, the Attorney General's office has used every juridical mechanism at its disposal to persecute thousands of soldiers and police officers who have fought the narco-terrorists, with the argument that they are violating "human rights."

Now it stands revealed who is really giving the orders for those "human rights" investigations of the country's defense and security forces. In a tape recording of a Sept. 23 telephone conversation between Miguel Rodríguez Orejuela, legal representative of the Cali Cartel's above-ground companies, and prosecutor Villa Alzate, one can hear the drug trafficker demanding sanctions against Colonel Angarita, the director of Colombia's Police Department of Judicial Investigations (DIJIN), because he had presented a report that was harmful to

Cali Cartel interests.

Villa Alzate can be heard telling Rodríguez that he would have to present a formal complaint against Angarita, and that he would personally draft it. He is later heard making arrangements for Rodríguez to be picked up at the airport, to review the draft complaint against the DIJIN head.

The question that many are now asking is: How many other disciplinary investigations and sanctions were ordered by the drug cartels? For example, it is now known that Villa had personally sanctioned 62 members of the police force's elite Search Team, whose mission was to recapture the escaped drug trafficker Pablo Escobar Gaviria. The dismantling of that unit was a primary demand of the drug lord for entering into surrender "negotiations" with the government.

Not only did Villa Alzate have access to all the secret documents pertaining to that elite squad; in every pursuit operation undertaken by the Search Team, there was always an army of 20 lawyers at Villa Alzate's elbow, ready to create innumerable problems for the elite squad in terms of maintaining hermetic secrecy over their plans. That same army of lawyers was forever on the lookout for any pretext to shut the search operation down altogether. That has since been accomplished.

In just a nine-month period, the Attorney General's office ordered disciplinary sanctions against 19,500 soldiers, the majority of them for alleged "violation of human rights" in a situation where the majority of wit-

nesses were provided by the terrorist FARC and ELN themselves. Just months ago, a book published by a handful of international human rights non-governmental organizations (NGOs), *State Terrorism in Colombia*, targeted by name and photograph 500 prominent military and police officers who are allegedly involved in dirty warfare tactics. At the time, it was reported by sources inside Colombia that the material for the "hit list" was leaked to the NGOs by a former occupant of the Attorney General's office, Alfonso Gómez Méndez.

The Gaviria government is currently in the process of ramming through a "reform" of the Colombian Armed Forces and police, whose leading element is the creation of human rights offices in every military branch. All the human rights offices would coordinate *among themselves*, and with the Attorney General's office. Until he was discovered, Villa Alzate was the leading candidate for coordinating those human rights offices inside the Armed Forces with such NGOs as Amnesty International and Americas Watch.

Even now, Villa Alzate continues to be defended by Prosecutor General Gustavo de Greiff, the man who facilitated the dismantling of the Escobar Search Team. De Greiff was challenged by the press as to why Villa had lasted in his post for so many years as an agent of the Cali Cartel. De Greiff responded that Villa "was a very diligent and active official," that there had been no reason to suspect his work, and that the recorded phone conversations with the cartel "did not clearly demonstrate that he had links with the drug trade." Nonetheless, De Greiff admitted, Villa's "familiarity" with the drug lord was "censurable."

Villa Alzate's collaborators in high places must be exposed as well.

A non-military military

Brazil's intelligence chief is in the forefront of a campaign to "redefine" the Armed Forces.

As part of the restructuring of the country's intelligence services, after former President Fernando Collor attempted to eliminate them altogether, a dirty war has been unleashed to redefine the role the Armed Forces will play in Brazil's future.

Adm. Mario Cesar Flores, the former Navy minister who now heads Brazil's intelligence service, known as the Secretariat of Strategic Affairs (SAE), has just been denounced as the author of a plan to destroy Brazil's national sovereignty. Flores's proposal seeks to "modernize" the intelligence sector, linking it to the Anglo-Americans' global new world order, exactly as Collor's patrons had intended.

In its Sept. 22 issue, the magazine *Istoe* stated: "The SAE wants, according to Admiral Flores, to become an agency of the First World. This explains why agents of the Mossad, Israel's secret service, and of the CIA, the U.S. intelligence agency, assiduously frequent its offices in Brasilia."

The magazine added that in order to achieve his objectives, the admiral has created a lobby within the national congress, which includes Deputy José Genoino of the Workers Party (PT), which in turn is affiliated with the so-called São Paulo Forum, which serves as an umbrella group for various pro-terrorist Ibero-American organizations allied with Washington in its plans to demilitarize the continent.

Flores received a special note of appreciation in the preface to the

Spanish edition of the book *The Military and Democracy*, a State Department-sponsored text promoting demilitarization of Ibero-America.

Istoe's accusations, which under normal circumstances would have triggered a major scandal, received not the slightest comment, at least in public. Undoubtedly, this is due to the fact that Flores belongs to the intimate circle of power surrounding President Itamar Franco. According to *Jornal do Brasil* of Sept. 26, Flores, the only military minister to survive the Collor "era," provided great service to Franco during the impeachment of his predecessor, serving as an interlocutor with the Armed Forces.

The fact is that Minister Flores, along with Finance Minister Fernando Henrique Cardoso and Amazon Minister Rubens Ricupero, makes up a "troika" at the service of the so-called new world order. This can be seen, for example, in the pressure that the SAE chief is bringing to bear to get the Chamber of Deputies to approve the three-party nuclear pact with Argentina and the International Atomic Energy Agency, which would reinforce the "technological apartheid" the superpowers seek to impose on Brazil.

Flores's reorientation of the intelligence services is part of a project to inject the Armed Forces with a social democratic orientation and, thereby, a non-military aspect. According to *Istoe*, the reorientation is causing a war with the Army to the point that the SAE no longer has access to informa-

tion gathered by military intelligence.

Apart from Flores himself, this project also includes (at least as a sponsor) the media magnate Roberto Marinho, owner of the *O Globo* newspaper chain and ready servant of the U.S. State Department.

The other ally of Flores, Deputy Genoino, is the author of a project to alter the role of the Armed Forces themselves. The Workers Party with which he is affiliated is the only political party which in past elections urged a reduced role for the Armed Forces as part of its electoral program. It is well known that in 1990, Flores would have been named Navy minister under either a Collor or Lula da Silva presidency. Today, his collaboration with the PT, and vice versa, is apparently so close that there are rumors circulating in Brasilia that Flores might even be a candidate on the electoral slate of PT presidential candidate Lula.

Taking advantage of a constitutional review slated for early October, Genoino launched his proposal to "substitute the expression *military minister* with *minister in charge of the national defense*," which would pave the way for creating a Defense Ministry. He also proposes an end to obligatory military service, and the elimination of military justice, as is being pushed by Americas Watch, one of the most active non-governmental organizations in Brazil.

Flores has also entered into the debate on revising the Constitution. In a speech to the Armando Alvares Penteado Foundation and published Sept. 30, Flores defined three priorities, including eliminating protectionist articles from the Constitution, to bring it more into line with an "opening of the economy" and "reducing the universe of state monopoly," meaning doing away with the state oil company Petrobras and with the state telecommunications monopoly.

International Intelligence

Colombia ushers in U.S.-style 'sex ed'

The new National Plan for Sexual Education being promoted by the Colombian government of President César Gaviria includes the following precepts, which rival the most radical pornographic programs in use in U.S. schools:

- Sex education must question archaic values and beliefs, myths, and prejudices; must not repress or inhibit; must question discrimination or subordination based on gender.

- The individual must seek his own particular form of expressing, feeling, wanting. Sex education must not reduce erotic exercises to legally married couples; being married is merely one option among alternative forms of union, and free union and different modalities of union must be respected, and not be discriminated against or be forced into clandestinity or be subject to blame.

- Sex education must promote recognition and respect for the sexuality of the infant, the adolescent, and the old person, stages of life in which sexuality is normally denied or repressed.

- Sex education must generate new attitudes. Pleasure and enjoyment must be put forward as an inalienable right of the human being.

Peres: Israel made peace for moral reasons

Israeli Foreign Minister Shimon Peres said on Sept. 27 that Israel made peace with the Palestinians because its rule over Gaza was "a moral shame." In a speech to the Conference of Presidents of Major Jewish Organizations in New York City, Peres complained that in the Knesset debate that approved the peace accords, each member of parliament spoke of everything except the current situation in which 4 million Jews are presiding over the destiny of 3 million Arabs.

