

EIR

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Economic shock therapy could end Polish freedom
Hands off Argentina-Brazil nuclear cooperation!
LaRouche's SDI concept reemerges in world debate

**If ecology mafia wins—wave
goodbye to U.S. industry**





Global warming ... or hot air?

The environmentalists say that "industrial pollutants" are heating up the world's climate-what a hoax!

First, the evidence that such a heating is occurring is dubious; if it is occurring, what *can* be proven is that industrial emissions are not the cause. And the "remedies" proposed by George Bush, Mikhail Gorbachov, and the other "greenies" will only make things worse.

Executive Intelligence Review's Special Report, "The 'Greenhouse Effect' Hoax: A World Federalist Plot," assembles the scientific evidence, and analyzes the political purpose behind the hoax: the drive to use "ecological emergency" as the pretext to destroy the sovereignty of nations.

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You can measure a person's intelligence by what he or she takes responsibility for. A person who is only interested in himself, is an *idiot*—that's the precise origin of the Greek word. One who cares about his family, is a little bit smarter. One who cares about his nation approaches a human level of intelligence. The most intelligent of all, is the individual who takes responsibility for the entire world. That, in a nutshell, is why you had better make certain that your elected representatives not only have subscriptions to *EIR*, but that they actually *read* its contents.

For example, right now, even the most backward U.S. congressman pretends to have views about Eastern Europe. But if he or she does not have our report on what the International Monetary Fund is doing to Poland (p. 6), or the first-hand account by an East German expert on the state of that country's economy (p. 10), he cannot possibly make a competent decision about U.S. economic policy toward that region. These reports, and our discussion of the causes of the problem, do not appear in any other publication.

Likewise, the *Feature* pinpoints the insanity of the current "Clean Air" amendments, which won't improve the environment, but will "bomb" the U.S. economy to oblivion—wiping out the very small and medium-sized businesses that we are supposed to want to create in Eastern Europe! The *Science & Technology* section takes up a related matter, having to do with how our liberal foreign policy establishment, together with its buddies in the Soviet foreign policy establishment, want to deprive Brazil and Argentina of their right to collaborate in the nuclear energy development program, which is actually the great potential savior of the ecology in that part of the world—and the greatest bulwark against the threat of war.

Don't miss the latest episode in our exclusive exposé of the Kissinger Associates cover on p. 62. As you know, the pressure of such exposures succeeded in forcing Henry himself off the President's Foreign Intelligence Advisory Board at the outset of this year. We have to keep that pressure up, because if and when the Eagleburgers and Scowcrofts and their ilk ride out of Washington power centers—preferably by rail, with tar and feathers—then all of our elected leaders will become more intelligent. Either because they see the light, or because the voters replace them—if necessary, by running for office themselves.

Nora Hamerman

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LaRouche asks, can Bush stop mudslide by fiat?

by John Hoefle

The first full week in March witnessed an exceptional level of activity by the so-called Group of Seven nations, indicating that governments and financial circles are frantically maneuvering to avert a major new financial shock. While very little news is emerging from the secretive meetings—and what little that does is mostly disinformation—the level of activity is a dead giveaway that something big is up. The collapsing Anglo-American financial empire is putting maximum pressure on its allies to force them to bail it out, with the Bush administration playing the role of international bully—morality, the Constitution, and fair play be damned.

Three G7 meetings will be held in a little more than one month. The first, a mini-meeting of sorts, occurred Feb. 28 in London, attended by U.S. Treasury Secretary Nicholas Brady among others. The second meeting occurred March 7 in Tokyo, attended by junior level ministers. The third meeting is scheduled for April 7 in Paris.

What the G7 is worried about was spelled out in recent interviews by U.S. congressional candidate Lyndon LaRouche, who warned that a “financial mudslide”—one that could sweep the Anglo-American financial system into oblivion—is imminent.

Rigging the markets

Speaking March 4, LaRouche reiterated his projection that a crash is likely during the March-April period. “Let’s qualify our forecast at this point,” he said. “For reasons which ought to be obvious, it can be flatly said, that within what are generally believed to be the existing lawful parameters and traditional practices of financial markets, between the period of approximately the 10th of March—that is, this coming Monday onward—into a period of April 10 or slightly beyond, we’re headed into a great financial mudslide inter-

nationally. By that I mean the tearing out of whole elements of longstanding—10 years or longer—financial structures internationally, with special emphasis on the United States.

“The reason for the qualification is this: We are in every respect in a revolutionary period, and that means fascist revolutions as well as republican ones. Communist revolutions seem to have, at the moment, gone to the wings to lick their wounds, but fascist revolutions and republican revolutions are very much on the table, so to speak. Now, George Bush and company, and their friends the Anglo-Americans, who are very capable of making a fascist revolution, are converging on this tendency, thus tending toward imposing absolute fiat conditions on financial markets, as an alternative to letting the markets run.

“This cannot be excluded; the Anglo-Americans are capable of going to outright fascist revolution, that is, a fascism-from-above variety, administrative fascism, on all financial markets, and doing it immediately. Whether they will or can, is another question. But they are coming very close to it, with the way the markets have been rigged by the Fed and the Treasury and others, with the collusion of certain big Anglo-American financial interests. And they’re desperate. They may try; they might succeed temporarily.

“Now, two things have to be said of that. First of all, if that does occur, then you will not get any normal financial collapse kind of phenomenon in markets; you will no longer have a semblance of what are called free markets. However, if there is any semblance of freedom in markets, then we are looking at a great mudslide, immediately, as a phenomenon. If there is not any semblance of freedom in markets, but fiat, then we may not be looking at an immediate, apparent mudslide.

“Fascist fiat does not put an end to or solve the financial

crises,” he explained, “it merely translates them into pressure—political, economic, and social pressure—against economies. It leads to great political instability throughout the world. But although the reality of collapse exists, it is a fact that a formal financial collapse may be temporarily postponed.

“There’s a third variant which must be considered in this: They may try and fail. They may try, and it might not work,” he added.

“Nonetheless, that is the kind of period we are coming into. We have to make that qualified forecast:

“a) If there is any semblance of continuing the rules of the game of financial markets, up to the beginning of this year, then from anytime beginning Monday [March 12] through the period going past the 15th of April, we’re looking at the great financial mudslide of 1990.

“b) If the Bush administration or the Anglo-Americans move to try to impose fascist fiat regulation on markets, as they are tending in that direction out of desperation already, since October 1987, then we would have a new geometry. This would not solve any problems, but would delay technically the actuality of a deflationary reckoning in financial markets. Rather, a deflation would take new forms, and the crisis would take new forms. That is, the reality cannot be suppressed. King Canute cannot stop the waves and the winds. However, the effect of the waves and the winds can be diverted by a breakwater, to hit the society in a different fashion than one might expect.

“Therefore, what we can say of both a) and b)—because one of the two has got to occur during this period—we can say of them combined, that we’re going into great shocks. Either the mudslide of 1990, or the institution of administrative fascist controls top-down by the Anglo-Americans, with success or failure in so doing.”

From Lyndon Johnson to Volcker to Bush

LaRouche, a candidate for Congress from Virginia’s 10th C.D., identified why we have come to this sad economic state, starting with Lyndon Johnson’s neo-malthusian “Great Society” and the rise of the counterculture around the Vietnam War. That policy and cultural shift led to the great financial collapse of 1967 through 1972. The devolution was then fueled by the artificial oil shortage in 1973-74, and the 1975 Rambouillet economic summit, where the Anglo-Americans decided to impose murderous IMF conditionalities upon the Third World.

Then, in October 1979, Federal Reserve Chairman Paul Volcker introduced as policy the Council on Foreign Relations “controlled disintegration” looting scheme. By 1982, the economy had collapsed, both in the U.S. and also in Ibero-America, as LaRouche had warned, both publicly and privately, to U.S. and Ibero-American leaders. At that point, there were two major policies on the table. One was LaRouche’s “Operation Juárez,” an economic development

plan. The other, pushed by the rentier-financier cabal and their pet politicians, was increased looting, through “creative financing” and deregulation. The looters won out.

“The shift from 1982 onward,” LaRouche continued, “is a shift toward cannibalism.” That is, “the use of a financial bubble, of creative financing as a method of cannibalism, of looting a shrunken base of stored-up physical value, in infrastructure, manufacturing, agriculture, and so forth, both in the United States and abroad, as a way of generating a small yield, which, under bubble-type multipliers, could be converted into a price-earnings ratio valuation, based on purely speculative appreciation being the earning factor in the price calculation.

“In 1986, the U.S. economy—together with the British, but the U.S. economy in particular—goes into a collapse. At the beginning of ’87, we’re headed toward a collapse. In the spring, the Fed and others take emergency action to try to prevent a chain-reaction collapse, thus moderating the effect of the October 1987 collapse, so that it was only a major collapse, and not a total rout.

“From 1987, we begin to move toward emergency measures, but they’re done informally, sort of ‘off balance sheet,’ through the Brady measures and the Fed committees, and that’s what we’re coming into, particularly since October of 1989, when a kind of echo of 1987 occurred, but under these controlled circumstances. Now, that being a limit, everything is falling apart.

“So now we’ve come to the point, that they go to absolute fascism, or into just a plain old mudslide under the kinds of rules which have been established over the ’82 through ’86 period, particularly most recently, since ’86 to the end of 1989. If those rules are continued, then we’re going into the pure mudslide no later than this spring, which is now the next 30-40 days coming up.”

LaRouche reiterated, “The banks are bankrupt by the standards which prevailed up to the end of 1989. Financial houses are bankrupt, the mudslide is on. Only fiat measures, that is, prices dictated at the point of a bayonet, effectively, would stabilize the thing under these conditions. And the question is, is that going to happen? We see tendencies in that direction.” But he cited the view of circles around ex-German Chancellor Helmut Schmidt, that the “capability does not exist” for “the kind of Group of Seven action required to pick prices at the point of a bayonet and make them stick.”

“Certainly what the United States is doing to Japan and the operation which is being run through Eagleburger-Kissinger, London-Bronfman circles, against Germany, through such channels of influence as Poland, is not helping to get the kind of consensus in which that kind of fascistic international market-rigging would be favored. There are too many conflicts. It looks like a real combination of political and financial and economic crisis all hitting at once globally during the coming 40 days.”

Monetarist shock program rips Poland

Michael Stalla reports on how the made-in-Britain Balcerowicz Plan could doom Poland's experiment in political freedom.

"Such an abundance of consumer goods has not been seen in Poland for half a year," exulted the *Frankfurter Allgemeine Zeitung* on Feb. 10. "A new era of Western-style abundance has broken out with the new decade," reported the *Wall Street Journal* Feb. 22, and described bakeries stocked with cakes, sausages hanging in the butcher shops, groceries filled with bananas, and the "miraculous" disappearance of the queues in front of the stores. The paper did not give the punchline: The merchandise costs so much, no one can buy it any more.

The "shock program" worked out in concert between Finance Minister Leszek Balcerowicz and the International Monetary Fund was supposed to suddenly turn Poland's economy into a British-style free market economy, but in fact it hit like a bomb. Prices for consumer and capital goods were freed of all controls and skyrocketed. Certain rents, public transport fares, and energy prices were drastically raised, with electricity for example shooting up 300%, and rail fares around 200%. The official inflation rate in January rose 73%. In parallel, subsidies to businesses were drastically reduced and taxes raised. Businesses have to show a profit or declare bankruptcy. At the same time any wage increases that surpassed 0.2% of the rate of inflation, were made virtually impossible by draconian taxes of as much as 500%.

As a result, Polish families were cheated in January alone out of 40% in the actual loss of buying power, and since then, probably more than 50%.

The social situation of the population is getting worse every day. People are going hungry and freezing; they live off the hope that living standards will soon improve. According to the National Statistical Institute, 43% of those interviewed do not have enough to eat. Before, American dollars were in hot demand; now, private individuals are selling more dollars to the banks. They are forced to dig into their savings in order to defray urgent costs.

The train stations look like refugee camps, where homeless people seek shelter from the cold. The hardest hit are retired people. With pensions of only about \$17 a month, they are forced to sell off everything they own or go back to work. While at one time the purchase of a car was a much-pursued goal, the Poles are now selling their cars off by the thousands, as they can no longer afford the taxes and the gasoline.

This austerity policy is hitting businesses, which can no longer find buyers for products once in hot demand. The FSO auto works in Warsaw used to have years-long waiting lists for their cars, and now they can be purchased on the spot. A medium-priced car costs a Polish worker more than five years' wages—more than it would cost for a West German worker to buy a Porsche. After the rise in fuel prices and insurance costs, the Poles not only stopped registering cars (90,000 by Jan. 10, 1990) but also tractors.

The result is the predictable—and deliberate—bankruptcy of many enterprises, which are left sitting on their products. Anxiety about losing one's job is spreading fast. Many businesses have already put their employees on short hours and will soon shut down entirely. More than 3 million unemployed are calculated into the shock program.

British accent

The regime of Prime Minister Tadeusz Mazowiecki did not opt for this program totally of its own free will. Decades of communist mismanagement left a bitter legacy to the government, which joined together veterans of the old regime and members of the Solidarnosc opposition. Not only did it inherit an ineffectual industry, a totally obsolete infrastructure, a gigantic bureaucracy, and serious environmental problems, but also the highest foreign debt of any European country—\$40 billion.

In order to reach a debt agreement with the creditors, the government unanimously agreed to try to join the International Monetary Fund. Only then were the Western governments, creditors banks, and international organizations ready to roll over the debt and extend new credits for desperately needed imports.

The other side, is that a clique of monetarists, backed by Western financial circles, succeeded in grabbing the economics, finance, and monetary policies of Poland, and to run roughshod over Solidarnosc's civil rights activists in Parliament and possibly even the Communists. Finance Minister Leszek Balcerowicz is a 200% monetarist ideologue, who studied for two years in the U.S.A. and was also a fellow of the West German Social Democratic think-tank, the Friedrich Ebert Foundation. He sounded like a tape recording of Harvard professor Jeffrey Sachs, who "helped" him develop

Living on potato pie

The Polish periodical *Gazeta Wyborcza* published on Jan. 11 under the headline, "Housewife's Viewpoint," the budget of a working class family in Warsaw. The mother of the family, Anna Luba, speaks:

"My name is Anna Luba. I do not work any more and I take care of the four generations who live under my roof. My husband and my two sons are lathe operators. . . . We live modestly and the future does not look rosy. . . . Yes, prices can rise, but five or six times higher? . . . A lot of people just won't make it. . . .

"I get a pension of 59,000 zlotys. My husband [makes] . . . 502,000, including overtime. My mother lives with us. She is 80 and paralyzed. . . . She needs constant care. She gets a pension of 85,000 zlotys. Our younger son helps us a lot. He works in the Swierczewski, where he earns 600-700,000 depending on the month. Our older son and his wife have their own budget, about 500,000 zlotys. He works at the Institute of Industrial Chemistry and she is a cook at the Grand Hotel. They have a three-year-old daughter.

"We live in a two-room apartment with a kitchen. My sick mother needs one room for herself. The other six squeeze into 30 square meters. The older one is trying to get a studio apartment. . . . They told him recently that he could get an apartment in 30 years, if all goes well.

"Three-quarters of the budget goes for food. The rest pays the bills, electricity, gas, indispensable repairs. The health products I need for mother are costly—soap, bandages, cotton. We older folks don't have the means to buy clothing. . . .