"I don't believe that a Jewish [state] can achieve permanence by overlooking a moral

shame," he said. "The fact that we were running Gaza was a moral shame, to see our best boys half-heartedly running after Palestinian youngsters is a moral shame. When people say 'Gaza is ours,' what do they mean? Is the starvation ours? The oppression ours? What is really ours?"

Peres said that Israel had thought it might first achieve an accord with Syria over the Golan Heights. "You can respect [Syrian President Hafez] Assad, but you can't accept his norms. He doesn't want to meet and talk and appear in the open." Not being able to deal with Assad led Israel to concentrate on its secret talks in Norway with the Palestine Liberation Organization, Peres said. He added that the public peace talks in Washington had become an endless press conference filled with posturing. "It is a fight of two people for the same land, two renaissances that should complement each other, but don't. The most complicated part of negotiation is the existence of the other side. An agreement is not made in heaven among angels, but made of compromises between people," he said.

Peres underlined that Jerusalem would remain the "eternal capital" of the Jewish people and never be divided with the Arabs. "It will not be 'Berlinized,'" he insisted.

Turkey wants greater role at United Nations

Turkish Foreign Minister Hikmet Cetin, in a speech to the United Nations General Assembly on Oct. 2, said that his government wanted a semi-permanent seat on the U.N. Security Council.

"Turkey firmly believes that an enlargement of the Security Council membership would enhance its effectiveness," he said. This should be accompanied by the creation of a new category of semi-permanent membership, which would rotate among a specific number of states on the basis of certain objective criteria such as population, geopolitical posture, economic potential, record of contribution to the maintenance of international peace and security, and equitable geographical distribution. He did not ex-

plain what he meant by "geopolitical posture," nor who would decide what countries qualified under this unusual provision.

"Since Turkey fully corresponds to these criteria, she considers herself qualified as a candidate to that new category of membership," Cetin said.

Bosnian Parliament rejects partition plan

The Bosnian Parliament voted on Sept. 29 against the infamous plan of European Community negotiator Lord David Owen and U.N. negotiator Thorvald Stoltenberg, for partition of Bosnia into three ethnic states. The parliamentarians voted in favor of a "peace settlement," but insisted that the terms of the settlement include a provision that all land conquered by aggression should be returned.

This vote was similar to the overwhelming vote the day before in a special assembly of Bosnian Muslim political, military, and cultural leaders. At that gathering, 62.5% voted for the same preconditions, before the settlement could be accepted. Of the 300 delegates to the parliamentary session, half had participated in the special assembly.

China lashes out at U.S. as 'world cop'

In a speech to the United Nations General Assembly on Sept. 29, Chinese Deputy Prime Minister and Foreign Minister Qian Qichen lashed out at "the malpractice of indiscriminate use of sanctions or force in the name of the United Nations. . . . We oppose the all-too-frequent arbitrary use of sanctions by one country to bring pressure to bear on another under the pretext of controlling arms transfers while engaging in massive arms sales of one's own."

"We also denounce the hegemonistic conduct of a self-styled 'world cop' who tramples upon international law and norms of international relations by endangering another country's navigation safety and normal trading on the excuse of enforcing the

Briefly

ban on chemical weapons," he said, in reference to the United States. Chinese-U.S. relations have been at a low point recently, since U.S. naval vessels pursued the Chinese ship *Yinhe* on the high seas, accusing it of transporting chemical weapons to Iran. The accusations turned out to be false.

According to Reuters, Qian also said that arrangements designed to control transfer of missile technology should take into account such elements as the arbitrary use of missiles for attacks on other countries.

"Otherwise, such an arrangement will become a means by which certain powers can maintain military superiority or play power politics. That is morally unjustifiable," he said.

Premier says Left may bring Greece into war

Greek Prime Minister Constantine Mitsotakis said on Oct. 2 that Greece could get embroiled in a Balkan war if the opposition Socialists won power in the Oct. 10 elections.

"I shiver at the thought of Greece falling into [Socialist leader Andreas] Papandreu's irresponsible hands," Mitsotakis told thousands of supporters in a pre-election speech in the northern city of Salonika, near the Greek-Macedonian border. "What does Mr. Papandreu propose? To invade Skopje [the capital of the republic of Macedonia] and create a new crisis in the southern Balkans?" he said.

Mitsotakis's warning is partly based on political considerations, since he is trailing in the election polls. All three candidates, Mitsotakis included, are pro-Serbian and want Greece to get a chunk of Macedonia. All of their policies could thus bring Greece into a Balkan war, sooner or later.

Papandreu is against direct talks with Macedonia. Party officials have said he may go as far as closing Greece's borders to economically strangle the landlocked republic, to force it to change its name.

Reuters reported that a nationwide poll released on Oct. 1 showed Mitsotakis's New Democracy party closing the gap separating

it from the Socialists, but analysts doubted it could overtake them before the elections. The poll gave the Socialist PASOK a narrowing, but still comfortable seven-point lead over the New Democracy. The new nationalist party under Mitsotakis's former foreign minister, Antonis Samaras, was third with 5.1%.

Russia moves to breach conventional force pact

The Russian government informed the Turkish government at the end of September that it wants to modify the Conventional Forces in Europe (CFE) treaty that was signed in 1990, in order to allow greater Russian military deployment on its two wings: its borders with Norway and Turkey. A letter from President Boris Yeltsin making this demand was sent to Prime Minister Tansu Ciller and also to the NATO command. It was then leaked to the Turkish press.

In evaluating this demand, one Turkish government source noted: "Clearly, Russia will be returning to the Caucasus, having successfully played the Armenia card. Armenia's recent military victories were sponsored by Moscow in order to sufficiently discredit [former Azerbaijan President Abulfaz] Elcibey, such that Moscow could put Gaidar Aliyev into power. Soon, Russian troops will police the Azeri territory that Armenia has seized, but will now abandon, under Russian pressure. And that is just the beginning, as the threat to abrogate the treaty shows. Yet in Washington, everyone is flying high."

Referring to statements by President Clinton and other U.S. officials, supporting Yeltsin in his showdown with the Russian parliament, the source added: "Unfortunately, Americans, unlike Turks, do not understand the Russian mentality. Yeltsin is finished as a result of the events of the last few days; Americans don't seem to understand that. Whoever will emerge to replace him will be a puppet of the Army and KGB. Whatever occurs, Russia's drive south and west will resume."

● **NATO** Secretary General Manfred Wörner told reporters that NATO would help the former Soviet republic of Turkmenistan build "democratic and defensive" armed forces and that the region's stability was in NATO's interest. Wörner had met with Turkmenistan President Saparmurad Niyazov, who said that his country would stick to a policy of neutrality. Turkmenistan did not seek to become a NATO member, according to Wörner.

● **THE SUDANESE** Assembly's legal committee head, Hassan Ismail al-Beilli, denounced a report released by Amnesty International on Sept. 29 as "full of lies," part of an unjust campaign to blacken Sudan's reputation. "If there are human rights violations or ethnic cleansing in this country, why do southerners flee [rebel-held areas] to northern Sudan?" he asked.

● **A BOMB** exploded on Sept. 28 at the American Embassy in the Estonian capital of Tallinn. According to Russian radio, the bomb destroyed the embassy's satellite communication connections, but otherwise there was no significant damage to the building, and no injuries. There is no indication of who was responsible for this act.

● **THE BALKANS** today remind one of the scene shortly before World War I broke out in 1914, wrote commentator Carl G. Stroehm in the German daily *Die Welt* on Oct. 4. The really big war in the region is yet to come, and it will begin with a new conflict between Serbs and Croats, he wrote.

● **CROATIAN** President Franjo Tudjman told the U.N. Security Council on Sept. 28 that he wants United Nations forces out of Croatia by Nov. 20, unless they disarm the Krajina Serbs, stop the flow of arms and ammunition from neighboring Serbian-controlled areas of Bosnia, and allow refugees to return home or help the Croats regain control of adjacent Serbian-controlled areas.

ADL candidates in trouble as voters eye LaRouche option

by John Sigerson

As the final phase of campaigning for the Nov. 2 elections begins, voters in Virginia and Minnesota who only rely on the censored major news media are scratching their heads over the mysterious decline in the fortunes of two supposedly up-and-coming, national-spotlight politicians: Mary Sue Terry, the tough former Virginia Attorney General, running to replace Douglas Wilder, the nation's first black governor; and Terry's Minnesota colleague Hubert "Skip" Humphrey III, who was angling to run next year for either the governor's post or his father's old seat in the U.S. Senate.

According to the censored media, Terry, who began her campaign with a wide lead over her only opponent, Republican George F. Allen, is now all of a sudden "floundering," "fumbling," "bumbling," or even "stumbling," and is seriously lagging behind Allen in the opinion polls. Then Humphrey suddenly announced in late September that he would not seek higher office, and will instead seek a fourth term in his current post.

As usual, it's what the media *don't* report that makes what's happening comprehensible. The reality is that in Virginia, there is a *third* candidate—independent Nancy Spannaus, an associate of Lyndon LaRouche—who is making significant inroads, as voters' stomachs turn at the other two offerings; while in Minnesota, Humphrey is in increasing danger of being indicted on numerous counts of criminal abuse of power, including his participation, along with Mary Sue Terry, in the illegal political witchhunt against Lyndon LaRouche.

The Spannaus campaign

A future *EIR* feature will examine the coming demise of gangland figure Skip Humphrey. Here we will focus on the demise of his Virginia cohort, Mary Sue Terry.

Virginia insiders all know that Nancy Spannaus is a force to be seriously reckoned with. In the 1990 elections, when

she ran against John Warner for the U.S. Senate, she received 200,000 votes, garnering over 18% of the total vote. This power was acknowledged in a backhanded way on Oct. 3, when the *Washington Post* published a poll reporting that 34% of those polled wished that there were a third candidate on the ballot!

Over recent weeks, both she and her husband Edward Spannaus—one of the original "LaRouche seven" frameup victims imprisoned in 1989 and now free—have been stumping the state, speaking at local functions and ceremonies and urging voters to get serious about turning about the depression and adopting the infrastructure-building approach proposed by LaRouche. In this effort, she is flanked by a number of candidates for Virginia State Assembly, mostly grouped in the northern part of the state around Washington, D.C. and the former shipbuilding center around Norfolk in the south.

Spannaus's presence is so pervasive that it has become impossible to shut her out of every debate, despite the usual heavy-handed efforts to do so. Edward Spannaus has appeared in a debate against the Republican George F. Allen, while Nancy Spannaus was featured along with Republican lieutenant governor candidate Mike Farris at a debate sponsored by the McLean Civic Association and the McLean chapter of the American Association of University Women. This in turn is beginning to wear down the League of Women voters, which under heavy pressure from corrupt circles around the Anti-Defamation League and Mary Sue Terry, has so far refused to include Spannaus in any debate. But a recent League of Women Voters flyer on candidates' positions on issues which gets distributed throughout the state, prominently features Spannaus, listing her first among the candidates.

The political penalties for continuing to exclude Spannaus may become even steeper with the beginning of a series of televised debates. The first was held on Oct. 7 in the state capital Richmond, sponsored by the Virginia Press Associa-

tion. These scions of the "free" press refused to put Spannaus on, but had to suffer the indignity of a demonstration and press conference, at which Spannaus called upon the Virginia media to "end their role as the 'Thought Police' of America." The Spannaus campaign has used some of its modest funds to purchase short radio ads, similar in format to the ads with which Lyndon LaRouche rocked the Washington, D.C. area during his 1990 Virginia congressional campaign.

Spannaus's campaign is also developing substantial support among black and trade union constituencies. She has been speaking at functions of the National Association for the Advancement of Colored People (NAACP), and on Oct. 9 participated in the gubernatorial candidates' forum at the NAACP's state convention. Of the three candidates, she has done the most campaigning in the mining areas of southwest Virginia, where Mary Sue Terry is not well liked for her tacit backing of efforts to dismantle what remains of the organized labor movement. Indeed, Spannaus has pointed out that Terry's campaign has received \$10,000 from mob-connected Edgar Bronfman and \$5,000 from his Seagrams liquor company, and that the Bronfmans hold a major interest in Consolidated Coal, the corporate giant which has recently forced a new miners strike.

Intersecting this is the growing revolt of parents against New Age brainwashing programs such as outcome-based education (OBE) and the Common Core of Learning. The worst "pilot project" schools around the state have been the site of emotion-charged demonstrations, led by combinations of Spannaus campaign workers and local parents. Digust with these programs became so great that in September, outgoing Douglas Wilder declared that the Common Core curriculum would be withdrawn, a decision confirmed on Sept. 19 in an abrupt statement by the Virginia Board of Education. This has given further fuel to rumors that state school superintendent Joseph Spagnolo will indeed be thrown out, as Spannaus has demanded.

Spannaus's influence and ideas have also cropped up in the campaign of her Republican opponent George F. Allen. Allen has stated his opposition to OBE. Also, a statewide campaign pamphlet prominently shows a very unflattering picture of Mary Sue Terry which strikingly resembles a photograph which has also appeared in Spannaus campaign literature.

'Come Clean, Mary Sue'

Given the huge amount of corruption in Virginia, it would be absurd to shy away from "negative campaigning." The Spannaus campaign has issued a slim but deadly brochure, which opens with the following: "What is Mary Sue Terry hiding? How many corrupt political favors and illegalities did she carry out during her two terms as attorney general? Virginia voters have a right to know."

The questions asked are likely to finish off Terry's career even more quickly than the question that Lyndon LaRouche

asked in 1988 about the mental health of Democratic presidential candidate Michael Dukakis.

Spannaus's pamphlet aims at Terry's sorest Achilles' heel: her politically motivated zealotry in railroading Lyndon LaRouche and his associates into prison, with sentences ranging up to 77 years, in the case of Michael Billington. According to FBI transcripts of the phone conversations of Donald Moore, a former sheriff's lieutenant in Loudoun County in northern Virginia, Moore claimed he had knowledge of illegal doings by Terry in going after LaRouche which could "blow her [Terry] out of the saddle." Moore, who had some political ambitions himself—perhaps intending to hitch his wagon to that of his old tent-buddy Oliver North, the patriotic drug runner who now wants to be a Virginia senator—bragged to a caller that he had personally telephoned Terry's office to threaten that he would "blow the LaRouche investigation sky-high" if Terry did anything to stand in the way of his career goals.

Specifically, Moore claimed he had instructed Terry not to give any assistance or support to Moore's local rival, Loudoun County Sheriff John Isom. Isom's office had been raided on April 21, 1992 by the FBI as part of an investigation of misuse of government funds. Moore's threat, according to the Spannaus pamphlet, was not idle, since Terry would otherwise be inclined to help Isom, who was Terry's campaign manager during her 1989 run for a second term as attorney general. Indeed, it was Isom who had delivered the speech nominating Terry at the state Democratic Convention.

The blackmail apparently worked, since Isom has been left twisting in the wind, while Terry's assistant, John Russell, later showed up to defend Moore in a 1992 trial where Moore was accused of being part of a conspiracy to kidnap another LaRouche associate, Lewis du Pont Smith.

The Spannaus brochure also asks Terry to come clean on the following questions:

- Her involvement with the illegal spying activities of the Anti-Defamation League of B'nai B'rith (ADL), especially since "in May 1990, the prosecution [against LaRouche associates] stipulated in open court in Roanoke that the ADL was part of the Virginia state prosecution, as well as the federal prosecution."

- Her refusal to pay 200,000 retired Virginia federal and military retirees \$467 million which had been collected "by mistake" out of their pensions.

- Her odd personal life. One of Spannaus's chief slogans has been "Virginia Is For Mothers!"

On the latter point, the blackmail promises to get very dirty indeed. According to the Oct. 8 *Richmond Times-Dispatch*, William Gray, a Roanoke psychiatrist now accused of engaging in inappropriate sexual relationships with at least four young male patients, has claimed that he was framed up by Terry, after a patient of his, who was also Terry's lesbian lover, committed suicide. Terry has dismissed the charge, noting that "the same thing happened to me when I prosecuted Lyndon LaRouche's associates." Time will tell.