"We are eating worse and worse. . . . We only eat meat on Saturday and Sunday. Sometimes on Monday, if there are leftovers from Sunday. I make soup more and more, potato pie, pancakes. I used to buy 4-5 liters of whole milk, but now I make do with 2 liters of skim milk. Butter is the only thing we still consume as we used to, 125 grams a day, no matter what the price. If only the high prices guaranteed quality—but that's not the case! The bread gets tougher all the time, and the sausage is not what it used to be! . . . My husband works 20 hours a month more than before, to improve our budget. . . . His brigade could produce more, but it does not have the wherewithal: They lack raw materials, the machines are not used, and neither are the people.

"This year will be less painful for people who have a little garden with vegetables, but we don't: We don't have any more family in the countryside.

"In my family, the future looks black, but we won't go begging. We will not go to charity. It is a question of honor. . . . As a last resort, my husband and sons will demand raises at their jobs. This year, it is possible that the workers who earn the least, will strike. . . . But what can the weakest ones do to protect themselves from hunger?"—*Joelle Rosenberg*

his program. Among his advisers, Balcerowicz had Jacek Rostowski by his side, "an economist with a Polish name and a British accent," paid for his work by a fund that Prime Minister Margaret Thatcher set up.

The American "Project Democracy" coven, famed for selling arms to Khomeini's mullahs to fund the drug-running Contras in Central America, has its paws in the pottage too. This is clear from an article by Polish dissident Leszek Kolakowski in the *Journal of Democracy*, which does not shy away from demanding "even undemocratic restrictions" in order to whip through the austerity program in Poland.

The British model is explicitly the pattern for this crowd. The *Wall Street Journal* of Feb. 22 cited Rostowski with the words: "Fear can be a constructive force." The *Journal* went on: "Mr. Rostowski remembers how the British bleated when Mrs. Thatcher clamped the money supply into irons, put millions on the dole, scrapped steel mills and coal mines, then privatized everything down to the water supply. States Rostowski: 'The sense of fear was omnipresent.' And Balcerowicz wants to achieve the same for Poland, but faster."

Balcerowicz himself announced his program in the Sejm (Parliament) with the words: "The Polish economy is desperately ill. An operation, deep surgery, by which the inflation that is ruining the economy can be stopped, is needed. . . . The program of fighting inflation is hard for the people. . . . [It] will lead to part of the businesses going under, local unemployment, and a generally downward trend in production. This will . . . cause an overall retrenchment in people's living standards at the beginning of the year."

But even Balcerowicz and his friends might be surprised by the "results" of their austerity program. Industrial production fell back 23% in January. The Polish economy faces a recession, as the German Institute for Economic Research states flatly in its latest report.

Danger for all of Europe

Thirty-eight million Poles are being used—to the degree they have not already fled abroad—as guinea pigs for radical monetarist theories. But the Polish people's anger against the "bloodsuckers" in the government is growing, the patience

of the Poles, which has been seen abroad as almost incredible up to now, could lead to mutiny in the coming weeks.

By early March, three mines in Walbrzych were on strike. The strike broke out spontaneously when the miners learned their wages were lower than the month before. No union started the strike. Strikes were also in progress at the Niwka and Czerowone Zaglebie mines in Upper Silesia.

Support for the Mazowiecki regime is flaking away, even inside Solidarnosc. But what will become of the peaceful revolution in Eastern Europe, if chaos reigns in Poland?

The question posed to Western governments is whether it would not be better to end this gruesome experiment and to encourage a similar economic program for Poland, with aid and credit, to what West Germany is already mapping out for East Germany. Poland needs Western help to modernize its agriculture and industry, to quickly build up small and medium industry, and above all, to get infrastructure under way, from transportation to telephones—which is going to cost plenty.

Such a program, as already sketched out by Lyndon LaRouche in the fall of 1988, is not some charitable throw-away, but will more than pay for itself in the medium term. But this means taking measures which are in part diametrically opposed to the Balcerowicz Plan. For starters, for about a decade Poland will need to import more goods, and especially more capital goods, than it exports, and credit has to be put up for that. The so-called credits which up to now have been given by the European Community, the International Monetary Fund, the Bank for International Settlements, and other countries, were all chained to the IMF austerity package.

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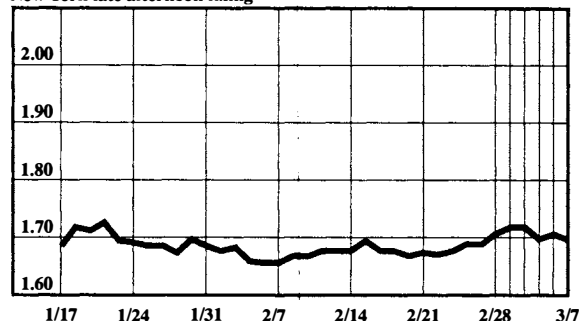
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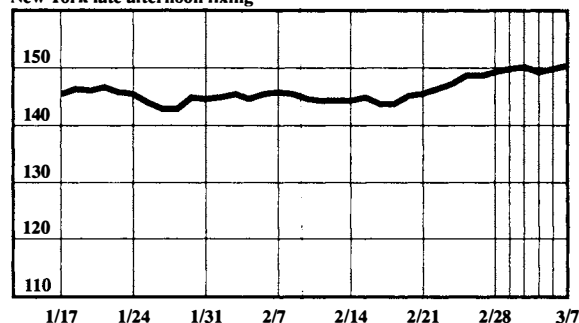
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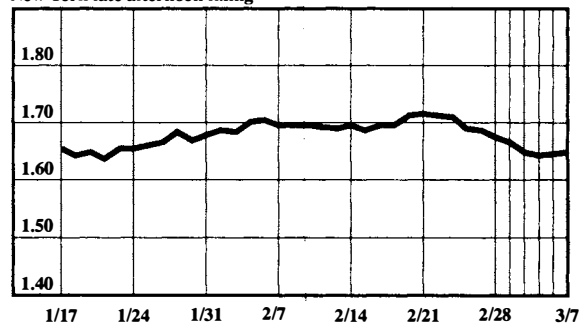
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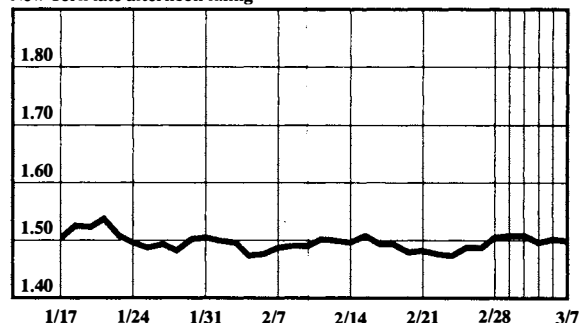
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The dollar in Swiss francs

New York late afternoon fixing



U.K.'s Thatcher hit by poll tax backlash

by Mark Burdman

British Prime Minister Margaret Thatcher has qualified as this year's April Fool. Appropriately enough, it is on April 1 that one of her more foolish policies will go into effect, the so-called poll tax, a flat-rate community charge, in which each adult Briton is taxed hundreds of pounds-sterling, to pay for community services.

This is a replacement of the previous system of taxes based on the "ability to pay." Starting April 1, the ultra-wealthy Duke of Westminster will be taxed at the same flat rate as a local street cleaner. Precisely because Englishmen are usually so class-conscious and respectful of class distinctions, the measure is unleashing years, if not decades, of pent-up rage against "the British system." Historians recall that the last time there was a poll tax in England was in 1381. That triggered the famous "Peasants' Revolt" in which the Chancellor of the Exchequer was lynched.

The poll tax was introduced last year only in Scotland, in line with a longstanding London tradition of using Scots as guinea pigs. In Scotland, at least 10% of the population there simply refused to pay.

One joke going around town, is that the policy has been named the "poll tax," because Mrs. Thatcher wants to impose the same devastating austerity on Britons that British policymakers are insisting be imposed on Poland. As a matter of fact, the tax scheme was devised by a certain Douglas Mason, on behalf of London's Adam Smith Institute, the same institute which, with Foreign Office money, is playing a major role in bringing Thatcherite privatization and "free market" policies to Poland.

Iron Lady meets the iceberg

British Conservative Party circles are in a state of panic and alarm about the political backlash that the poll tax has already caused. During a meeting with Thatcher March 1, Tory Member of Parliament Tony Marlowe called it "a political cyanide pill," and a declaration of "war on the people." Former Cabinet Minister John Biffen warned that the tax would be the government's *Titanic*.

A shock has gone through the Conservative Party, following the decision of 18 veteran party local councillors in British Foreign Secretary Douglas Hurd's own Oxfordshire constituency to quit the party in protest. Beginning Saturday March 3, demonstrations began in several British towns and cities against the poll tax, some involving thousands of peo-

ple. On March 6, there were violent clashes between police and demonstrators in Bristol, Birmingham, and other localities, in incidents that began at local hearings about the poll tax. There is evidence that the British Trotskyist "Militant Tendency" was involved in exploiting the actual discontent to create provocations. It is not to be excluded that the Thatcherites are hoping these agents provocateurs will discredit the anti-poll tax movement.

Thatcher's Conservatives are widely expected to lose the important by-election in Mid-Staffordshire, a traditional Tory stronghold, on March 22. The newest opinion polls released in Britain show the Labour Party holding 17 to 20% margins, the worst showings for Thatcher since she came into power in 1979. There is growing speculation in London that a new challenge to Thatcher's rule will be mounted from within the Tory Party, and that she could be out of power by the end of the year.

Biffen's "Titanic" theme was picked up by the influential London *Financial Times*, in its lead editorial March 3. "What is the difference between Mrs. Thatcher and the captain of the *Titanic*?" the paper asked. It answered: "The captain of the *Titanic* did not see the iceberg."

The daily pointed to the poll tax fiasco, asserting that the measure is both bad finances and bad politics, since it is "a legacy of the days of euphoria that is producing fruit in these of panic. When Conservatives fear for their seats, the panic can be impressive." Noting that the political and financial crises are exacerbated by Britain's runaway inflation, the City of London mouthpiece demanded that the government stick to its anti-inflation course, and not give in to short-term expediency: "If the government is unable to avoid icebergs, it would be best if the crew went down gallantly."

The world's model basket-case

On March 5, the British pound-sterling took an extraordinary dive of five German pfennigs in one day, as investors dumped the currency in reaction to the political and financial situation in the United Kingdom. Should sterling continue to plummet, the British authorities might decide to raise interest rates again, up from the current sky-high rate of 15%. Meanwhile, home mortgage rates average about 15.5%, and the British Treasury is releasing pessimistic forecasts that the imposition of the poll tax will drive the British annual inflation rate up to around 8.5% in April, from its current rate of about 7.7%.

On March 6, the Policy Studies Institute, a think-tank in London, released a study claiming that 2.5 million British households are affected by the problem of unpaid debt, with arrears of around £3 billion on mortgage repayments, credit cards, rent, and other items. Nearly 600,000 households were reported to be in "serious" arrears, according to the report's authors. Most of the families involved are young and poor, with the borrowers usually between 20 and 30 years old.

East Germany's economy must quickly recover from socialist 'planning'

by Prof. Dr. Siegfried Schiller

Below are excerpts translated from a speech by Professor Schiller, who has the distinction of being the only manager of a private firm in the German Democratic Republic, the Ardenne Research Institute. He delivered the speech at a recent seminar sponsored by West Germany's largest bank, the Deutsche Bank.

. . . Forty years of the G.D.R., and forty years of socialist planned economy have made a deep impression on us in the G.D.R.—more than many would care to admit. Even in many of the opposition groups in the G.D.R., socialist education is still lodged deep in the back of their brains. On the question of the distribution of wealth, the most diverse groupings all have clear programs: All recipients of social welfare should get as much as possible. But the question of how production can be effectively organized, is by and large only dealt with in the fine print.

I am a physician by profession, and since 1956 have been an associate of the Manfred von Ardenne Research Institute. Thanks to the personality of Professor von Ardenne himself, we have been able to preserve our private status up to the present day. It hasn't always been easy. We are privately administered and organized. . . . Our institute has about 500 employees, 140 of whom are graduates of universities and technical schools. In the Federal Republic [of Germany], our research facility is better known in relation to nitrogen therapy. But medical research actually comprises by far the smallest portion of our work. Approximately 80% of the institute's capacity is dedicated to technological research. Since 1965 I have held the post of deputy director of the institute responsible for technological research. Professor von Ardenne has largely devoted himself to the medical tasks.

By virtue of our legal status, we represent a special singularity in our economy. We were not subjugated to socialist planning as regards our own work. Our major market was industry in the G.D.R. About 30% of our work was directed abroad, primarily the U.S.S.R., Japan, and the United States. For various reasons, Western Europe played a lesser

role. . . .

The private organization of our institute went unchallenged in the midst of a totally socialist surrounding. . . . Finally our very existence was a provocation for the proponents of socialist planning. You will certainly understand that it wasn't always easy to steer our institute between Scylla and Charybdis. . . .

Our institute is a technologically oriented facility. We work essentially in three basic fields of technology. The most traditional of these is electron beam technology. This deals with the utilization of electron beams in the manufacturing process. Melting, vaporization, welding, modification of surfaces, and metalworking are typical applications. Another field of work is the production of thin films by means of vaporization technology. Over the past 15 years the use of plasmas in the manufacturing process, especially in the production of thin films, has enormously increased in significance, as it has with us. . . .

Many representatives from the West ask us how we have been able to tolerate such bad economic planning for so long. Why did so many people go along with it? Now, it's well known that people are always more clever after they've left City Hall, than before they went in. Such a process of learning from the course of events doesn't just go for us. We have also often been amazed how representatives from the Federal Republic of Germany have succumbed to the siren-songs of our ideologues. . . .

Statistics out of whole cloth

I have furthermore often been amazed at the economic analyses [of East Germany] coming out of the Federal Republic. Now and then, of course, doubts came out about the high, reported growth rates. Nevertheless, I was astounded at how seriously people took these figures. Anyone could not avoid recognizing in the long run, that something must not be right about them. For years we have had greater growth rates than in the Federal Republic by a factor of three, and yet despite this, the technological gap became greater and greater each year. I would like to discuss briefly how these

statistics came about. They are essentially grounded in the pricing structure. Prices in our socialist planned economy were not worked out at the marketplace. It was only permitted to set prices according to the bill of materials.

Let me give you two examples, to show you the absurdity of this: We had developed a specialized machine for electron beam technology, and had built it in our own workshops. Since the demand for it was increasing, we transferred its manufacture to a factory. The factory had calculated a price four times higher, and was permitted according to regulations to charge that price. Another example: In Dresden two factories were merged. They were involved in the manufacture of vacuum construction elements. Soon after the merger, we received news that according to the regulations, such and such new prices had been calculated. The new prices were 50% above the previous ones.

It was with such price manipulations that the national income rose, and that as taken as the basis for the growth rates. Such are statistics. A human being who has his head in a sauna bath while he's standing on top of a block of ice, will be at a comfortable temperature in his middle torso. But if you ask the person in question, he'll give you an entirely different opinion of the situation. And so it went with us, as customers, with a thousand little things. Whatever you needed, could not be acquired. To do a thousand little things, there were always 250 bottlenecks. And there were other consequences of the fact that quality and cost were not negotiated in the marketplace. Ultimately, all this was worked up into the statistics. You can only describe the result as an ape's logic. In many places, a real economic evaluation was entirely lacking. Another example of this is the circus which was made in the production of the first megabyte memory chips. Here, another human weakness came into play: In the old days, the bringer of good tidings was rewarded, while anyone who brought ill tidings was thrown into the dungeon. Our rulers were inclined to believe in their own rosy pictures.