ADL asset Holtzman bites the dust

by Jeffrey Steinberg

On Sept. 28, New York City's incumbent Comptroller Elizabeth Holtzman suffered an overwhelming defeat in the Democratic Party primary runoff election. Holtzman was trounced by longtime Queens State Assemblyman Alan Hevesi, who had the backing of Mayor David Dinkins. Hevesi received over 68% of the vote.

The defeat of Holtzman, who also lost a 1992 bid for the Democratic Party's nomination for the U.S. Senate seat held by Alfonse D'Amato (R), brings to an end the political career of one of the Anti-Defamation League of B'nai B'rith's (ADL) most loyal assets. Holtzman, who served two terms in the U.S. Congress in the late 1970s, was the driving force behind the creation of the Department of Justice's Nazi-hunting unit, the Office of Special Investigations (OSI). While pretending to pursue Nazi war criminals living in America, the OSI actually served as a beachhead for ADL-linked criminal networks, paved the way for a "special relationship" between the DOJ and Soviet intelligence services, and provided a propaganda platform for factions in Israel and the U.S. Zionist lobby closely aligned with organized crime.

In its 14 years of existence, the OSI never prosecuted a genuine high-ranking Nazi war criminal, but did manage to railroad a number of innocent people, several of whom were murdered either through Jewish underground terrorist attacks or in Soviet bloc prisons.

One of the most shameful cases was that of Tscherim Soobzokov. A Circassian refugee who worked for U.S. intelligence in Jordan in the 1960s as a liaison to King Hussein, Soobzokov was accused by *New York Times* writer Howard Blum of being a wartime Nazi. Blum's allegations were based on files leaked to him by Holtzman, who traveled to the Soviet Union for doctored KGB files. Soobzokov successfully sued Blum and the *New York Times*, and forced the OSI to drop the phony case against him, only to be assassinated by a Jewish Defense League-planted bomb in 1985.

Holtzman's defeat came weeks after John Demjanjuk, the Ukrainian-born retired Cleveland auto worker, returned to the United States after spending seven years in an Israeli prison because of false charges that he was the World War II Treblinka, Poland concentration camp mass murderer known as "Ivan the Terrible." The Sixth Circuit Court of Appeals in Cincinnati is now reviewing evidence that Holtzman's friends at the OSI committed fraud upon the court in their prosecution of Demjanjuk.

Gangster chronicle

As a congresswoman and later as the District Attorney of Brooklyn, Holtzman cultivated an image as a corruption-buster and liberal crusader for political reform. Yet, it was a kickback and conflict-of-interest scandal that brought her down in her reelection bid, and could still lead to felony indictments. On Sept. 11, three days before the first primary, the New York City Department of Investigations (DOI) delivered a report to the city's Conflicts of Interest Board (COIB) on Holtzman's acceptance of 1992 campaign loans from Fleet Bank and Fleet's subsequent hiring by her office as city bond underwriters. The release of that report was largely the result of an unsuccessful effort by Holtzman to withhold documents and witnesses from the DOI investigators. When the COIB offered to make the full text of the report available prior to the election, Holtzman refused, preferring not to answer the detailed charges.

It is fitting that Holtzman's political demise was accompanied by the taint of sleaze. From the outset, she was surrounded by liberal doses of graft and corruption.

One of Holtzman's first acts as a congresswoman in 1976 was to launch a probe into alleged corruption in a U.S. Department of Agriculture-sponsored summer free lunch program in New York City schools. As a result, several officials of a Brooklyn kosher catering firm, B'nai Torah Institute, were indicted on minor financial charges. The company was driven into bankruptcy, opening up \$25 million in USDA contracts. The institute's owners were backers of New York Mayor Abraham Beame and Rep. Dan Flood (D-Pa.).

One of the major beneficiaries of the fall of B'nai Torah was Sidney Holtzman, the congresswoman's father, a New York City lawyer. By 1981, six of the nine catering firms that received the lion's share of the \$25 million in USDA contracts were represented by Sidney Holtzman. One of the firms, ARA Services, has been suspected of ties to organized crime. Three of the other firms were secretly owned by members of the Bistrizky family, longtime friends and business associates of Sidney Holtzman.

Holtzman's own campaign financing was traced by *EIR* investigators in 1980 back to an Indianapolis, Indiana political slush fund, the Plumsock Fund. Established from the estate of Evelyn Lilly Lutz, the heiress to the Eli Lilly pharmaceutical fortune who married New York City left-wing politico Herbert Lutz, Plumsock reportedly bankrolled the careers of former New York City Mayor Ed Koch, former Los Angeles Mayor Tom Bradley, and Liz Holtzman. Two founders of Plumsock, Dan Wolf and Ed Fancher, launched the *Village Voice* in the mid-1950s to replace the New York City Democratic Party with a crew of ADL-linked insurgents. Typical of the new breed who got Holtzman's career off the ground was Max Palevsky, former chairman of the board of Xerox and the original financial angel behind the National Organization for the Reform of Marijuana Laws (NORML), the drug legalization lobby.

Dignitaries from Austria, Hungary ask that LaRouche be freed

A delegation of international dignitaries spent Sept. 20-24 in Washington, meeting with policymakers to urge that American statesman and political prisoner Lyndon LaRouche be freed, and discussing the political and economic situations in their own countries (see EIR, Oct. 1, p. 58, Oct. 8, p. 63). Below are edited excerpts from the statements of three members of the delegation, from a press conference on Sept. 22 at the National Press Club in Washington.

Austria: Prof. Kurt Ebert

Professor Ebert is an international law expert from Innsbruck, Austria.

I have been observing the case of Lyndon LaRouche for approximately four years. It was at this time, when I was first confronted with the case, when there was a rush to trial in Alexandria, Virginia, and this despite the fact that there had already been one acquittal in the same case by a different court here in the United States.

That means that Lyndon LaRouche has been tried twice; and in the second trial he was then sentenced to 15 years. That's an extraordinary punishment.

Now two lawyers have filed a motion of appeal against the denial of a so-called 2255 motion for a new trial and this had been filed already in January 1992; but it was denied by the *same* judge who had originally sentenced LaRouche and several of his associates. This is a gross violation of the principle of fair trial.

Another gross violation of the principle of fair trial, is the fact that an independent American judge had stated very clearly that in bringing forth involuntary bankruptcy proceedings against organizations and publishing entities associated with Lyndon LaRouche, the government had acted literally in objective bad faith, which is a very grave reproach; and that they had committed "fraud on the court." In my eyes, this is a bad crime committed by a government.

This ruling was affirmed on appeal; but nevertheless, the inevitable consequences were not drawn.

On the contrary, we are facing continued inaction by the Fourth Circuit Court of Appeals, which demonstrates how the pattern of gross violation of due process is being continued, despite the growing wave of internationally proclaimed protest against this procedure. . . .

In the particular case of LaRouche, it's mainly two fundamental human rights: the right to fair trial, with many aspects; and the right not to be treated in a degrading manner and not to suffer degrading and inhuman punishment.

The first aspect, the right to a fair trial, has been violated in many aspects. It started with the rush to trial, it continued with the composition of the jury, with all the influence exerted on the jury, with the press campaign and so on. . . .

There are other aspects in this trial of Lyndon LaRouche which grossly violated the right to a fair trial. I will not go into details because everything has been documented and has been published, and you can read it yourself. The fact is quite evident and it has provoked serious concern all over the world, in particular in Europe, because we have a very advanced legal system and human rights machinery. . . . And now, we [Europeans] are doing the same thing as the United States has done for many decades: We are demanding that human rights be fulfilled, that they be granted to *everybody*, irrespective of race, irrespective of sex, irrespective of political opinions, as in the case of Lyndon LaRouche.

Hungary: Janos Denes

Janos Denes is a member of Parliament of Hungary.

On June 4-5, 1993, the Schiller Institute held a two-day conference in Bonn, Germany with the title "Securing a Lasting Peace in Europe." Members of the Hungarian delegation were: Janos Denes, Member of Parliament; Dr. Tibor Kovats, journalist, economist; Tibor Koch, interpreter. Istvan Morvay, titular undersecretary of state, head of the Refugee Committee of the government, also attended the conference as a guest. . . .

The Schiller Institute is officially registered and licensed and is independent of any political parties. Under the leadership of its chairwoman, Mrs. Helga Zepp-LaRouche, the institute has been engaged since its founding in 1984 not only in literature and the fine arts, but, due to her marriage with the American economist Lyndon LaRouche, whose economic research and warnings for Europe inspired her, it shows an increasing interest in the economic and political factors forming the fortune of central and eastern Europe. The Schiller Institute studies the economic and political analyses published by Lyndon LaRouche as early as 1982. These can

briefly be summarized: "What will happen in Europe if the Russians leave?" He foresaw an economic and political vacuum, nationalist and separatist movements flaring up, improperly prepared international loan activities, the gradual drop of the living standards of the populations of exploited and underdeveloped regions, the crash of the improvement of transport, but above all the implacable rule of the international banking and credit system.

Unfortunately, we are witnesses to all that in the present day.

Through the newly regained independence of Hungary, its citizens make use of their civil rights by presenting different alternatives for international public life and political economy.

We accepted the invitation to the conference in Bonn. We introduced our nation's and the neighboring states' situation. We reviewed other nations' delegates' opinions. We took part in formulating the concluding declaration and signed it after it had been voted upon and accepted. . . .

We thanked chairwoman Helga Zepp-LaRouche for the invitation and acknowledged the Schiller Institute's work in preparing, organizing, and managing the conference. We expressed our hope that, along with her American husband, she would soon visit Hungary. We also expressed our hope for a conference in Hungary, with particular regard to the crisis of this region.

In conclusion I would like to use a quotation about the responsibilities of a journalist: "To inform objectively, to always tell and write the truth and only the truth"—and the media's task in turn is to report this in its full entirety!

Hungary: Dr. Tibor Kovats

Dr. Kovats is a journalist, economist, and member of the Hungarian Association of Former Political Prisoners.

Janos Denes, member of Parliament, my friend and ex-political prison-mate, through his parliamentary activities and recent attendance at the conference in Bonn, gave me a chance to give you an overall picture of the economic difficulties of our close European neighbors, but also of continents far away from us. Allow me to give a short introduction.

On May 15-16 in Bulgaria, on May 22-23 in Zagreb, Croatia, and on May 27-29 in Melbourne, Australia, I took part in international conferences preceding the above-mentioned conference in Bonn. Besides official evaluations, I concluded from talks with Australians and Hungarian people living in Australia that it is no exaggeration to speak of a worldwide economic crisis; inflation is everywhere and unemployment does not spare even a well-organized country never fraught by war, with almost boundless economic potentials, such as Australia.

The delegates of most countries point at the international banking system pursuing a rigid, stubborn financial and credit policy developed during the Cold War, the stiffened and

relentless, by no means "elastic," economic policy of the World Bank and the International Monetary Fund, as the causes of the economic troubles of the world.

It is, however, superfluous to bring up the economic complaints of the Balkan nations, Ukraine, Latvia, or those of Hungarian immigrants in Australia, since it is enough to study the IMF's survey on Hungary.

So that no one can accuse me of being biased, I refer to the answer of a member of the Hungarian Parliament, ex-minister of the Treasury, the communist Laszlo Bekesi, to the question, "How do you rate the principal obtained from the IMF?" published in a Hungarian newspaper. Let me remind you that in spring 1992, the IMF stopped its credit payments to Hungary and that's why current Treasury Minister Ivan Szabo had to achieve a "principal agreement" with the IMF. Mr. Bekesi gave an apt answer, which reads briefly: "First the three-year agreement signed previously cannot be upheld, since the output of the Hungarian economy deviates from the responsibilities assumed there on basic points. These are the budget deficit, the inflation rate, the dimension of the foreign trade and the amount of money in circulation. So the first conclusion is that the three-year agreement failed, it was not fulfilled."

We can fully agree with the latter statement, but we should ask for an eventual revision by the new democratic government of the conditions of the international treaty with the IMF, which was so easily concluded in the communist era, or its inapplicable conditions—in view of the "different output" of the Hungarian economy, *predictably inapplicable*.

In whose interest would a change have been? Of course, in ours. That's why no efforts were made to make a change. They waited until it failed. . . . The same happened in Poland, too.

As is well known among experts, a joint committee of the World Bank and the IMF was in Budapest from March 22 to April 2 of this year. The survey of this committee pointed out that "the majority of the [Hungarian] banks are, according to the internationally accepted accounting standards, technically bankrupt. The Hungarian financial system seems unable to finance the transition into market economy." This should at last be admitted in Hungarian financial circles, too.

The acceleration of the transformation of the economy cannot be achieved: While in 1989-91, bank credits amounted to 34.5% of the total investments of the companies; this rate fell back to 2.9% by 1992, whereas direct loans of the companies from abroad increased rapidly.

Countless evaluations appear day by day about inflation, indebtedness, and economic difficulties in Hungary, but the media are shy to name those political-economic tendencies and programs that are already well-known for experts. It is hard to break through the IMF walls, just as it was with the Berlin Wall. . . . It seems we must wait until it gets knocked down!

ADL files unsealed by San Francisco court

by Jeffrey Steinberg

On Oct. 1, California Superior Court Judge Lenard Louie ruled that some of the files seized in two raids on the offices of the Anti-Defamation League of B'nai B'rith (ADL) in the San Francisco Bay Area and Los Angeles will be unsealed and released to the victims of the ADL espionage. Last December, Judge Louie had sealed all the materials seized by San Francisco police in the first series of raids on the ADL offices and the home of ADL dirty-trickster Roy Bullock, arguing that he had to preserve the integrity of the ongoing police investigation into how the ADL had obtained classified police and California Department of Motor Vehicles (DMV) data on tens of thousands of American citizens. In April of this year, police again raided the ADL offices in Los Angeles and San Francisco and carted off thousands of additional files that had been withheld by ADL officials during the first raids.

At a hearing on Sept. 10, Judge Louie was informed by San Francisco Assistant District Attorney John Dwyer, the man in charge of the 10-month probe of the ADL, that the criminal investigation had been completed and that his office would complete its review of the case by Nov. 9, the date on which a new grand jury is to be empaneled. The ADL has been exerting enormous behind-the-scenes pressure on District Attorney Arlo Smith and other city officials to resolve the case without further criminal indictments.

So far, the only person charged is former San Francisco police inspector Tom Gerard, who was indicted in May of this year on five felony counts. In the criminal complaint filed against Gerard, Bullock was also charged with illegally possessing classified DMV and police data on over 1,000 California residents. Although Bullock has not yet been indicted, the fact that the district attorney spelled out specific felony acts strongly suggests that he will be also be brought up on charges. Others who have been identified by sources in the district attorney's office as targets of the probe are Irwin Suall, director of the ADL's Fact-Finding Division; San Francisco ADL regional director Richard Hirschhaut; Los Angeles ADL regional director David Lehrer; and Judge Bruce Einhorn, former ADL president for southern California and the ADL's secret paymaster to Bullock.

The decision by Judge Louie to selectively open the ADL

files on individuals and organizations is a serious setback for the ADL, which had been angling to have all of its files returned without being publicly released. At stake for the ADL is its tax-exempt status and potentially \$25 million in civil fines. Last May, former U.S. Rep. Paul N. McCloskey, Jr. (R-Calif.) filed a class action suit on behalf of the victims of the ADL's illegal spying operation. He has already filed discovery motions, and the ADL is desperately attempting to block them by claiming they are a "news organization" protected by California's shield laws.

Another Pollard scandal?

Another time bomb was set ticking during the hearing before Judge Louie on Oct. 1 when Gerard's attorney James Lassart reported that the FBI has so far refused to release any documents from their two-and-a-half-year probe of Bullock. Not even the district attorney's office has received copies of the FBI investigative file, according to Lassart.

The FBI began its probe of Bullock's activities in 1990 as part of an investigation into espionage by the South African government. FBI agents probing South African efforts to obtain information about high-technology research in Silicon Valley discovered that Bullock had been selling information to two South African agents known as "Humphries" and "Louie." As the result of court-ordered wiretaps on Bullock's phone, the FBI discovered that he was regularly tapping into classified police and even FBI data bases, obtaining confidential information on American citizens.