Over the past five to ten years, people in Berlin attempted to perfect their planning. They had the mistaken idea, that with an even more complete number classification system they could better adjust their planning goals to market conditions. It was a total disaster. Our economy ground to a halt. Closely related to this was the concentration of the entire economy into large combines. These could be controlled more easily, and so the entire economy became optimized for optimal control—and not for optimal fulfillment of market requirements.

Yet another cause of the economic collapse is the catastrophic situation among the nations of the Council for Mutual Economic Assistance [CMEA]. Approximately 50% of our national income is involved in foreign trade, the greatest part of which is with the Soviet Union and the other socialist states. I'm sure you are familiar enough with the critical situation in these countries. But you can only do business

with someone who has money. The CMEA has never functioned correctly, and at this point is in its death throes.

The blame has been placed on our bureaucracy, and rightly so. Here I can only note that the Parkinson Law has had its full effect, namely, that every bureaucratic apparatus expands by 6% annually if no limits are imposed. Your regulator is the market; but we here lack this regulating principle. And it is not just the state bureaucracy which hems us in. In every individual factory, an inordinately large apparatus is built up and permitted to subsist. The cost which this incurs is incorporated into the prices. . . .

In many cases, state subsidies were used to optimize in entirely the wrong direction. Industrial processes which were both effective and friendly to the environment could not be introduced, because the subsidy system worked against them. Savings in material costs never came into play at all, because the actual costs were a complete mystery. . . .

Yet another aspect of our moribund economic situation has been the efforts toward autarky. The division of labor with the East has always functioned poorly. With the West, our lack of competitiveness was an impediment. Therefore, people tried to go it alone. The advantages of the international division of labor were not utilized. Thus, for example, the decision was made to convert the G.D.R.'s energy production almost exclusively to reliance on brown coal. There were no economic levers to favor energy savings, and so, waste was the order of the day.

Socialism's official motto is: "Each according to his accomplishment." That motto remained as a pious dream which was simply impossible to carry out, and which, in my opinion, could never be realized by a socialist planned economy. The theoreticians proceeded from an artificial conception of the human being. Our actual task, however, consists in putting into practice real economic systems which take into account the actual nature of the human being.

A dying economy

In sum, I would like to state that the economic situation of the G.D.R. is much worse than generally assumed. Appearances are deceptive. An economy is like a steamroller: It keeps rolling along for a while, even after it has run out of steam. We had a command economy, but the commanders are gone. What I mean is, we are on the verge of collapse. . . .

This collapse worsens from week to week. I have the impression that the Modrow government still looks at the situation too optimistically. But the Roundtable and many old and new parties in the G.D.R. are not aware of the catastrophic economic situation. We have too few economic experts in the new groupings and parties. Social romantics are leading them, and are being listened to. The government which comes to power in the upcoming elections will be legitimized, but hopefully it will also be competent. We representatives of the economy have our doubts.

Please have some understanding for my frankness. But I am of the opinion, that if you want to solve problems, you first need to know them and name them by their right names. And when your Mr. Chancellor [Helmut Kohl] speaks about the dramatically worsening situation in the G.D.R., as an insider I can only put heavy underlines under his evaluation. . . .

Otto Wolff von Amerongen, who is very experienced in business deals with the East, recently named a figure of 500 billion deutschemarks as what would be necessary to make the G.D.R. competitive on the world market. Such figures are arrived at by calculating the costs for a workplace and then comparing this with the situation in the G.D.R. According to our economic experts, industrial capital in the G.D.R. amounts to somewhere around 1.5 trillion ostmarks [the East German currency]. The question now is: What is the value of our industrial capital according to Western standards? This value must certainly be somewhere in the range of 700 billion deutschemarks. From these calculations, one can see that by the end of the great period of investment, about one-half of our industrial capital will be owned by West German firms. Only a few weeks ago there were objections to these ideas. But I have the impression that these objections have been progressively set aside.

Otto Wolff von Amerongen named yet another figure, concerning investment into environmental protection. According to estimates, approximately 100-200 billion deutschemarks will be required. If the G.D.R. is to survive ecologically, the mining of brown coal, for example, must be reduced by at least one-half between now and 1995. Energy consumption in the G.D.R. is to be drastically curtailed. Here there are really many opportunities; but it's all tied up with the question of investment.

In toto, then, we are talking about larger sums. The question of equalization of burdens has also come up. I think that's irrelevant. Even if the money could be collected, over all the resistance within the Federal Republic, it would just seep through our rotten economy, never to be seen again. The problems can only be solved through intensive involvement of capital and personnel. From the figures I know about investment in the Federal Republic and other Western European countries, it should be possible to invest around 50 billion deutschemarks annually in the G.D.R. In addition to this, our traditional ties to the CMEA nations should even bring advantages to firms in the Federal Republic. The [CMEA] market is huge, despite the difficult economic situation in these countries. . . .

Breaking up the combines

If you ask me which areas it would be especially worthwhile to invest in, I really have trouble coming up with an answer. We lack everything. Especially, as you know, there is no medium-sized industry worth speaking of. . . . In order to make production economically viable, the relevant distinct

and self-contained partial sectors must be broken out from the industrial combines. It is with these partial sectors which you can seek cooperation. I would like to explain this approach by way of an example. In the Hermsdorf Ceramic Works combine, with about 30,000 employees, there is one sector which is involved in the production of hybrid electronic circuits. About 600 people work in this sector. In practice, there is no communication between it and the large combine. Development and production occur entirely independently. The sales are centralized via the combine, or by a foreign trading company. This alienation of sales from production has extraordinarily deleterious effects. In my opinion there are sales opportunities in Western Europe for products from the micro-electronics plant in this hybrid technology. What they especially lack is marketing skills.

Another example: In the Gera Electronics VEB [*Volks-eigene Betrieb*, "owned by the people"] they constructed a center for vaporized production of foils and paper for the condenser industry. Some of their equipment came from us, some from the Federal Republic. Its capacity probably became excessive because of the problems in the CMEA. Moreover, certain technological steps were lacking in order to wring the most out of the available investment. Once again, this vaporization center belongs to a combine with over 30,000 employees. Here, too, cooperation could only come about if it were separated [from the combine]. I could give you other examples. . . .

Capital—and here I'm not telling you anything new—is only one side of the coin. What is crucial, is human beings. Many things haven't functioned in the G.D.R. But technical training is really not bad. Our secondary schools provide a good education in the natural sciences and technology. Over 90% of the young graduates have gone on to technical training and also completed it. Admittedly, the introduction of your technologies would require additional qualification, but that would only be a question of months, certainly not of years. Our institute has practical experience in the introduction of new technologies.

The quality of natural-science and technological education in the G.D.R.'s universities and professional schools is likewise good. I have immediate practical experience of this through our export activity into highly industrialized countries. The graduates of our universities and professional schools are on a par with those in Western European countries. . . . Thus, what the G.D.R. would have to offer, is well-educated professionals, outstanding scientists and engineers. You really can't say that all the best ones have left. Those who have remained in the G.D.R. are distinguished in many ways through their special faithfulness to their homeland, to their company, and to their colleagues. There are many valuable people who have the will to build a new society in their own homeland. I can only invite you to come and visit us, seek out cooperation, and start new firms in our country. . . .

A falling-out among thieves?

Katherine Kanter reports on Anglo-Spanish tensions over money-laundering on the Rock of Gibraltar.

"Let them show proof," commented, most undiplomatically, a spokesman for the British Embassy in Madrid, in response to a statement in the Spanish Parliament by Foreign Minister Fernández-Ordóñez on Jan. 25, in which he had expressed his government's concern, that the English colony of Gibraltar has become a major center for laundering the proceeds of narcotics trafficking. The Spanish government, he said, is "about to take steps to prevent Gibraltar becoming a platform for contraband, not only of tobacco, but of narcotics." Since that speech in Parliament, the Spanish government has made it known, that it wants the English to extend to Gibraltar the bilateral treaties on cooperation against narcotics trafficking and on extradition, following conversations to be held on Feb. 26.

On Feb. 6, the Director of the Fiscal Service of the Civil Guard, Col. Arsenio Ayuso, allowed to become public the fact that in September 1989, he had asked the Spanish Finance Ministry to officially inform the International Council of Customs Cooperation, that the Gibraltar authorities "make no obstacle to contraband actions, but rather protect and favor such actions." The small speedboats used by the traffickers often bear Export Licenses issued by the Gibraltar authorities. Colonel Ayuso was specifically referring to contraband of blond tobacco, but it has been shown countless times over, from Bulgaria to Galicia, that the networks running tobacco are one and the same as those running dope.

This point was forcibly made by José Vázquez Fouz, who resigned as mayor of the Galician town of Vilanova de Arosa last summer, following death threats by narcotics traffickers. In a remarkable interview to a Madrid daily in the autumn, Mr. Fouz, who seems to be one of the few patriotic Spaniards left, said: "Most firms up here, including the banks, automobile dealers and so on, are being set up with money from contraband. Either we stop this, or Spain goes the way of Sicily or Chicago in the 1920s. . . . The money is not going into industry, but into the service sector. . . . Tobacco is only a cover now, for the coke which is coming in. Many people around here have their contacts in Colombia." These Galician networks have begun to ply their trade in the area of Gibraltar, according to Spanish Customs officials quoted in the daily *ABC* last November.

But why this sudden flaring up of tempers between the officialdom of England and Spain, the monarchies of which

have, so to speak, kissed and made up in the glare of limelight over the last three or four years? The very "unkosher" role played by Gibraltar has been manifest for over a decade, and in fact, a number of Spanish banks, like Banesto, have branches there. What has *not* been known for some years, is the upsurge in the East bloc, and the impending reunification of Germany, a point on which Spain, as opposed to the rage-filled English, would sensibly tend to bloc on the side its economic bread is buttered, namely, on the side of Germany. George Bush's grotesque attack on Panama, which Spain, in word at least, opposed, has shaken up the banking scene in the Canal Zone in favor of Anglo-American networks; American rumblings about Mexico as a "narcotics center," and American meddling with Pemex, point to a similar move against Spanish interests in Mexico soon. It is also likely that the Spanish government has spied an Anglo-American hand pulling the strings in the Watergating of Spanish Vice-President Alfonso Guerra, whose impending fall may bring the government down with him.

Whatever the minister's reason for stating the obvious may be, the obvious itself is objectively, ugly: As Hong Kong is handed over on a silver platter to the Queen's Communists in Beijing, Gibraltar is being retooled to take over as the money-laundering center for her Empire. The Rock, which is actually part of Spain, but was taken as spoils of war by the English under the Treaty of Utrecht in the 18th century, has only 30,000 inhabitants, for a total area of 5.5 square km. There are now more corporations registered on the Rock, than people. In the last two years alone, 26,000 new corporations were set up, which, in the words of a Spanish official report, quoted by Ignacio Cembrero in *El País*, "carry out in Spain operations using money illicit in origin, the aim of which is to deck them out in the appearance of legality." In those two years, banking deposits on the Rock have tripled, and are now, very conservatively, estimated at 370 billion pesetas. The Spanish Special Prosecutor for Prevention and Repression of Illegal Narcotics Trafficking, is said to be investigating several dozen firms.

In early February, Fernández-Ordóñez met with the special prosecutor and the health minister, and wrote up a series of reports to the economics minister. The Spanish authorities intend to demand from the English, that real estate and other firms based on the Rock, but investing in the Costa del Sol,

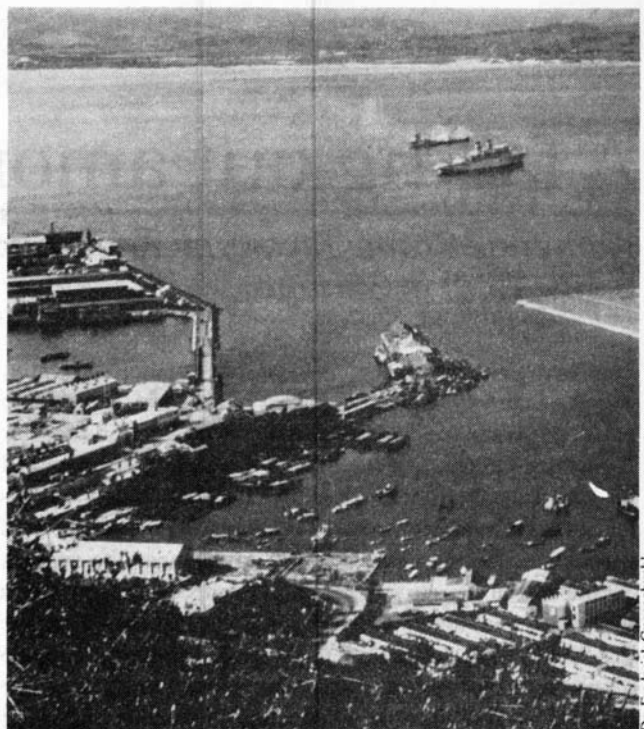
be investigated along with the persons running them, and that police information on the origin of the capital involved, be given to the Spanish authorities. At present, firms can be set up with minimal initial capital, and the laws regulating "offshore" and "public" companies on the Rock, allow them to be set up and run by third parties, generally lawyers.

In the 1960s, Gibraltar first allowed tax-exempt firms to be formed, owned by non-residents doing no business on the Rock. Then, in 1973, upon joining the European Community, England succeeded in writing her colony out of making tax contributions to the EC, and from following EC customs regulations. The Rock was allowed to draw up its own banking laws, which include a secrecy law guaranteeing confidentiality, though stopping short of numbered accounts. A new banking law (Financial Services Ordinances, December 1989), was praised by Francis Maude of the Foreign Office, on his recent trip to the Rock, for helping Gibraltar become a haven for foreign investors.

But is the pot not calling the kettle black? One of the four largest Spanish banks, Banco de Santander, entered a full-scale alliance a year or so ago with a bank to which the best-seller *Dope, Inc.*, devoted much fond attention: Royal Bank of Scotland (RBS), a key operator for the Empire in the Asian theater, and which, not coincidentally, also works out of Gibraltar. Perhaps that is why Fernández-Ordóñez chose to make his speech on Burns Night this year, though RBS has of Scotland, nothing but the name. Anyway, the Spanish Finance Ministry must have known what it was doing when it authorized the RBS/Santander tie-up, just as it knew precisely what it was doing when it allowed another star from the pages of *Dope, Inc.*, the British Hongkong and Shanghai Bank, to open a branch in Madrid in 1988. In July, the Director of the Banesto branch on the Rock, Mr. Rocco (sic!), told *El País* that Gibraltar is "the ideal spot to receive serious investments from Hong Kong looking for an alternative," Banesto being the largest Spanish bank. And why were the laws on foreign investment into Spain thrown open to the four winds a couple of years back?

Meanwhile back at the ranch, the indigenous peoples who, as usual, are deriving something less than benefit from all this financial paradise, are suffering, dying, and now, rioting. Edinburgh, where the headquarters of Royal Bank of Scotland is located, has one of the highest heroin addiction rates in Western Europe. In La Linea (the strip of land joining Gibraltar to the Spanish mainland) last autumn, rioting parents formed a Citizens' Platform, setting up vigilante squads, and demanding that the government take stern measures to cut off the flow of narcotics to their children there. Addiction to heroin in La Linea is higher per capita than in the City of New York, while the spread of these vigilante squads is an embarrassing sign that the government's authority is neither respected, nor really enforced.

In Spain as a whole, deaths due to narcotics rose by 61% from 1988 to 1989. The latest figures show that the country,



Dr. Frederick Guggenbuehl

A view from the Rock of Gibraltar, showing the airstrip and port of the British colony bordering Spain: a platform for drug smuggling and money-laundering, while authorities wink.

where buying and holding narcotics for personal consumption is, curiously, not covered by the Penal Code, has about 100,000 cocaine addicts, as many or more heroin addicts, and at least 300,000 "occasional" users of cocaine, not to speak of other "recreational" drugs—this, for a population of about 37 million.

'Vox Populi' versus Vox Yuppie

In late November 1989, this writer, accompanied by a leader of the Colombian Anti-Drug Coalition, met with two high officials of the Spanish Foreign Ministry, responsible for South America. The Colombian had requested the meeting in order to press the Spanish government to all-out support for President Barco's war on drugs. But the utter cynicism shown by the Bush administration and its friends in London, is the Spanish government's current pretext for not doing, ruthlessly, all that is within its power. Not only did the Spanish diplomats express, albeit elegantly, their firm conviction that the narcotics plague cannot really be stopped, but went so far as to baldly state they had recently met with warlords of the narcotics cartel to "mediate" between them and the Colombian government. Later that evening, in a public anti-drug meeting held in an industrial suburb near Torrejón de Ardoz (where furious residents had just set up vigilante squads to fight the dope dealers), Spanish parents jeered and booed when the Colombian exposed to them what their diplomats had said.

Senate holds hearings on hunger

The increases in food relief called for are only nominal, and everybody ignored the need to increase food production.

On Feb. 27, Sen. Patrick Leahy (D-Vt.), chairman of the Senate Agriculture Committee, held a full-dress committee hearing on the topic "Hunger in America." Senator Leahy called the hearing to announce "two major bills to dramatically increase food aid to 25 million Americans."

Leahy has scored the Bush administration for the sharp decline in federal food aid for local school districts. Beginning with the fall 1989 school term, the U.S. Department of Agriculture ceased supplying any bulk "bonus" commodities of nonfat dry milk, and of cheese—two high-quality protein items that school districts and other federally assisted programs have had to rely on because of depressed economic conditions. The USDA has none of these commodities, due to a national milk output crisis, and USDA officials say that food relief is not their responsibility.

However, though the Senate hearing heard testimony from child nutritionists from schools and other programs in New York City, Vermont, Virginia, South Carolina, and elsewhere—all reporting a threat of malnourishment of youngsters—the senators only postured, and did not take the kind of urgent actions required. The hearings lasted only two hours.

The nutrition bill introduced in late February by Senator Leahy and Rep. Leon Panetta (D-Calif.) in the House, is called the Mickey Leland Memorial Domestic Hunger Relief Act, after the Texas congressman who died in a plane crash in Africa last year while on a food relief mission. In March, a second bill will be intro-

duced in the Senate by Leahy and by Sen. Pete Domenici (R-N.M.).

Senator Leahy told the hearing, "The administration proposes to cut more than a half-billion dollars from our nation's nutrition programs. I will not tolerate those cuts. I will oppose cuts to school lunch programs. I will oppose cuts to day care feeding programs. And I will oppose the administration's proposed cuts for the nutrition programs in Puerto Rico. The administration is headed in the wrong direction."

The new bills do call for additional funds for the various federal food relief programs—school lunches, Women, Infants and Children Program (WIC), and for the elderly and special institutions. However, because of inflation, the increments of budgetary outlays called for do not amount to any improvement.

It was brought out in committee proceedings that the Bush food and farm bill proposals call for a nominal increase in \$100 million for school lunches, but because of a clause restricting children who may qualify for assistance, local districts stand to lose a net \$300 million worth of federal commodity aid if the bill goes through!

Neither the congressional nor the administration bills deal with relieving the farm crisis. This would require emergency measures to dramatically increase outputs and improve the farmers' financial situation—parity prices to cover farm costs of food production, a stay on farm foreclosures, and low-interest credits to rev up farm output and capital improvements.

Instead, the congressional hunger relief bills call for charity. The sponsors' description of their "anti-hunger initiative" states that among its primary objectives are: "volunteer activities: Support community-based anti-hunger activities and emergency food distribution"; and "child support: Encourage families and individuals who receive government support to seek alternative sources of income through work or child support collections."

An official of the American School Food Service Association told the Senate: "The National School Lunch Program is at a crossroads, both philosophically and financially. The administration is proposing changes to the child nutrition programs that would reduce federal support by \$516 million, with \$235.4 million coming from the School Lunch Program. This reduction in federal funds would be on top of the \$300 million loss in bonus commodities we have experienced over the last several years. . . ."

"In Japan, 98% of all children in elementary school receive a school lunch. In the United States, we still serve 2 million children a day less than we did before the 1981 budget cuts."

Speaking for the American Public Welfare Association's Food Stamp Reauthorization Task Force, Tim Grace of the Illinois Department of Public Aid presented the Senate Committee with a detailed plan to provide more food for those in need—Aid to Families with Dependent Children, food stamps, etc. Grace said that the special national task force was set up last year to formulate how to distribute more food where needed, "so that benefits better serve the needs of vulnerable groups such as the homeless, and access to the program is not hindered by unnecessary barriers to the application and participation process."

Business Briefs

Transportation

Carnegie Mellon moots maglev program

Carnegie Mellon University in Pittsburgh, Pennsylvania has proposed to make that city the nation's center for high-speed rail transportation, including the development of magnetically levitated trains, in a public-private venture which would use the city's idled steel mills to build the trains and track, the *New York Times* reported Feb. 24.

The \$1.5 million Carnegie study was supported by a number of Pittsburgh corporations, which have formed a company called Maglev Inc. to conduct a final two-year study of technical and financial issues; the state of Pennsylvania and a consortium of Japanese firms are also supporting the Carnegie project. The proposal calls for an initial \$400 million, 19-mile line from downtown Pittsburgh to the Greater Pittsburgh International Airport.

Carnegie Mellon reports that \$27 billion worth of similar projects are under study and that the nation might ultimately spend \$211 billion on maglev systems built in vacant Pittsburgh steel mills. A Japanese-German consortium has already agreed to build a 20-mile maglev system from Orlando International Airport to Disney World in Florida, scheduled to open in 1994. Other potential routes under study are: Boston-Washington; Boston-Albany; Cleveland-Chicago; Detroit-Montreal-Quebec City; Philadelphia-Harrisburg; Pittsburgh-Cleveland; Miami-Jacksonville; Tampa-Orlando; and San Francisco-San Diego, the *Times* reported.

Industry

Firms in U.S. in most precarious position

Industry in the United States is in the most precarious position ever, according to a report from the Office of Technology Assessment submitted to Congress on Feb. 28.

The report says that U.S. industry "is in 'deep trouble' and falling behind competitors in developing, commercializing, and diffus-

ing technologies," the London *Financial Times* reported. "Without federal action, the continued decline of competitiveness will 'hurt American standards of living and our ability to provide for national security.' "

While much of the report focuses on eliminating the budget deficit, pushing higher "savings," improving education, and so forth, the report calls for "closer federal involvement in supporting specific technologies," implying this is needed to overcome the competitive edge of Japan and Europe.

The report proposes creating a Civilian Technology Agency, possibly along with a new Department of Industry and Technology to replace the Department of Commerce—a civilian version of the Defense Advanced Research Projects Agency (DARPA)—which would make grants and cooperative agreements with the private R&D sector.

Nuclear Energy

Japan rapidly outpacing the U.S.

Japan is rapidly outpacing the United States in the nuclear power field, according to a team of seven experts who recently returned from a National Science Foundation trip to Japan.

The experts note that whereas in the U.S. there has been only one order for a nuclear plant since 1978—and utilities have canceled about 65 in the same period—Japan has broken ground for 23 reactors.

Kevin Burke, International Specialist at the Nuclear Regulatory Agency, just back from Japan, told the March 1 *New York Times* that the fact that the Japanese were late starters in the nuclear field gave them some built-in advantages. Construction of a nuclear plant averages five years in Japan, compared with 11 in the U.S. This is because designs are better developed before construction begins, a Japanese plant requires only half as many hours of work by skilled craftsmen as does an American one of the same size, and Japanese builders guarantee the prices, eliminating ballooning costs on the way to completion.

Donald Olander, professor of nuclear engineering at the University of California, notes that the Japanese reactors are on the surface

similar to U.S. reactors on which they are modeled.

Space

Soviets and Australians reach launch agreement

The Soviet Union and Australia have reached a "preliminary understanding" to launch Australian satellites aboard Soviet rockets at a launch facility to be built in Australia, according to NASA.

For years, there has been interest in building a commercial rocket launching facility at Cape York, Queensland, Australia because it is only 10° south of the equator. The closer to the equator you are, the less energy is needed to put a satellite into orbit.

According to a Feb. 1 article in *Nature* magazine, the government of Australia has been negotiating the purchase of Soviet rockets to launch Australian satellites for two years. U.S. commercial satellite manufacturers would be prohibited from using the Australian launch facility unless the U.S. policy prohibiting the granting of an export license for launch on a Soviet rocket is changed. The Bush administration has only allowed the export of U.S. satellites for launch on Communist Chinese rockets.

NASA

Research panel backs expanded agency

The National Research Council, an affiliate of the National Academy of Sciences, issued a report in early March backing the Bush administration's call for the National Aeronautics and Space Administration to send manned missions to the Moon and Mars, but said the program should envisage even greater goals and more advanced technology.

The Council study was undertaken at the request of Vice President Dan Quayle, who heads the National Space Council, to comment on NASA's 90-day study.

The report stated that nuclear power will eventually be essential for bases on the Moon and Mars, it backed study of nuclear spacecraft propulsion, supported the Space Station Freedom for scientific exploration while questioning whether it will be the optimal staging base for lunar and planetary missions, and said that the Space Shuttle fleet will have to be replaced by a less labor-intensive system between 2000 and 2010.

The use of nuclear power both for propulsion and for bases on the Moon and Mars has been a key component of *EIR*'s outline for a competent, serious Mars colonization effort.

Nuclear Safety

Technology to slash waste danger in sight

A Japanese research institute said March 2 it had made a key breakthrough in tests aimed at drastically shortening the life of high grade nuclear waste, Reuters reported.

"This will help control nuclear waste better and increase the social credibility of nuclear power," said the Central Research Institute of the Electric Power Industry.

The researchers expect to develop a technology in seven years that will shorten the danger zone of nuclear waste. The half-life—or period in which nuclear waste's radioactive power is halved—can be slashed to between 10 and 90 years from hundreds of thousands of years for certain types of waste, the group predicted in a statement. The private institute has been conducting joint research with U.S. and European scientists.

Electric Power

Expert says rotating blackouts unavoidable

"Rotating" electricity blackouts are "unavoidable" within the next two years, John Sillin, of Management Analysis Co., warned in a press conference Feb. 27.

"The United States is on the verge of a power shortage that threatens the economic vitality of the country," and "the point of crisis" is now at hand in Florida, South Carolina, North Carolina, Virginia, the District of Columbia, Maryland, Delaware, eastern and central Pennsylvania, New Jersey, and Long Island, N. Y., he added.

Sillin was one of the first power analysts to predict the wave of power shortages and brownouts that have afflicted the east coast during the past two years. He now predicts that the east coast will suffer "rotating" blackouts, where one portion of a utility's service area is cut off from electricity for about an hour, then a different portion is cut off, and so forth. But by 1993, Sillin said, these intentional blackouts will last longer and will affect much larger areas at any one time.

The major reason for the impending shortages is that the U.S. simply ceased building new power generation capacity. Sillin noted that utilities feel that state regulators are not allowing rate levels sufficient to fund new construction, and are also leery of being forced by regulators, as in the 1980s, to write off more than \$10 billion in new plants that had been built.

IMF Conditionalities

Agency tries soft-sell to maintain power

The International Monetary Fund is attempting to give itself a new, more "acceptable" look to continue its policy toward and political control over the countries of the developing sector, Vatican sources report.

Recently, a secret meeting was held in the office of the Pontifical Academy of Science in the Vatican. Present was an IMF delegation led by chairman Michel Camdessus. Camdessus also had a private audience with Pope John Paul II. The line that the IMF is putting forward is that the international monetary institutions should not be so hard in their negotiations on foreign debt.

Camdessus has attacked on several occasions private banks' uncompromising attitude on the Third World.

Briefly

● **OVER 2,000 PENSION** fund plans have been canceled since 1981 and replaced with "annuities" paid by insurance companies covering 2.3 million U.S. retirees and active workers. Many of these companies are facing collapsing earnings.

● **THE SOVIET UNION**, one week after France decided to sell nuclear material to Pakistan, said they are going to do the same. "Pakistan needs nuclear energy for its power needs; once the required guarantees are provided, there is no harm in supplying power plants," the Soviet ambassador in Islamabad, V. P. Yakunin, declared Feb. 27.

● **MARIO VARGAS LLOSA'S** shock program would "substantially affect companies, many of which would fail," economist and ex-president of Peru's Banco de la Nación Augusto Blacker Miller warned, *La República* reported Feb. 28. Miller said manufacturing output might fall 30-50%, or \$1.5 to \$2.2 billion if the radical free trade presidential candidate prevailed.

● **DOMESTIC ORDERS** for industrial machinery in West Germany jumped 17% in January from a year earlier, according to the West German Plant and Machinery Manufacturers Association. By contrast, foreign orders rose only 2%, yielding a combined rise of 8%.

● **SEVEN BUSINESSES** in Milan and Genoa have formed the Rapid Integrated Connections Co. to build a 250 kilometer per hour train, reducing travel between the two Italian cities to 45 minutes, at a cost of \$240 million.

● **NEW HOME SALES** in the U.S. fell 7.1% drop in January new home sales, on top of an 8.4% drop in December, the Commerce Department reported March 2.

Argentine-Brazilian nuclear cooperation under threat

The Earth-worshipping anti-nuclear cult has targeted two sovereign countries with a plot to send them back to the Dark Age. Lorenzo Carrasco Bazua unveils their real motives.

A three-day symposium on inspection of nuclear facilities, sponsored jointly by the Brazilian Physical Society (SBF), the Argentine Physicists Association (AFA) and the Federation of American Scientists (FAS), was held in Río de Janeiro in January of this year, for the purpose of creating a global anti-nuclear network of non-scientific “civil agencies” to de-classify the autonomous nuclear programs of Argentina and Brazil.

Under the pretext of placing these countries’ most advanced research centers under “civilian control,” this group of self-described scientists is in fact seeking to sabotage whole areas of nuclear cooperation between the two countries. The specific targets are the joint nuclear fuel reprocessing programs, the development of advanced small-scale reactors, and the future construction of a fast breeder reactor—cooperative projects of obvious strategic significance for the region. In Argentina, the installations that have been targeted for “supervision” include the uranium enrichment center at Pilcaniyeu in Río Negro province, and the reprocessing plant at the Ezeiza Research Center in Buenos Aires. In Brazil, the special targets are the centrifuge plant at the Marina Aramar center and the reprocessing laboratory at the Nuclear Energy Research Institute (IPEN), both located in the state of São Paulo.

According to the Jan. 24 *Jornal do Brasil*, SBF physicists Luis Pinguelli Rosa and Odair Gonçalves proposed to the symposium the creation of “an advisory body” that would pressure Brazilian congressmen into exercising a “supervisory” role—through them—over uranium reprocessing and

enrichment installations. “We want to inspect Navy installations in order to assure that the fuel produced there does not surpass 20% enrichment, the required level for moving a nuclear submarine,” declared Pinguelli.

The interest in blocking cooperation between the two countries surfaced in a manifesto signed by the Argentine and Brazilian physicists’ associations against ratification of a bilateral agreement for peaceful nuclear cooperation, which had been signed by former Presidents Raúl Alfonsín and José Sarney.