CIA documents turn up

In November 1992, the FBI turned the primary jurisdiction in the case over to the San Francisco Police Department. However, even after the initial SFPD raids on the San Francisco and Los Angeles ADL offices and the homes of Bullock and Gerard, the FBI continued its probe. Bullock and another former ADL employee, David Gurvitz, were interrogated by the FBI in January 1993; and in April, following the discovery of a Gerard briefcase loaded with classified Central Intelligence Agency documents at a police gymnasium, the FBI announced that it was back on the case.

When Lassart raised the issue of the mysterious FBI files in court, ADL attorneys became noticeably uncomfortable. The disclosure of the FBI investigative file could prove to be another devastating blow to the ADL. Sources close to the police probe of Bullock, Gerard, and the ADL say that there are mountains of documents that could surface during a trial of any of the potential defendants and that would "devastate" the ADL.

Robert I. Friedman, a reporter for the New York tabloid *Village Voice* and the author of two lengthy stories on the ADL in recent months, reported in April that convicted Israeli spy Jonathan Jay Pollard has written to friends and relatives that a top official of the ADL was a pivotal player in his spying.

Caution raised on space cooperation with Russia

Following the Clinton administration's decision to initiate closer collaboration with the Russians in space exploration, four leading congressmen sent a letter to Vice President Al Gore at the end of September, warning that the joint U.S.-Russian work in space could compromise the U.S. Space Station program. The signers included the chairman and ranking minority members of the committees that authorize and appropriate the NASA budget.

The administration has promoted the idea of using the Russian Mir 2 station as the core of the international station, thereby making the entire facility dependent upon what the Russians can deliver. There has been a war of words regarding Russian participation in the re-designed space station effort, now designated as station Alpha.

The White House has promoted close coordination with the Russians as a way of stabilizing the Yeltsin regime. Budget balancers have promoted it as a way to cut the price of what Space Station Freedom would have cost, and the station funding which the Senate passed on Sept. 22 was influenced by these considerations. Russian Space Agency head Yuri Koptev has described the collaboration as the way to save the rapidly deteriorating Russian program, which is receiving about half of the money it is requesting from the Russian government.

James Oberg, an expert in the Russian space program, recently raised concerns in an article in the *Wall Street Journal* over the instability of the Russian political situation and the growing enmity between Russia and Kazakhstan, where the launch facility is located. Oberg described the decrepit state of the physical facili-

ties. This led the White House to have a study done on the state of the Baikonur cosmodrome, which appears to be a white-wash of the problems.

Collaboration on the Space Station was one of the carrots held out to Moscow by the Clinton administration in order to pressure the Russians to scrap their planned sale of cryogenic rocket engines to India. The House Committee on Science, Space, and Technology will be holding hearings on the issue in October.

Hill told: no oversight of Russian missile destruction

At hearings before the House Foreign Affairs Committee on Sept. 21, Ashton Carter, Assistant Secretary of Defense for National Security and Counterproliferation, admitted to Congress that the United States really has no idea how many missiles the Russians have destroyed. The admission came at a time when the Clinton administration is clamping down on high-technology capabilities available to Third World countries by toughening up the non-proliferation regime.

In response to a question from Jan Meyers (R-Kan.) about how many missiles the Russians have destroyed, Carter said, "We don't know, again, exactly. We presume somewhere in the neighborhood of 2,000 per year or slightly in excess of that number." When queried further by committee chairman Lee Hamilton (D-Ind.), Carter replied, "We have been assured by the Russian government that dismantling is taking place. . . . That [2,000] is . . . the number that we have been told that we put most stock in."

Carter admitted that the Russians give no verification for their figures.

Hamilton was particularly perturbed, because the United States, under the Nunn-Lugar amendment, is giving Russia the equipment needed to destroy rocket delivery systems. The amendment was designed to assist the Russians financially in dismantling their nuclear capabilities.

Reactor okayed despite 'proliferation' concerns

In a victory of economics over ideology, the Senate rejected by a vote of 53-44 on Sept. 30 an amendment by John Kerry (D-Mass.) which would have eliminated the \$22 million in funding for the Advanced Liquid Metal Reactor, contained in the Energy and Water Appropriations Bill for fiscal year 1994.

Anti-nuclear groups have been opposed to the reactor, which produces plutonium as a by-product. It is not clear what effect the Senate decision will have on the development of the reactor because the House voted in June to cancel funding.

The debate in the Senate was heated because of the tightening of the non-proliferation restrictions enunciated, at least in outline, by President Clinton in his speech to the United Nations on Sept. 27, where he reiterated the U.S. pledge to work for a ban on plutonium production. Kerry argued that it was therefore necessary to stop development of the ALMR, now under way at the Argonne National Laboratory, since it could be configured to breed plutonium.

Ironically, the purpose of the reactor is not to produce plutonium, but rather, to burn it as an energy source, offering a possible solution to the problem of disposing of surplus plutonium from dismantled nuclear weapons.

FBI files on senator raise oversight questions

An article in *Roll Call* magazine, which circulates on Capitol Hill, published on Sept. 25 information regarding an FBI file which J. Edgar Hoover had on the late Sen. Quentin Burdick (D-N.D.). The FBI kept an investigative file on Burdick from 1959 to 1965 because of his alleged "communist sympathies."

Sen. Kent Conrad (D-N.D.), who took over Burdick's seat after his death, expressed outrage over the fact that *Roll Call* would publish such discredited allegations about Burdick. *Roll Call* responded, however, that the article was not aimed against Burdick, but rather against the FBI, referring to earlier exposés they had run showing how the FBI had conducted probes of the late Rep. Larry McDonald (D-Ga.) and the late Rep. Mickey Leland (D-Tex.), and a smear campaign against the late Rep. Hale Boggs (D-La.)

In an editorial on Sept. 27, *Roll Call* warned: "Senators and representatives should take these articles to heart as examples of what government agencies and officials can do when Congress is too awed or too cowed to oversee them adequately."

Ban kept on federally funded abortions

In a set-back for pro-abortion advocates, the House and the Senate both maintained a 17-year-old ban on Medicaid-financed abortions despite a major effort by abortion advocates, encouraged by the election of four new pro-abortion women to the U.S. Senate, to overturn the ban. The ban was introduced in 1977 on an amendment sponsored by Rep. Henry Hyde (R-

Ill.), a spokesman for pro-life views.

The Senate voted 59-40 on Sept. 27 to maintain that ban. The only exceptions made were in cases of pregnancies resulting from rape or incest. In June, the House had voted 255-178 to maintain the ban.

The vote also places in question the upcoming Clinton health care package. The White House has indicated that it wants to include funding for abortions, but pro-life advocates warn that they will reject the package if it makes it easier for women to obtain abortions.

Clinton asked to report on Somalia goals

The House on Sept. 28 voted 406-26 for a compromise resolution which requests, but does not require, President Clinton to report to Congress by Oct. 15 on his goals for Somalia, and to seek a vote by Nov. 15 on authorizing a continued troop presence.

House Republicans pushed a measure which would have cut off all funds for the mission unless the President certified that the deployment was in the national interest. Democrats prevented this amendment from getting to the floor. "While we weren't looking," said Benjamin Gilman (R-N.Y.), ranking member of the House Foreign Affairs Committee, "the U.N. and the administration changed the mission in Somalia."

The House Appropriations Committee also attempted to place limits on peacekeeping operations in the Defense Appropriations Bill. But under the threat of a presidential veto, they removed the limitations.

Pressure for a pullout increased on Oct. 4 when 12 more Americans were killed in gun battles in Somalia. Sen.

Robert Byrd (D-W.V.), one of the toughest critics of the administration's Somalia policy, renewed his call to "disengage" entirely from Somalia, pointing to clear constitutional grounds for his argument. "This U.N. experiment on new world order nation-building, the new mission that neither the Congress nor the American people at large ever endorsed, ought to be shut down as far as U.S. involvement is concerned," said Byrd, in floor statements on Oct. 4.

Senate Minority Leader Bob Dole (R-Kan.) called for action on the part of the administration to put forward a strategy for exiting from Somalia.