Two American physicists from the FAS, William A. Higginbotham and David Albright, intervened in the form of advising their Brazilian and Argentine counterparts on how best to “oversee” the nuclear programs in their respective countries. The Americans offered as an example of the kind of action needed their own success in suspending the restarting of plutonium and tritium production at several U.S. plants last year, with the help of 20 civilian agencies and 180 federal congressmen.

Pugwash and Greenpeace

The Federation of American Scientists is linked to the Pugwash Conference, founded in 1954 by the superpowers in order to consolidate their hegemony over nuclear energy development through promotion of supranational “verification” agencies. David Albright’s career as an “atomic bomb hunter,” in particular, was pursued in close collaboration with the multimillionaire Greenpeace organization. Greenpeace was explicitly founded as shock force to be used against

non-signatories of the Non-Proliferation Treaty, like Brazil.

Until recently, Greenpeace had limited its actions to the developed nations. Now it is trying, through the efforts of its agent in Brazil, Federico Fullgraf, to penetrate and subvert Brazil. Fullgraf received \$80,000 in donations from abroad to found an organization called "Earth," which is essentially a Greenpeace front in Brazil. Fullgraf was recently involved in a frustrated attempt—in close cooperation with the German Green Party—to destabilize the Brazil-West Germany nuclear agreement.

Albright's collaboration with his Brazilian counterpart Pinguelli Rosa in the fight against nuclear energy came to light through the publication of a series of their articles in the May 1989 issue of the *Bulletin of the Atomic Scientists*, where they focused their attack against the nuclear successes of the two target countries. The authors complained that both Brazil and Argentina refused to ratify the nuclear arms non-proliferation treaties, as well as the Tlatelolco Treaty for the de-nuclearization of Latin America. The Non-Proliferation Treaties, in particular, were rejected by both governments as a threat to national sovereignty, as discriminatory against developing sector access to advanced technologies, and as an instrument to maintain superpower hegemony over nuclear power.

The "anti-proliferationist" physicists have acknowledged that cooperation between Argentina and Brazil would mitigate any possible rivalry between them, since "officials of both countries visit each other's most sensitive nuclear facilities." They nonetheless insist on their paranoid suppositions that both countries "could soon develop the capacity to produce nuclear explosive material free of international restriction." Once this happens, wrote Albright in his May 1989 *Bulletin* article, "Bomb Potential for South America," "technological momentum and political pressure may lead them to decide to produce highly enriched uranium and eventually nuclear weapons."

Another article in the same issue, written by scientific mediocrities Luis Pinguelli Rosa, Antonio Rubens de Castro, and Fernando Barros and entitled "Brazil's Nuclear Shakeup: Military Still in Control," laments that the reorganization of Brazil's nuclear sector "did reduce opposition in the academic community to the government's program . . . [and] recaptured some of the nationalism that colored Brazil's nuclear program of the 1950s."

These phony scientists went even further, however: "To ensure peaceful coexistence in Latin America, we scientists stress the importance of a clear, public, official rejection of nuclear weapons in Brazil and elsewhere," ignoring with this statement the fact that the new Brazilian constitution explicitly restricts nuclear activity to solely peaceful purposes. The "scientists" make clear that their concern is not with weapons, but with prohibiting Brazil from developing an extensive nuclear electricity capacity, with all the development benefits that would entail: "Brazil should concentrate

its efforts on the design, construction, and operation of small reactors suited to producing radio-isotopes with medical, industrial, and scientific significance."

An additional aspect of the proposed "oversight" policy is to create unwarranted frictions between Brazil and Argentina which, in the calculations of the anti-nuclear networks, would end up destroying any nuclear cooperation programs between the two nations. This provocative strategy was exposed by the president of the Atomic Energy Commission of Argentina, Manuel Mandino, who told the Brazilian daily *Gazeta Mercantil* of Jan. 10: "Whom should Argentina fear having the bomb? Only Brazil? And whom should Brazil fear having the bomb? Only Argentina? We, Argentina and Brazil, have joined hands and are now working together. This constitutes a clear and precise regional peace."

A technology non-proliferation treaty

The concerns of the anti-proliferationists who met in Rio de Janeiro are clearly not the legitimate fears of uninformed laymen concerning a proliferation of nuclear weapons, but rather a deliberate attack on the sovereign development of science and technology. Take, for example, the cited *Bulletin* article, in which Pinguelli and his Brazilian colleagues bitterly protest that the "CCPN's [*Superior Council for Nuclear Policy*] policy still seems to be dictated by the erroneous belief that nuclear power is needed in the near future. The hard fact is that the concept of well-being based on limitless industrial growth and the expenditure of natural resources is being sharply challenged worldwide. Brazil itself is far from the so-called economic miracle of the 1970-74 period, when the economy was expanding at yearly rates of over 10%—accompanied by a steep increase in foreign debt and unrestricted expenditure of nonrenewable resources. . . . This is no time for an expensive, unnecessary nuclear power program" (emphasis added).

With such statements, Pinguelli and company not only reveal their own anti-industrial prejudices, but contradict clear evidence that the advanced-sector nations themselves are returning to an emphasis on nuclear energy development. Pinguelli concludes: "Current projections, in fact, show that nuclear power will not be needed before 2010-2020. During the next 30 years, Brazil should rethink its nuclear program, optimizing the use of locally available personnel, materials, and industrial capability, with the most serious regard for safety and environmental preservation."

A history of Brazil's nuclear energy fight

The efforts to sabotage Brazil and Argentina's nuclear development are certainly not new. They began with the origins of nuclear energy, and became increasingly frantic after World War II with the imperialist and paternalist Anglo-American nuclear policy that shackled the nationalist governments of Argentina's Juan Perón and Brazil's Getulio Vargas.

Adm. Alvaro Alberto and the fight for nuclear energy

On Oct. 27, 1988, former Science and Technology Minister Renato Archer reviewed the genesis of Brazil's nuclear research before the budget commission of the Brazilian Congress. Excerpts follow:

I was privileged to know Adm. Alvaro Alberto as a student at the Naval School. . . . In 1932, Ernest Rutherford discovered that the atom has a nucleus. In 1935, Adm. Alvaro Alberto . . . brought to Brazil a young physicist from the University of Rome named Enrico Fermi, who at the time was nearly 30 years old. Why did he bring Enrico Fermi to Brazil? Because, following Rutherford's discovery, he had experimented with bombarding all the known elements with a neutron beam. When uranium underwent this bombardment, there was a strong reaction of heat release and, according to the analysis he made of the results of his experiment, barium was found in the bottom of his crucible. . . . He believed, given the reaction and the heat release, that he had created a trans-uranium element.

This event became known as "Fermi's great error," and was revealed to the world in 1935, at the Brazilian Academy of Science, presided over at the time by Adm. Alvaro Alberto. . . . The second phase of the problem was the correction of "Fermi's error." . . . The barium that was found did not result from fusion within the crucible, but was an isotope of the uranium-235 atom, with an atomic number of 92, while barium has an atomic number of 96. It was while investigating what the other element was, what the other isotope was, that Otto Hahn, Leise Kleitner, and Strassmann in Berlin discovered what Fermi had accomplished, the transformation of one material into another. They discovered this in September 1939, at the

beginning of the war, when Germany was under the Nazis.

. . . Otto Hahn sent the information of what happened to Danish Prof. Niels Bohr, who left for New York where he released the news. . . . In a letter to Roosevelt, Einstein conceded the hypothesis that the Germans were making the atomic bomb, which wasn't true. . . . The United States decided to make the atomic bomb, and the process chosen for isotope separation was that of gas diffusion. . . .

In the United States . . . the matter developed in the following way: As long as no international body in its confidence was created, this matter would be kept at all cost as its own private secret. The U.S. President at that time was Harry Truman, who wrote a note regarding the matter which said: "About the bomb, where do we go from here?" And he named a commission made up of the secretaries of the Army and Navy, the secretary of State, and five more scientists: Oppenheimer, University of Harvard President James Conant, and others. It was that commission which decided that the United States would create an internal control body, which would be its Nuclear Energy Commission, and an international body in its confidence, which could pave the way for giving humanity use of that extraordinary energy source.

A fight developed inside the U.S. Congress. The proposal for military control over nuclear energy was a project named May Johnson; the other, called McMahan, was for civil control over the nuclear area. The McMahan Act, the civilian project, won out but was nonetheless formulated with such rigour that it establishes life imprisonment and death in the electric chair, in case of violation. That is what happened to the Rosenberg couple, the first to be punished for violating the nuclear secret.

But that law prohibited transfer of any information to any country, including Britain which had strongly contributed—with scientists and information—to the Manhattan Project of the atomic bomb. This isolated the United States from other countries, but created a major difficulty in relations with those other countries from which it wanted to buy—before the secret became public knowledge—atomic mineral reserves, so that it could have its own reserves.

In August 1946, the U.S. Congress approved the McMahan Act which limited nuclear cooperation between the U.S. and other countries to exploration and extraction of uranium. Along with this came the creation of the United Nations Atomic Energy Commission. The commission's first meeting was attended by the United States, the Soviet Union, Britain, France, and four other countries invited as "observers" because of their status as having the world's largest

uranium reserves. Those countries were Brazil, India, Belgium, and Canada.

At that meeting, American representative Bernard Baruch presented a proposal for creating a supranational agency to "control ownership of world uranium and thorium reserves," an explicit affront to national sovereignty. The infamous "Baruch Plan" operated on the thesis of the "injustices of nature": that those countries lacking in nuclear tech-

In 1952, Adm. Alvaro Alberto created the thesis of "Specific Compensation," in the face of these difficulties with the United States, which could offer neither equipment nor information, but wanted to buy radioactive minerals from Brazil. He said that Brazil would always be prepared to sell its radioactive minerals at fair prices to those countries which wanted to sell them, also for fair prices, equipment for their development in a specific area. This was going to create a major difficulty in relations between Brazil and the United States.

In light of this impasse, Adm. Alvaro Alberto went to Germany to seek the founder of nuclear fission, Prof. Otto Hahn. There, and with the help of two professors from two different institutions—Paul Harteck, of the Institute of Physics-Chemistry of Hamburg with whom the admiral had done his chemistry doctorate, and Prof. Wilhelm Groth—he conspired so that the machines the Germans supposed were needed for isotope separation, which are centrifuges, would be built for Brazil. . . . Eighty thousand marks were sent . . . for Germany to build the machines in various locations, because it was an occupied country and could not be involved in such matters.

The centrifuges were seized in Germany by a British brigadier named Harvey Smith, who represented England and was Germany's governor of the month. Admiral Alberto was accredited, went to England, and tried to negotiate release of the equipment. He appeared before James Conant, president of Harvard University, chemistry professor, and U.S. representative to Germany at the time. . . . Professor Conant's final suggestion was that [Alberto] should go to the United States and seek out Adm. Lewis Strauss, who was going to be named the replacement of Dr. Gordon Dean. Dean had been the second president of the U.S. Atomic Energy Commission. Alberto went there to discuss the matter. Adm. Lewis Strauss told the Brazilian admiral, in the presence of the Brazilian ambassador, that like all scientists, he was crazy and that everything he was proposing was pure fantasy, did not exist. . . . The ultra-centrifuges remained prisoners.

Those centrifuges went on to become a permanent source of debate between Brazil and the countries which

pressure against vulgarization of the use of nuclear energy. I myself, to be able to understand what was happening, spent six months in Harwell, England, in a nuclear energy center, in hope of deepening my knowledge of physics to be able to take the matter on. There I met the scientific director of Harwell, Prof. Joseph John Damos, a very important man. The day I arrived, he asked me: "What have you been doing to make the Americans so angry with you?" He showed me a page in a magazine called *Nucleonics*, bearing a tiny picture of me, which said: "Renato Archer, communist, wants to renounce all of Brazil's agreements with the United States." In fact, the McMahon Act prevented any agreements with the United States. . . .

He told me the following, after a long conversation: "I hope that you are still alive and of sound mind the day that your country has the right to use nuclear energy. . . . Surely you don't want the United States to let the largest conventional-fuel center of energy production become obsolete, just because Brazil has radioactive minerals. Therefore, I am telling you that a long time is going to pass before your country has the right to use this."

On the last day of my stay there, we walked down a hall lined with storage rooms. He opened one and said: "I suppose you haven't seen this, but I am going to show it to you so that you don't think we are crazy, so that you know that this exists." We entered and he said: "This is a thorium-uranium-233 reactor. It functions, it is more economical than that of uranium alone, but England has no thorium; this here only interests India and Brazil." He turned to me and said: "If you mention this in public, I am going to say that it is a lie. I am Harwell's scientific director, and *Nucleonics* says you are a communist, so I'm not worried." . . . The ultra-centrifuges are museum pieces. But national technology is represented here by Adm. Othon Silva (IPEN, in charge of the Navy enrichment center at Aramar), responsible for the advances our national ultra-centrifuges are now producing. Adm. Alvaro Alberto's dream was fulfilled by another admiral, thanks to the support of the Navy, which, believing in this, heavily invested in that dream.

nology should have been graced with considerable reserves of strategic minerals.

Brazilian representative Adm. Alvaro Alberto was the only one present at that meeting to oppose the injustice of the Baruch Plan, describing the U.S. policy as an attempt to force the mineral-rich nations to surrender their natural wealth. In 1951, Alberto proposed legislation to protect natural reserves of thorium and uranium from foreign looting. He offered the

concept of "specific compensations," meaning that commercial transaction in strategic minerals could not be conducted in dollars, but only in technological exchanges.

Admiral Alberto's resistance did not suffice to prevent the U.S. assault on Brazil's reserves. In 1952, in a single transaction, the U.S. imported the entire thorium quota guaranteed by a two-year agreement. Brazil's monazitic sands were even traded for rotten wheat. U.S. inflexibility, aggra-

vated by the McMahon Act, made any real cooperation with Brazil unfeasible. The American envoy at the time, Gordon Dean, nonetheless made a big deal of the illusion of bilateral cooperation, in hope of securing a still more liberal mineral export policy on Brazil's part. Mindful of this, Admiral Alberto asked the Brazilian government for authorization to begin negotiations with other countries, and left for Europe to make contacts with France and Ally-occupied Germany.

At this point, Admiral Alberto's trip took on aspects of a secret mission in that his purpose—transferring prototypes of uranium centrifuges to Brazil—had to rely on secret diplomacy which bypassed the Brazilian Foreign Ministry, headed at the time by Neves de Fountoura, as well as other decision-making agencies such as the National Security Council, the military joint chiefs of staff, and the Department of Mineral Production. The Brazilian ambassador to Bonn at the time recommended that Alberto await the restoration of full sovereignty to West Germany, when the export of centrifuges would then become possible.

The recommendation was officially accepted by Alberto's National Council for Scientific and Technological Development (CNPq), but the admiral requested and received special presidential authorization to get the Foreign Ministry to back a secret shipment of the machines. Less than 24 hours after the authorization was granted, however, the Allies' Military Security Board seized the centrifuges in Göttingen and Hamburg. The seizure had been orchestrated by the U.S. Atomic Energy Commission (USAEC). In contacting Lewis Strauss, the president of that commission, Alberto was offered no hope of getting the confiscated machines released by the Allies. Instead, Strauss offered American aid, within the restricted framework permitted by U.S. nuclear policy. Alberto repeated once again his government's desires: enrichment plants, a factory to produce uranium fluoride, and research reactors.

The USAEC's conspiracy forced Admiral Alberto to return to Brazil with empty hands. His resignation from the CNPq followed in March of 1955. His resignation made possible, in August of that year, the signing of a Program of Cooperation for the Inspection of Uranium Resources in Brazil, with the United States. One year later, in 1956, a commission of the Brazilian Congress gained access to secret documents of U.S. diplomacy which revealed the pressures of that country to force Alberto's resignation. The commission recommended a revision of international agreements prejudicial to the country. The government followed up by naming an inter-ministerial commission whose directors, approved by the National Security Council, ruled that "the fundamental point of nuclear policy should be to produce, inside the country, nuclear fuel under total government ownership and control." To carry out this nuclear policy, the National Commission of Nuclear Energy (CNEN), now distinct from the CNPq, was put in charge.

The Non-Proliferation Treaty

Pressures against nuclear development continued in the years to follow. At the end of 1953, U.S. President Dwight D. Eisenhower launched his "Atoms for Peace" program before the United Nations General Assembly, which did little or nothing for the nuclear development of Brazil, or other countries. This is the same period in which the International Atomic Energy Agency (IAEA) was created, with two basic objectives: 1) promote atomic energy for the development of humanity; and 2) establish a system of safeguards, to assure that technical assistance and technology transfer cannot be diverted for armaments.

Despite whatever good intentions there might have been, the Atoms for Peace and IAEA abandoned the goal of promoting nuclear energy in the developing sector, to concentrate their efforts on making their safeguard system—at first presented as voluntary—increasingly stringent, presaging the Non-Proliferation Treaty.

It was precisely the U.S.-Soviet condominium which imposed its will on the final form of the Non-Proliferation Treaty. That treaty, in effect, divided the world into two kinds of countries: those with nuclear arsenals which would be permitted to continue to perfect their atomic technologies; and those who had not, by 1967, managed to produce atomic bombs, and who were therefore obliged to commit themselves to neither producing nor acquiring nuclear weapons. The treaty became, thus, an open violation of the principle of equality among sovereign states; it became an instrument for legitimizing nuclear hegemony by the superpowers, through a system of limited sovereignties and an unjust international economic order.

As a complement to the treaty, the "possessor" countries established the so-called Club of London in 1975, to supervise and block any technology transfer to countries which did not submit to the system of total safeguards. This club is currently serving to sabotage the development of launch vehicles essential to the Brazilian space program.

At that point, promising initiatives were lost, such as that of the Thorium Group, a group of researchers from the Institute of Radioactive Research in Belo Horizonte which, between 1955 and 1960, managed to develop a project for a thorium-fed reactor. The work was ready to go, when the group was dissolved.

The Brazil-German Nuclear Pact

In 1973 and 1974, the CNEN and its subsidiary the Brazilian Company of Nuclear Technology (CBTN) developed a strategy which included creating a heavy industry for the production of reactors alongside an industry that embraced all phases of the so-called fuel cycle, to provide a growing nuclear electricity capacity for the country. The Angra I reactor of Westinghouse, being a turnkey program, fell completely outside of these guidelines. Negotiations began with West

Germany, conducted in the utmost secrecy to avoid such interferences as Admiral Alberto had suffered.

U.S. pressures continued, through the U.S. Senate and even through the Jimmy Carter presidential campaign. In 1978, the United States decreed the Non-Proliferation Act, imposing such unilateral measures as suspension of nuclear exports to countries refusing to accept the Non-Proliferation Treaty, measures that were applied retroactively in order to suspend nuclear fuel supply contracts to Brazil that had been previously signed for Angra I. Brazil broke off negotiations with the United States months before it signed its 1975 pact with Germany, once it became illegal for U.S. companies to provide “sensitive” technologies to non-nuclear nations.

In early 1977, the Carter government threatened to impose a “repressive program in stages,” in case West Germany and Brazil refused to accept American conditions on their agreement. Those proposed conditions, some mutually exclusive, included:

- 1) U.S. participation in the agreement and in the process of technology transfer for uranium enrichment and reprocessing;
- 2) a reprocessing plant constructed by a neutral country from the Ibero-American continent, and subject to international control;
- 3) if the plant were constructed in Brazil, it had to be subject to controls complementary to the system of the IAEA;
- 4) forming an international cartel of nuclear technology producers and sellers.

Carter’s threatened reprisals were:

- 1) to impose heavy tariff barriers against German and Brazilian products on the U.S. internal market;
- 2) to block the export of products upon which Brazil and Germany depend;
- 3) to block Brazilian access to financial markets;
- 4) to embargo the supply of enriched and natural uranium that had already been contracted with Germany;
- 5) to withdraw U.S. “protective troops” stationed on German soil.

Brazilian and German diplomacy resisted these U.S. pressures and, through Nucleobras, the Brazil-German agreement to build a nuclear energy capacity in Brazil was initiated. Diplomatic wranglings with President Carter ultimately led Brazil to break its military agreements with the United States.

At this point, the attacks against the German-Brazilian agreement took a different tack: bringing about its financial collapse. This path was facilitated by the Baader-Meinhof gang’s murder of German banker Jürgen Ponto, one of the sponsors of the pact. Starting with Brazil’s first negotiations with the International Monetary Fund in 1982, that blackmail institution made limiting the German-Brazil pact its first condition. This meant that plants 4 and 5, initially included in the agreement but their location remaining to be defined, were totally frozen, limiting the program to construction of

Angra 2 and Angra 3.

It was under this pressure, and specifically in response to the threats of the Carter government to prevent transfer of nuclear technology, that the governments of Argentina and Brazil decided to launch autonomous technological efforts in these areas—under necessarily strict secrecy.

‘Parallel’ programs

The November 1983 announcement by the Argentine Atomic Energy Commission that the uranium enrichment process had been completed at Pilcaniyeu, and a similar 1987 announcement by the Brazilians, took Anglo-American intelligence completely by surprise. This is admitted by David Albright in his *Bulletin* article cited above, in which he cites a high-level official from the Reagan government: “Western non-proliferation experts thought enrichment plants were beyond the capability of most nations, and they believed that attempts to build them could have been discovered by Western or Soviet intelligence agencies. *Nucleonics Week* quoted a Reagan administration source as saying that the announcement ‘represents a startling and dismaying failure of intelligence gathering.’ ”

When Brazil announced having achieved the complete nuclear fuel cycle, an official of the U.S. State Department’s non-proliferation office declared: “Our reaction will be the same as when Argentina announced it had achieved the nuclear fuel cycle; we said then and we repeat now that those countries should place all their nuclear installations and material within reach of International Atomic Energy Agency’s inspections. When they don’t, they raise suspicions that they are using nuclear technology for other than peaceful purposes.”

This, of course, is the same argument used today by such “civil societies” as the Brazilian Physical Society and the Brazilian Society for the Advancement of Science. This is also the argument of the “universalist” group at Itamaraty, Brazil’s Foreign Ministry, which recently demanded—through the daily *O Estado do São Paulo*—that Brazil sign the Non-Proliferation Treaty.

Thus, whether witting or not, the efforts of the anti-nuclear group headed by Professor Pinguelli Rosa to lift the veil of secrecy around Brazil’s most advanced nuclear projects is nothing less than a continuation of the superpower condominium’s efforts to sabotage all future progress in this area. The superpowers, in fact, have a much broader and more “flexible” purpose in mind. In their view, not only must Brazil sign the Non-Proliferation Treaty, but must also dispense with its research in such high-technology areas as the VLS (Satellite-Launch Vehicle), and abandon access to microchip and supercomputer technology. They also seek to have Brazil adopt a more “open” posture toward the General Agreement on Tariffs and Trade (GATT), which would complete their strategy of aborting Brazil’s technological and industrial development.

'Ecological' irrationalism is leading to war

by Lyndon H. LaRouche, Jr.

It would be impossible to save the Soviet or the United States economy, unless we immediately repudiated that to which Mr. Gorbachov, President Reagan, and President Bush ostensibly subscribe currently in the context of the United Nations Organization meeting, at the end of 1988, i.e., the so-called environmentalist or ecological pact.

Ecology, as it is popularly defined in the news media and political process today, is a form of irrationalism, we might say anti-Christian, almost Satanic, and sometimes literally Satanic, anti-Christian ideology, which is totally opposed to all scientific procedures, scientific knowledge.

None of us who are sensible, would oppose, but would rather promote, things which actually benefit the ecology, such as the improvement of large-scale water-management systems respecting the water crisis in, for example, the Soviet Union or North America, where neglect of previously established water-management programs is leading to a true ecological catastrophe. None of us who are sensible would object to large-scale reforestation, particularly of reserve land, mountain land. This is sometimes a very difficult process to do; it requires very sophisticated steps, but none of us who are sensible would object to that sort of thing. None of us would object to new kinds of zoning requirements, which have a more rational approach to planning of cities, but a rational approach which is actually imbedded in some of the best city-planning in Italy and so forth, earlier in this era.

None of us would object to, as sensible, the substitution of nuclear energy for wasteful or dirty forms of combustion such as primitive uses of so-called solar power which are ecologically disastrous if we use or apply it on a large scale, or to other use of biomass as a fuel, generally, which is wasteful and ecologically counterproductive. We would all insist on going to thermally much more efficient forms which are intrinsically much cleaner. We would desire to get, as soon as possible, to a second generation of thermonuclear fusion, and with the possibility of large plants in the terawatt scale, and we should be planning for the use and



Graziano Sica

"None of us would object to, as sensible, the substitution of nuclear energy for wasteful or dirty forms of combustion," writes Lyndon LaRouche. The nuclear plant at Biblis exemplifies the kind of technology the Federal Republic of Germany could share, to clean up East Germany's serious air pollution problem. Shown are pro-nuclear political activists including Mrs. Helga Zepp-LaRouche (third from left) visiting Biblis.

control of the matter-antimatter process, something which should be feasible as an achievement during the second half of the coming century.

None of us would object from a sound, scientific, ecological standpoint, to the fostering of the development of high-speed rails rather than continued increase of highway transport in general, that is, long-range highway transport policies. None of us would object to the use of high-speed rails as an ecological and economically superior approach to a replacement of air-traffic congestion from short hauls of 250-500 mile flights, and that sort of thing.

None of us would object to any of the other things which make the world safer and better for life from a scientific standpoint.

For example, none of us would object to destroying the ecologically disastrous agricultural policies which put formerly fruitful and ecologically positive agricultural land into the status of ecologically disastrous wasteland, a key factor in the growth of weather instability.

So, none of us are opposed to sound ecology, to cleaner cities, to cleaner air, to that sort of thing, but the negative, unscientific and pagan, sometimes outrightly Satanic, approaches of the World Wildlife Fund and other institutions of that sort, which are also racist and pro-genocidal, those things we must abort immediately.

Ecologism may lead to war

Now, it is well known as Dr. Alexander King of the Club of Rome and of other institutions has stated frankly: The real purpose of ecology is to eliminate from this planet what some white racists consider, in the tradition of Adolf Hitler, an excess proliferation of populations of persons of darker complexion. This, in the words of Alexander King, includes Mediterranean peoples, that means Spaniards, Italians, some darker-complexioned fellows in the south of France, Yugoslavs, or part of the people in Yugoslavia, Greeks, Turks, Arabs, the Jews naturally, the darker-skinned Jews—Sephardic Jews—in particular, and so forth and so on.

This abomination must stop.

Now not only is this morally and scientifically reprehensible, but unless we do that, we shall probably go to the thermo-nuclear war which some fellows wishfully think we've already escaped. Without a destruction, an extirpation, a condemnation, a rejection, of this pagan ideology of unscientific, anti-scientific ecologism, it will be impossible to revive the economies of the Soviet region or of North America or of Britain. Therefore, these unscientific views must be rejected, for if they are not, it will be impossible to prevent the collapse of economy, as we see now going on as a physical-economic breakdown crisis in the Soviet Empire and in North America, for example; and thus, we create the conditions under which

Catholic historian: Are ecologists the new pagans?

Pope John Paul II, though well known for being sensitive to environmental issues, recently put the ecologists on guard. The environment is "certainly a serious problem," he said, but "human life is the first right," and no proposal will be effective if we do not make "respect for life and the dignity of man" the "fundamental criterion" of every intervention. The environmentalists reacted in the leading "Green" journal in Italy, *Nuova Ecologia*. "In a world made narrow and shabby by the misdeeds of our species," say *Nuova Ecologia's* editors, "the basic principle of respect for life cannot fail to be associated with that of *responsible self-limitation*."

"This," they stressed, "remains the major reason for a clash between religious positions and environmentalist concerns."

But the roots of these differences are profound. Joseph Cardinal Ratzinger, the Prefect of the Congregation for

the Doctrine of the Faith, observed that the ecologist movement shows great hostility toward man, by blaming him for destroying nature. The "Green" idea lays the basis for "resurgent animalism," Ratzinger was quoted in *L'Avvenire*, March 15, 1989, and the insistence on the earth goddess "confirms the trends toward paganizing religions."

In Rome, we asked Father Robert A. Graham, S.J., the American historian and author of numerous essays on World War II, about his view of the Green movement.

"It is a new secular humanism, according to which man and his environment are the beginning and end of everything," Father Graham replied. "It is clear to everyone that we must not pollute, that we must save our seas, the fish, and clean up the highways. That's all natural and is dictated to us by good sense. It is not necessary to create an ideology on these things. The reality is that the ecologists do not want to think about transcendent life. Perhaps they are not capable of it." Then he added: "We are dealing with a type of pagan religion that adores the world in its materiality of today, and does not see the beyond. They have no faith. Believers have an eschatology whose foundation is Christian hope, while for the Greens, their eschatology is the end of the world."

—*Maria Cristina Fiocchi*

Russian military superiority, in the context of demobilization of the West, leaves the Russians no apparent solution to their insoluble, internal economic and related social and political crises, but to use their military margin of superiority, to extract loot from other parts of the world. That is the condition for war.

Therefore, you have to choose between ecologism and war. And I can assure you that a general thermonuclear war is not good for the ecology of this planet.

Ecologism creating worldwide famine

Now let's turn to something else. We have, on this planet, a global famine. A famine which has contributed in large part to the death of a half-billion people during the period of application of so-called International Monetary Fund conditionalities. At least, that's the calculations cited by Egypt's President Hosni Mubarak recently. And I concur with that as a rule-of-thumb measure.

We have the creation of food shortages in the United States. We don't see it as an absolute blankness on store shelves, we see it as a constriction of supply in the pipeline, and in the form of sudden and spectacular increases in food prices coming down the way. Rather than seeing some people not getting any food simply by fiat, we see simply the price mechanism, or the market mechanism, so-called, determine

who does and does not get food, and thus the food shortage adapts itself, say, to the U.S. economy. We have conditions of genocidal starvation, however, in Africa, and we're approaching that condition throughout much of Asia.

Therefore, the production of adequate food supplies—with the aid of water management programs, improvements in general transportation, the generation and distribution of power, and basic urban social and physical infrastructure, which is essential to servicing the agricultural world sector for food production—without these measures, we are doomed to worsening famine.

So, we must have the economic conditions in terms of policy, which foster an increase in the production of food, and in policies which ensure that the farmer growing food is able to retain as his price, the cost, plus a little bit better, of the production of the food he or she supplies.

Without that, all talk of ending famine is hopeless. Without such measures, without the reversal of ecological and present agricultural department policies in the United States, there is no solution to a worsening famine, and to a worsening scale of death, especially among the poor of the world, inside and outside the United States. And with the impending general financial collapse of 1990, the number of poor in the United States susceptible to victimization by famine, is about to increase most dramatically.

The 'greening' of U.S. foreign policy

Secretary of State James Baker's speech, to the National Governors' Association meeting in Washington, on Feb. 26 betrays the Bush commitment to the "ecology" cult:

In 1908 at the White House, President Theodore Roosevelt convened a conference on the conservation of natural resources. . . . [It was] the single greatest stimulus to the creation of a responsible *national* environmental policy for the United States. Now, as we plan ahead for the next century, we must remember the lessons of the 19th and 20th centuries.