Temporary waiver granted for funding the PLO

The Senate Foreign Relations Committee voted on Sept. 28 to lift restrictions on U.S. aid to the Palestine Liberation Organization, opening the way for U.S. financing of West Bank and Gaza Strip development projects. The measure gives President Clinton until Jan. 1 to waive laws that ban aid for, and relations with, the PLO, and passed on the same day that Senate and House conferees incorporated a similar waiver into the final version of the Fiscal Year 1994 Foreign Aid Appropriations Bill.

Committee Chairman Claiborne Pell (D-R.I.) said that the waiver was granted on a temporary basis because he and Jesse Helms (R-N.C.), the ranking Republican, had reservations about the PLO. The bill also lets the PLO reopen its office in Washington, but would require the President to determine that lifting foreign aid restrictions is in the U.S. interest and that the PLO is abiding by its commitments to Israel.

National News

Chicago religious groups fight riverboat gambling

A statement by the Council of Religious Leaders of Metropolitan Chicago opposes Mayor Richard Daley's efforts to install riverboat gambling in the city, according to the Sept. 23 *Chicago Sun Times*. The council, which includes the local Catholic Church, all Jewish denominations, and some Protestant ones, represents the first time the Catholic Church has openly expressed opposition to gambling. The statement says that riverboat gambling "sows the seeds of economic and personal deterioration."

Chicago Bishop Cardinal Joseph Bernardin was asked about his stand, since many parishes derive a significant income from bingo, and replied that he has "serious reservations" about wagering. Rev. Thomas Baima later told the *Sun Times* that Cardinal Bernardin instructed parishes in 1986 to move away from such practices.

Court hears arguments in Gary Graham case

A most unusual hearing was held in Texas on Sept. 29, which could affect the swelling U.S. tide toward executions, which has shocked the civilized world in recent years.

The Texas Court of Appeals heard arguments in the case of death row inmate Gary Graham, and will decide whether the Texas Board of Pardons and Paroles must hear Graham's new evidence that he is innocent. In Texas, a defendant has only 30 days after conviction to offer new evidence in court, leaving the board as his last recourse.

The Texas Board of Pardons and Paroles has held only one hearing in a capital case since the death penalty was reinstated in 1976—and that was at the personal request of the pope.

Graham's court hearing occurred after an international mobilization led by the Gary Graham Justice Coalition and supported by the Schiller Institute.

The U.S. Supreme Court had ruled last Jan. 25 in the case of Leonel Herrera, another

Texas prisoner, that claims of innocence based on new evidence by death row prisoners belong in executive clemency proceedings, not in court as a legal right. By this ruling, the court found that it is not a violation of the Constitution to execute those with new evidence of innocence discovered after state deadlines have passed. Leonel Herrera was killed on May 12.

A so-called victims' rights group called Justice for All was whipping up an outcry for Graham's immediate execution. But in the hearing itself, Graham's attorney read a letter from Loretta Lambert, the widow of the man Graham was convicted of killing. In the letter to Gov. Ann Richards, Mrs. Lambert wrote that she supports the death penalty, but asked Richards to review Graham's evidence that he is innocent: "My husband's murder was a tragedy but the execution of an innocent person would be a travesty."

Homosexual rioters assault church service

According to a Sept. 23 letter released by Rev. David C. Innes of the Hamilton Square Baptist Church in San Francisco, "a mob of rioting homosexuals and lesbians" attacked an evening service, because it was being addressed by Rev. Lou Sheldon of the Traditional Values Coalition. The incident occurred in the wake of the firing of Rev. Eugene Lumpkin from the city's human rights commission, because he had asserted that homosexuality is a sin.

Although the 6 p.m. service was only publicized through the church bulletin, a demonstration was announced in two Bay Area publications. Demonstrators began gathering at 5 p.m., and, as police stood watching, "by 6 p.m. a riot was under way," wrote Dr. Innes. Another minister and his wife were manhandled and forcibly kept from entering the church, until the caretaker pulled them in, while rioters threw rocks.

After the police cleared the rioters from the entryway, they went around to the emergency exits and pounded on them, until the service was forced temporarily to discontinue. Police, again, were notified, at which point, the homosexual rioters lay down in the street at the intersection of Geary and

Franklin or pounded on passing vehicles. One woman exposed herself to churchgoers.

No arrests were made. Dr. Innes wrote: "The police insisted that they were bound by the rioters' claim that this was an open public meeting and not a worship service."

Euthanasia vultures circle health debate

Promoters of euthanasia, health care rationing, and "bioethics" are circling around the debate over President Clinton's health care reform plan.

Daniel Callahan, co-founder of the Hastings Center for Bioethics Research in New York, is promoting his latest book, *The Troubled Dream of Life*. He complained to one radio interviewer: "We spend enormous amounts of money to combat [death] and, I think *that's* the reason we have such an expensive health care system in this country."

Another Hastings co-founder, Willard Gaylin wrote in the October issue of *Harper's* that Clinton is missing the point. The debate should be on the "deeper" meaning of health, on issues like "who shall live, who shall die, and who shall decide." Gaylin demanded that Americans face the need to set limits on treating the elderly and premature infants, as was done in Oregon's health care rationing plan.

CATV monthly features 'LaRouche Connection'

The latest issue of *Storyboard*, the journal for the Fairfax, Virginia public access cable television station, carries a profile of "The LaRouche Connection" producer Dana Scanlon.

Author Marili Beckmann wrote: "First aired in March/April 1991 on Channel 10 and now in its 115th show, 'The LaRouche Connection' is currently being shown in 60 to 65 public access channels across the country. Because of this large number of outlets, the show currently reaches approximately 5 million cable subscribers. . . ."

Briefly

"When asked about the secret to her success in 'bicycling' her show to so many stations, Dana . . . says that it is due in great part to the many people across the country who believe in the show's political movement and who called their local cable access stations requesting that the show be aired."

Beckmann continued: "In one recent show, the featured guest was Viktor Kuzin, Chairman of the Moscow City Council Subcommittee on Defense of Civil Rights. Mr. Kuzin, who is a founding member of one of the first opposition parties to the communist regime, was in Washington, D.C. to make a plea to Congress and members of the Clinton administration on behalf of political prisoner Lyndon LaRouche, whom he considers to be 'a victim of one of the worst political persecutions he has ever heard about.'"

Iowa colleges train casino staffs

Marshalltown Community College in Iowa will begin a course in gambling casino management on Oct. 26, *USA Today* reported on Sept. 27. Mark Steinberg, the college's director of development, told *EIR* that the course is being offered at the request of the Mesquakie Bingo and Casino company. The course will train employees of the Las Vegas-style casino at public expense.

Steinberg, who made arrangements for the course, is himself the treasurer of the Mesquakie Enterprise Group, which is promoting the Indian tribe's business schemes. Steinberg says his college sent people to Nevada and Atlantic City to learn how to train gambling staffs.

The tribe owns the casino, which is about 30 miles east of Ames, Iowa and 10 miles west of the college. The casino is operated by Jim DeMasseo of Gamblers Supply of Iowa, based in Sioux Falls. The Mesquakie, or "Sac and Fox of the Mississippi in Iowa" tribe, do not actually live on any reservation. The gambling casino is part of a "settlement" which is simply a private enterprise.

The Iowa Board of Education must authorize the proposed course, and is also being asked to approve a college degree in gambling casino management beginning in

January. A spokesman for the state Education Department told *EIR* that Eastern Iowa Community College, located in flood-stricken Davenport, last year trained the table operators for riverboat casinos.

No extended jobless benefits for unemployed

Congress failed to renew the extended unemployment benefits program, which provides help for people whose six months of jobless benefits have expired. The unemployment benefits extension ended on Oct. 2.

While people already getting the extra benefits will continue to get them, no new unemployed can now be added to the program. According to Reuters, a \$1 billion measure to extend the program for four months was delayed on Sept. 30, hours before it was to be voted on, because Congress had trouble finding a way to pay for the extension.

The House Ways and Means Committee is continuing to look for new ways to pay for the benefits. During the second quarter of 1993, there were officially 1.8 million people who had been unemployed for more than six months.

Outrage of KKK statue raised on Swedish radio

The controversy in the United States over the statue in Washington honoring freemason Ku Klux Klan founder Albert Pike, was highlighted in a debate on Sweden's national radio station on Sept. 29.