From America's native peoples, we have learned that we cannot take nature for granted. We must cherish it and respect its God-given dignity. From our forefathers, we have learned that nature is *not* a cornucopia of unending supply. We must give back to the Earth if we are to continue to draw from it. . . . Finally, we know from our *own* experience in this interdependent world, that we must "think local and act global." We cannot serve *America's* environmental interests effectively unless we address *worldwide* environmental concerns.

The foreign policy objectives of the United States are grounded in our basic values. We seek to encourage democracy, foster prosperity through economic liberty, ensure security, and improve effective international cooperation that addresses our common interests. What is *not* well-known, however, is that our environmental concerns have a major role to play in the achievement of each of these objectives. . . . That is why the President and I are committed to ensuring that environmental issues are fully integrated into our diplomatic efforts.

This is the greening of our foreign policy.

So *first*, I would like to discuss how our efforts to *consolidate democracy* are linked to our environmental efforts. . . . The conservation movement is one of the greatest success stories for grassroots democracy in the United States. When we defend and promote democratic and environmental values, we express the essence of what we believe is essential for all nations to make progress—developed and developing nations alike.

Let me give you a vivid example of how democrats and environmentalists make common cause. In Eastern Europe, environmental concerns were championed by democratic opposition groups long before the people power revolutions of last fall. In fact, environmental issues helped galvanize the push for democracy. It was an international environmental conference in Sofia, Bulgaria that helped to spark the popular revolution. The Ecoglasnost Association, formed in antici-

tion of that conference, is now one of Bulgaria's largest grassroots organizations and democratic opposition groups. So in Bulgaria, Ecoglasnost gave the term "Green Revolution" a whole new meaning.

The environment is clearly one of those points of mutual advantage between East and West that the President and I are pledged to seek as we try to leave the Cold War behind. To help the Eastern Europeans help themselves in the crucial area of environment, we are offering our whole experience in dealing with these issues. We are offering to the emerging democracies grants and concessional loans; joint projects, training and technology; as well as guidance in drafting laws and regulations. For instance, we have proposed a joint U.S.-Czechoslovak study to determine the most cost-effective way to deal with Czechoslovakia's serious air pollution problems. . . .

That brings us to our *second* major objective: *promoting prosperity and economic liberty*. Just as political freedom and economic liberty go hand in hand, so too, do sustained growth and a healthy environment. . . . These relationships are symbiotic. They are expressed by the concept called "sustainable development."

Our *third* key objective is *ensuring global security*. . . . Traditional concepts of threats need to be updated and extended to include the new transnational dangers—environmental degradation among them. . . .

Our *fourth* objective is *enhancing effective international cooperation*. . . . More than ever before, nations . . . are working together on global environmental problems. Let me give you two examples. One is global climate change. Just a few weeks ago, the President addressed the Intergovernmental Panel on Climate Change. He was the first head of state to speak before the panel. And his presence demonstrated the seriousness with which our government regards this question The President reiterated our policy toward climate change. We call it the "no regrets" policy. . . .

Just what do we mean by "no regrets"? We mean that while we are pursuing the serious scientific research that is critical to any responsible approach, we're also hedging our bets. . . . We mean that the United States is making a major financial commitment to analyze these scientific issues, increasing our funding for the U.S. Global Change Research Program to over \$1 billion. And we mean that we are prepared to take actions that are fully justified in their own right and which have the added advantage of coping with greenhouse gases. . . .

If the results of international scientific research demonstrate that climatic conditions will not change in a significant way, we will have "no regrets" for these actions because they provided other benefits. If, on the other hand, the findings of our research turn out to be more troublesome, we will have taken prudent steps toward solving the problem in a cost effective way. We urge other nations to join us in our "no regrets" efforts. . . .

'Clean Air' Act spells catastrophe for industry and future prosperity

by Rogelio A. Maduro

Under the leadership of Sen. George Mitchell (D-Me.), a self-proclaimed radical environmentalist, the U.S. Senate is putting together the final details of amendments to the Clean Air Act by the end of March. Exactly what kind of monster will emerge is quite uncertain, since all the debate has been held behind closed doors, but the Clean Air Act as presently conceived will destroy the economy of the United States, as industry leaders warn of the coming "catastrophe."

A new study shows that under the Senate version of the bill, some 750,000 workers will lose their jobs, and as many as 3.7 million workers will be directly affected. **Figure 1** shows the number of jobs to be lost per county. Thousands of businesses will just have to shut down, either being technically unable to meet the insanely stringent standards of the bill, or simply not being able to afford them. New entrepreneurial industry won't open because of the extremely restrictive permit requirements. Over 1,450 counties across the United States will be severely affected by just one provision of the bill (**Figure 2**).

According to the Business Roundtable, the cost of the various Clean Air Act amendments being considered by Congress could range from a "best estimate" of \$54 billion to as much as \$104 billion per year in the case of the Senate legislation being debated. The study, released in January, warned the result might be a "shutdown of industries," or "significantly reduced production in United States industries."

Those enormous costs are not the full story. The Business Roundtable study only examines the costs of complying with just three provisions of the amendments to the Clean Air bill, and does not take into account the costs of complying with the existing 1970 "Clean Air" and 1972 "Clean Water" Acts. Environmental Protection Administration officials estimate that for 1989 those costs amounted to over \$91 billion a year. Further, EPA and Department of Commerce figures reveal that complying with these acts has cost the U.S. economy over \$1.2 trillion in the past 20 years (**Figure 3**).

The news media love to complain about \$1,200 hammers and \$600 toilet seats in the military, but have turned a blind eye to the scandal of what this staggering \$1.2 trillion has been used for. Environmental zealots rant and rave that it hasn't bought "Clean Air" and "Clean Water," which is the

reason the amendments to the act are allegedly needed. In fact, the redirection of \$1.2 trillion in resources from productive investment into useless environmental regulation has wrought great misery, hunger, and unemployment. It has drained all the resources that industry would have otherwise invested into modern production technologies which do not pollute, such as plasma torches and magnetohydrodynamic generators, into scrubbers and other gadgets. At the state and local level, the environmental regulations have drained most of the resources that would have been used to maintain and upgrade basic infrastructure, such as bridges, roads, and railroads.

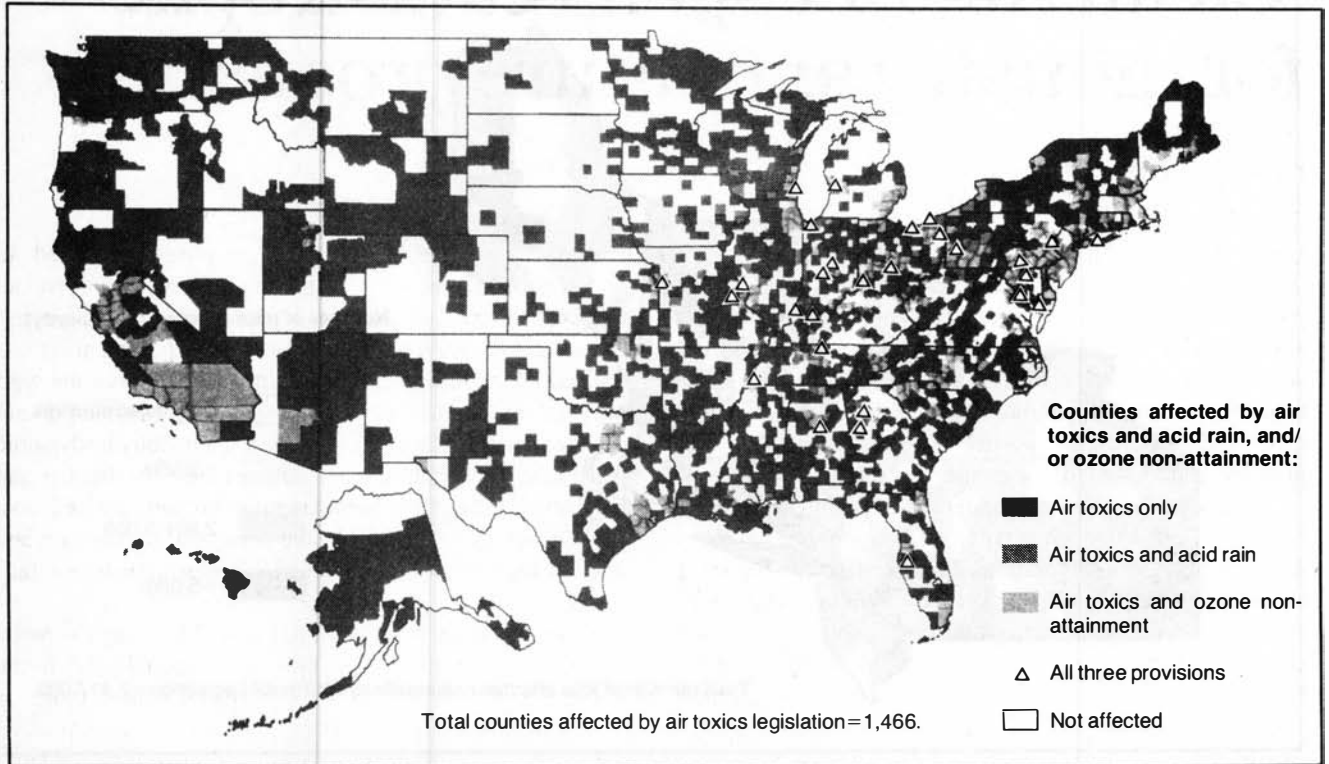
The critical question is, who benefits? Looking five years down the line from the adoption of the amendments to the Clean Air Act, what we will see in the United States is essentially a corporatist society, in which the environmental regulations have driven most small and medium-sized businesses and industries out of business, and what's left is the giant cartels who have the resources to hire hundreds of lawyers to defend themselves and pay for all the monitoring and pollution abatement equipment. A large corporation can afford to pay \$250,000 for a piece of pollution abatement equipment, yet that cost will drive smaller producers (the competition), out of business. As documented in previous issues of *EIR*, the Du Pont Corporation, under the new ownership of Edgar Bronfman's Seagrams Whiskey Distillers, has made it an official policy to be a "corporate environmentalist."

The enforcement provisions in the bills officially create an ecological police state in which constitutional due process is disregarded. Faceless bureaucrats from EPA and state agencies will have the power to mandate exorbitant penalties and long prison terms to companies and individuals for as little as a mistake in filling out a form. They can reject operating permits, closing plants. Who's to say EPA officials can't be bribed by a giant corporation into denying operating permits to the competition?

The new power elite in this country, the professional environmentalists, will definitely benefit. Filed tax returns show that the 100 largest environmental groups reported a collective income of over \$3 billion in 1988. The Natural Resources Defense Council, Environmental Defense Fund,

FIGURE 1

Counties affected by the Clean Air Act Amendment*



*Title 3, Air Toxics: Full compliance with Maximum Achievable Control Technology and 1 in 1 million residual risk requirement.
Source: CONSAD Research Corp.

As documented in the study, as much as one-third of the counties affected are already facing unemployment rates of 10% and higher, adding hundreds of thousands of workers to unemployment lines. This map reflects only one title of the Clean Air bill. The full bill has seven titles, each with a devastating effect on the economy.

MACT stands for Maximum Achievable Control Technology, which means that 98% of U.S. plants will have to install within a very short period of time the most advanced pollution control gadgets in existence, or close.

The requirement for a "1 in 1 million residual risk" means that an individual, defined as a "maximum exposed individual," living for 70 uninterrupted years subjected to the highest amount of pollutants released by a hypothetical source cannot run a greater risk of contracting cancer than 1 in 1 million. Plants that cannot meet this standard must close. This today threatens 750,000 Americans with job loss.

National Wildlife Federation, Greenpeace, Nature Conservancy, the Sierra Club all have luxurious offices. Many of their staff drive their expensive cars daily though neighborhoods where thousands of people have become unemployed and driven into untold misery as a result of environmental policies.

Moreover, it would be quite wrong to assume that all businesses and corporations are against the radical environmental measures now being made into law in Washington. As a matter of fact many of the giant corporations are actively supporting such measures. There are huge profits to be made from environmental legislation, if one doesn't care about the welfare of human beings. There are tens of billions to be made on all the pollution

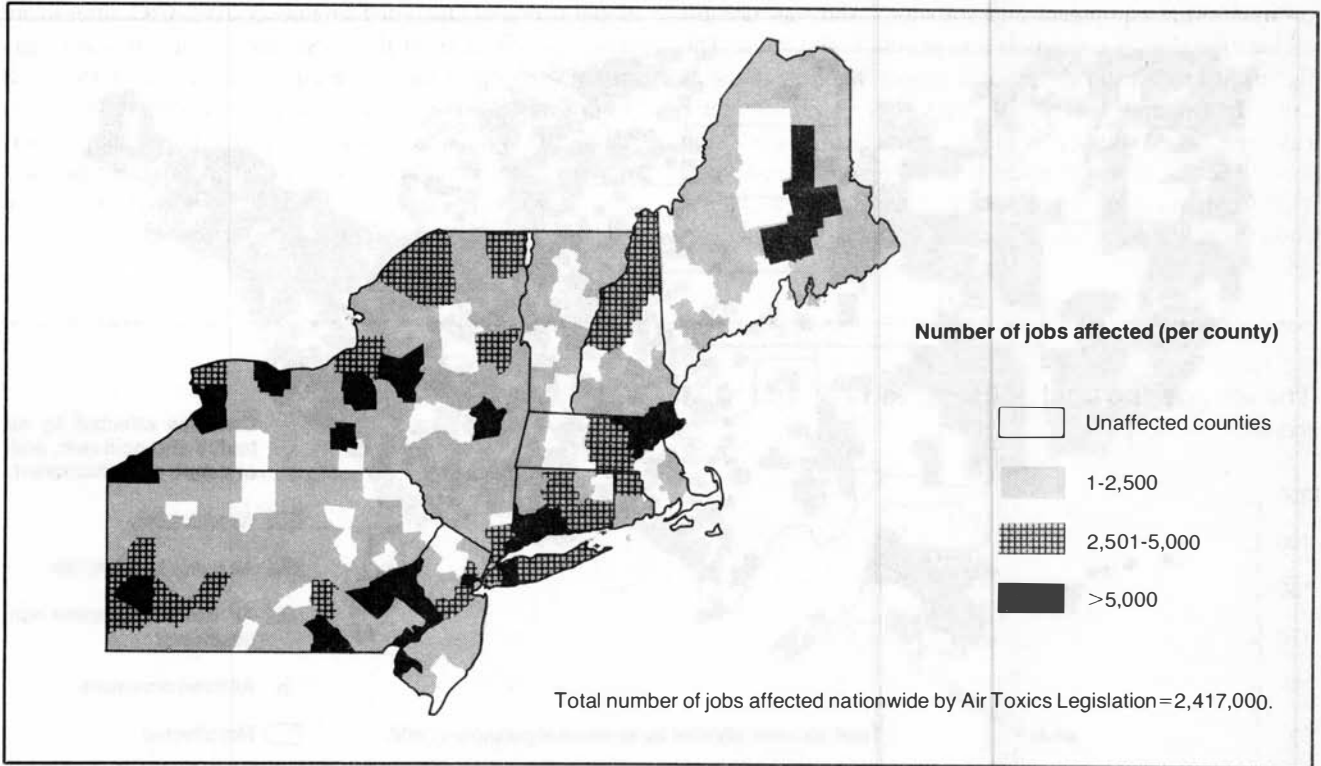
abatement equipment, new *patented* chemicals to replace those being banned, and merchandise which can be sold to credulous consumers as environmentally "benign" goods. Land trusts, owned and controlled by America's leading "blueblood" families, gain them enormous wealth from real estate value and in tax-breaks. As pointed out previously, small and medium-sized businesses and industries will be the ones that go out of business, eliminating the competition.