Christian activist Jan-Ola Gustavsson stated that one wonders what is going on in Washington, when such a person is honored with a statue. Gustavsson denounced the Freemasons, saying that the oath which they have to swear causes nightmares, to the extent that members sometimes wake up in the night, screaming. "I have had to help several wives who were extremely concerned about what had happened to their husbands," he said.

● **THE GRIM REAPER** paid a visit to the International Monetary Fund/World Bank meeting in Washington on Sept. 27. Wearing signs reading "I Love the IMF," and "I Love Jeffrey Sachs," he explained to curious passersby that the meeting was taking place to plan more deaths. Another sign informed people that "Usury Kills More People than Hurricans, Floods, and Earthquakes" and balloons reading "Derivatives" and "Sachs/Soros" were offered to attendees.

● **VIRGINIA'S** Board of Education passed a resolution on Sept. 29 withdrawing the Common Core of Learning from Virginia schools. The CCL was Virginia's outcome-based education program, which was shut down last month by Gov. Doug Wilder. The resolution passed unanimously.

● **THE FEDERAL ELECTION** Commission has filed a petition for appeal with the U.S. Supreme Court, after having been ordered several months ago by the D.C. Court of Appeals to pay the 1992 campaign committee of Lyndon LaRouche the matching funds the campaign is owed. The appeals court said the FEC had no authority to deny LaRouche matching funds.

● **A HIDDEN FEATURE** of Clinton's health care plan would allow workers who elect early retirement to qualify for Medicare before they turn 65. The provision was included to get the backing from large corporations, many of which now pay 100% of their retirees' health insurance. Under the Clinton plan, they will only pay 20%.

● **THE NEW YORK TIMES** of Oct. 4 ran an editorial, "Gay Parents: Living in Fear," condemning the "prejudiced" meddling of courts in custody cases involving homosexual "parents." The *Times* cites studies that allegedly show children growing up in homosexual households evince "no evidence of harm." The *Times* increasingly caters to a homosexual readership, to which a large portion of its advertising also appeals.

A bloody Somali side-show

Simultaneous with Russian President Boris Yeltsin's bloody assault on the Russian parliament on Oct. 4, the United States peacekeeping forces launched a helicopter attack on the so-called Somali warlord Gen. Mohamed Farah Aideed. That evening, and throughout the week, U.S. television and many establishment newspapers saw fit to give equal or even greater coverage to the events in Somalia, than the epoch-shaping events in Moscow. In effect, this coverage helped obscure the colossal U.S. policy failure shown by the Moscow bloodbath.

Grisly photos of mutilated U.S. corpses on the TV screen, film footage of a U.S. soldier taken hostage, and pontification by government officials, dominated much of the airwaves. Typically, the media obscured the fact that the U.S. troops slaughtered an estimated 1,000 Somalis and injured another 500 in their raid.

A great number of the Somali casualties happened to be civilians, among them women and children. The State Department termed the operation a "success," because, after killing hundreds of Somalis, the Americans had managed to capture about 20 Somalis whom they claimed were "close Aideed supporters," including "three high-ranking officials," of Aideed's faction.

When U.S. President George Bush began his "Operation Restore Hope" in December 1992, he reported that its purpose was "to secure the environment that will allow food to get to the starving people of Somalia." His National Security Adviser Brent Scowcroft claimed that that mission would be completed by the time of Bill Clinton's inauguration in January 1993.

Now, nearly a year later, the United States appears increasingly caught in a quagmire, while the stated, professedly humanitarian mission of Restore Hope has not been achieved.

Since the summer of 1991, some 500,000 Somalis have died of the combined effects of a war and famine caused by the combined pressure of the International Monetary Fund (IMF) and governments of western Europe and the United States. We reported at the time that concrete economic measures would have to be carried

out in Somalia. They have not been.

These measures, which we called for then, must still be implemented. Included among them are:

- Food and supply warehouses must be established directly in the middle of the famine zones. Forcing tens of thousands of starving people to walk hundreds of miles to "feeding stations" is one of the hidden ways that governments and relief agencies often intentionally kill populations.

- Somalia's ravaged infrastructure must be restored. This will require an investment of billions of dollars, together with the creation of new rail, power, and water-management systems. Once known as "Aden's butcher shop" for its role in supplying animal protein to British forces in Yemen, Somalia has a vast food production potential.

According to a U.N. development program study, the region between the Juba and Shabeelle rivers now at the center of the famine, could produce enough food to sustain *50 million people*. Nearby Sudan, meanwhile, is potentially one of the great breadbaskets of the world, which could easily feed all of Africa. It is therefore also urgent that Sudan receive massive investment for this reason.

- Somalia's clearly unpayable \$2.2 billion foreign debt must be canceled, along with the \$275 billion debt of the rest of the continent, as a necessary precondition for Africa's rapid industrialization.

Throughout the 1980s then-Somali President Siad Barre repeatedly came into conflict with the IMF, arguing that its demands prevented the development of his country, particularly such projects as building dams on the Juba and Shabeelle rivers in order to increase food production. Barre was toppled in January 1991, after the IMF forced the government to cut food subsidies, leading to an increase in food prices of 200%, and after it forced the government to devalue its currency by 500%. The same IMF and U.S. policies that caused a catastrophe in Somalia are currently causing a catastrophe in Russia.

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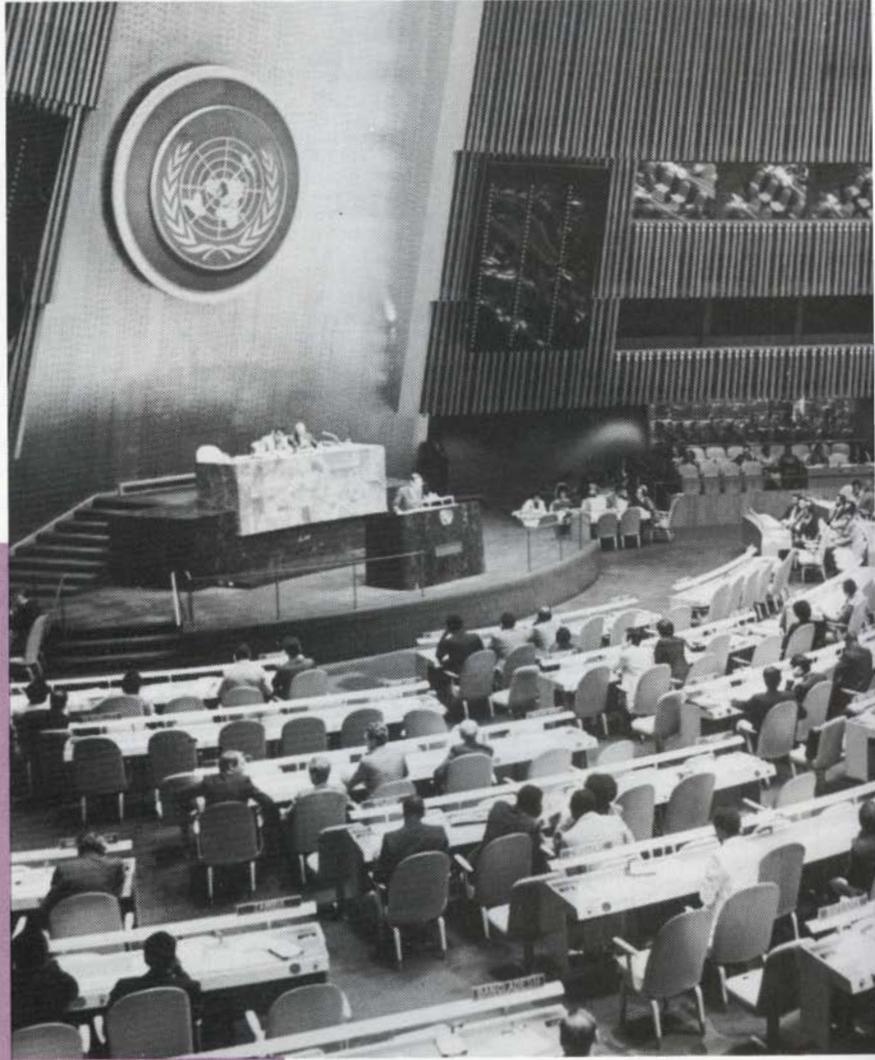
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