A 'catastrophic' loss of jobs

On Feb. 27, the Clean Air Working Group gave a dramatic press conference releasing the first detailed study which examined the consequences to jobs from environmental regu-

FIGURE 2

Number of jobs affected in the Northeast by the Clean Air Act Amendment*



*Title 3, Air Toxics: Full compliance with Maximum Achievable Control Technology and 1 in 1 million residual risk requirement.
Source: CONSAD Research Corp.

lations. The study, *An Analysis of Jobs-at-Risk and Job Losses Resulting from the Proposed Clean Air Act Amendments*, was conducted by the CONSAD Research Corporation, a think-tank which tries to achieve a balanced public policy. The authors, Robert Hahn, associate professor of economics and public policy at Carnegie Mellon University, and Wilbur Steger, adjunct professor of public policy and president of CONSAD Research, defined adverse employment impacts as loss of jobs, prolonged layoffs, and reductions in wages or hours.

Addressing the press conference, William Fay, administrator of the Clean Air Working Group, warned that “the impact will be dramatic, and I know some will say catastrophic. The bottom line is this: Between 3 and 4 million jobs will be adversely affected. At the very least, more than 200,000 jobs will be eliminated . . . and the number could be as high as 750,000 . . . jobs lost . . . wiped out. Other workers could have their benefits and hours cut, wages reduced, or they could be laid off—some for extended periods of time.”

Fay continued, “Moreover, these job effects could be felt in nearly half the nation’s 3,100 counties where 7 out of 8 people live and work. No area of the country could escape feeling some impact. No industrial sector. Members of Con-

gress will find this study hard to ignore. It’s difficult to imagine legislators voting for a bill that would guarantee their constituents a place in the unemployment line.”

The consequences may be much greater, however. Fay, whose group represents over 1,850 businesses and industries, indicated, “This study examines the effects of amendments to just three of the Clean Air Act’s major sections, so it represents a conservative estimate of how businesses—small and large—will react to greatly increased costs. In reality, job losses will have a ripple effect throughout the economy. When the multiplier is considered, it is clear that many more jobs will be at risk.”

“We’re not talking in the abstract here.” Fay interjected, “We’re talking about the auto worker in Ohio. The chemical worker in New Jersey. A coal miner in Kentucky. The local baker and the dry cleaner on Main Street. The real backbone of the nation’s economy is the worker who has a job to come home from today and go back to tomorrow. This study shows that part of the nation’s heavy industry would not be able to compete in world markets if required to conform to the strictest requirements. In some cases, the technology to adhere to the most stringent codes simply doesn’t exist.”

The Clean Air legislation will also affect small business-

es, according to Fay. He said that "the average small business will incur \$15,000 in expenses related to obtaining mandatory permits. . . . Dry cleaners, printers, auto body shops and others would be required to spend from \$50,000 to \$250,000 on monitoring equipment and software. And that doesn't include the cost of computers and people to run them. The figures just won't add up for some people. Industry statistics show, for example, that half of all dry cleaners in the country have less than \$100,000 in annual receipts. It doesn't stop there. The cost to small businesses will be even more severe. With venture capital funds less abundant and new, higher costs to control pollution, fewer new businesses are likely to

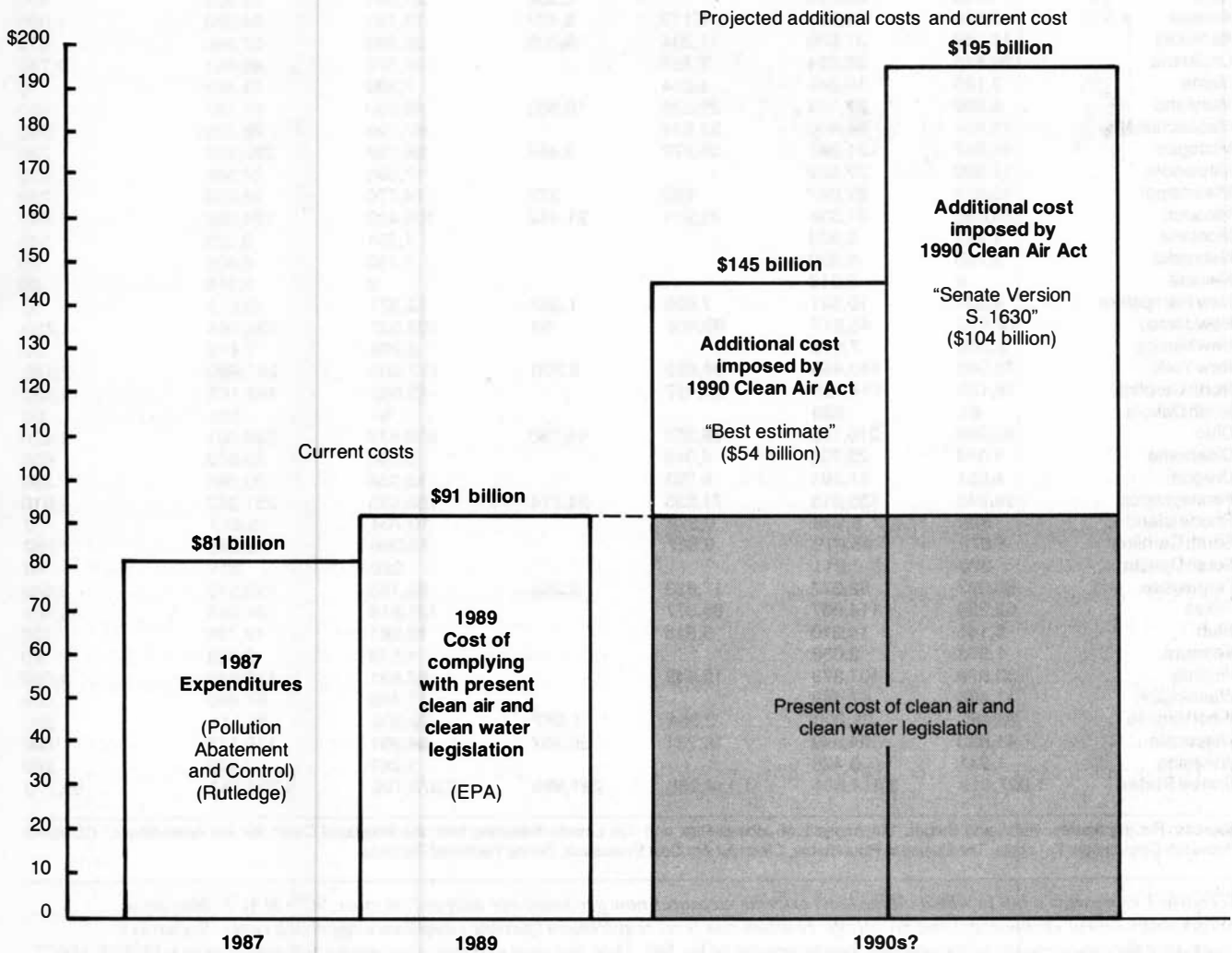
start up. Fewer new businesses means fewer new jobs."

Although Fay's remarks were startling, the most dramatic statements at the press conference were given by a trade unionist. John Brown, the legislative director of the International Union of Operating Engineers, AFL-CIO, after many inane questions from the press interjected, "It wasn't too many years ago I ran into a guy by the name of Ron Dell whose opinion I happen to admire. He said if 10,000 in California applied for one job, now, the important part was not that one person received the job. The important part was that 9,999 people were out of work. Does anybody in here realize what a job loss is if you've got yourself a family, if

FIGURE 3

The staggering cost of the 'Clean Air' and 'Clean Water' hoax

(billion \$)



The graph shows the yearly cost of complying with the 1970 Clean Air and 1972 Clean Water legislation plus added cost of implementing just three provisions in the 1990 Clean Air Act (the total cost would be much greater).

TABLE 1

Jobs-at-risk and job losses resulting from proposed Clean Air Act amendments

State	All plants affected by air toxics provisions		Permitting small bus.	Acid Rain	Scenario 1 + permits + acid rain	Scenario 9 + permits + acid rain	Costs (best estimate) (\$ millions)
	Scenario 1	Scenario 9					
Alabama	31,778	56,412	9,438	4,890	46,106	70,740	1,350
Alaska	3,251	4,786			3,251	4,786	10
Arizona	8,326	12,059	14,520		22,846	26,579	23
Arkansas	9,098	14,141	156		9,254	14,297	36
California	29,659	132,991	210,243		239,902	343,234	11,000
Colorado	7,612	20,090			7,612	20,090	80
Connecticut	18,838	30,691	20,637		39,475	51,328	420
Delaware	2,637	14,872	4,580		7,217	19,452	150
Dist. of Col.	50	250			50	250	20
Florida	14,118	29,619	30,781	7,599	52,498	67,999	490
Georgia	18,289	51,433	22,019	6,329	46,637	79,781	960
Hawaii	3,055	5,254			3,055	5,254	50
Idaho	675	2,791			675	2,791	20
Illinois	54,668	109,660	79,707	6,250	140,625	195,617	2,670
Indiana	81,136	155,798	16,788	28,559	126,483	201,145	1,320
Iowa	14,949	26,373		6,932	21,881	33,305	170
Kansas	3,594	19,531	6,110	8,427	18,131	34,068	1,000
Kentucky	16,559	37,506	11,334	9,000	36,893	57,840	570
Louisiana	26,619	38,894	7,757		34,376	46,651	2,740
Maine	3,185	10,245	4,214		7,399	14,459	70
Maryland	8,002	27,169	29,526	10,502	48,030	67,197	480
Massachusetts	13,424	24,446	53,874		67,298	78,320	990
Michigan	46,992	181,083	36,272	3,464	86,728	220,819	720
Minnesota	17,890	27,599			17,890	27,599	420
Mississippi	13,813	27,082	685	272	14,770	28,039	280
Missouri	58,066	87,336	25,914	21,442	105,422	134,692	1,880
Montana	1,261	3,923			1,261	3,923	130
Nebraska	3,750	6,820			3,750	6,820	20
Nevada	0	2,316			0	2,316	20
New Hampshire	4,339	10,621	7,605	1,387	13,331	19,613	10
New Jersey	12,510	43,817	90,458	69	103,037	134,344	1,450
New Mexico	2,209	7,413			2,209	7,413	50
New York	70,083	140,458	98,652	8,570	177,305	247,680	2,140
North Carolina	16,135	114,736	27,427		43,562	142,163	1,120
North Dakota	61	635			61	635	60
Ohio	92,346	210,170	69,351	46,780	208,477	326,301	1,620
Oklahoma	4,044	23,703	4,346		8,390	28,049	430
Oregon	4,651	11,591	8,703		13,354	20,294	260
Pennsylvania	54,246	135,015	71,533	24,714	150,493	231,262	1,910
Rhode Island	826	5,939	9,878		10,704	15,817	70
South Carolina	4,672	45,619	9,627		14,299	55,246	250
South Dakota	320	811			320	811	40
Tennessee	69,027	92,377	17,833	8,305	95,165	118,515	2,040
Texas	62,239	114,967	69,377		131,616	184,344	10,460
Utah	8,145	14,210	5,516		13,661	19,726	180
Vermont	1,573	2,038			1,573	2,038	20
Virginia	33,979	107,378	19,642		53,621	127,020	1,060
Washington	11,468	67,469			11,468	67,469	660
West Virginia	20,485	31,290	2,854	1,967	25,306	36,111	980
Wisconsin	41,823	74,949	16,731	26,437	84,991	118,117	960
Wyoming	1,341	3,425			1,341	3,425	280
United States	1,027,816	2,414,804	1,114,088	231,895	2,373,799	3,760,787	54,770

Sources: For job figures, Hahn and Steger, "An Analysis of Jobs-at-Risk and Job Losses Resulting from the Proposed Clean Air Act Amendment," CONSAD Research Corporation. For costs, The Business Roundtable, Clean Air Act Cost Evaluation, Denny Technical Services.

Scenario 1 represents a bill in which all the least extreme measures now proposed are adopted: at most, 90% MACT (Maximum Achievable Control Technology) and no specific residual risk level requirement (flexible compliance approach case). Scenario 9 represents the requirements of the original Senate version of the bill. This, the most extreme case, means full compliance with 98% MACT and 1-in-1,000,000 residual risk level requirement (mandated compliance approach case).

you are living in a community and our unemployment is way down as far as checks, unemployment checks I'm talking about, as far as distribution is concerned? What happens to that worker when the family is out of a job? The greatest problem that we have in this country is job loss. You have to look—and I'm not talking in all due respect to the fast food chains. I'm talking about bona fide jobs that give you pensions, give you health and welfare protections, give you education, all the things that we associate in the United States as far as working American collective bargaining, and even without it, it's been established. So when you talk about 750,000 jobs . . . you are talking about seriously hurting people."

Brown attempted to explain to the press where real wealth comes from. He said, if "you are talking about infrastructure program in this country, where do the monies come from? If you are talking about creating the highways, where do they come from? They come from your tax base. The more you decrease working America's ability to pay taxes, the lower we get as far as the standard is concerned." Earlier, addressing the tremendous industrial growth that Germany and Japan will be fostering in Eastern Europe, Brown warned, "if we don't protect America's mining base, America's construction base, America's industrial base, then how do we survive as Americans?"

The Clean Air Working Group and American labor are not the only ones protesting. Last December, the National Association of Manufacturers gave a press conference where they warned that U.S. manufacturing industry will face severe consequences. They warned, "U.S. manufacturers could face big fines for honest, unintentional errors on federal paperwork under the new Clean Air Act." To dramatize the point, the National Association of Manufacturers representatives hauled out \$25,000 in stacks of one dollar bills. That \$25,000 is the amount manufacturers could be fined, per day, per violation, for small mistakes on federal paperwork requirements under the proposed new Clean Air Act.

NAM president Jerry Jasinowski told the press, "The proposed Clean Air Act is too inflexible and is not tailored to fit varying local air problems throughout the country. The permitting process, emissions monitoring, and record keeping are unrealistic. It adds costs manufacturers simply can't afford on top of existing clean air regulations—costs that ultimately must be passed on to consumers. . . . Excessive permitting paperwork requirements are counterproductive when they divert engineering expertise away from pollution prevention and increasing productivity."

An example of what the paperwork will look like, according to NAM, is the *Los Angeles Times*, whose application files contain more than 540 pages with the California's South Coast Air Quality Management District in Los Angeles County. "One diesel engine operating less than 16 hours a day or a maximum of 200 hours a year required 87 pages of paperwork for the *L.A. Times*," said Jasinowski. "This

demonstrates the volume of paperwork on a small business that uses a diesel engine as part of its manufacturing process."

One of the most bewildering stances the environmentalists take, is that they claim to like trees.

The staggering cost of 'clean air'

The Environmental Protection Agency was supposed to release a study over two years ago providing detailed data on the costs to the U.S. economy of environmental regulations, specially the "Clean Air" and "Clean Water" Acts. The EPA study was supposed to have been released on time to provide assistance to those drafting the Clean Air Act amendments about to be made into law in Washington. Not surprisingly, however, the publication of the report has been repeatedly delayed "because of technical problems," and is not expected to be released for at least several months, in other words, after the "Clean Air" amendments have become law. A knowledgeable EPA statistician told *EIR* the real reason the report has not been published is that the EPA under William Reilly's direction "does not wish to alarm" the legislators. The fact that senators, congressmen, and the American public are being kept in the dark about the cost of environmental regulations is a scandal of major proportions.

What are the present costs of "clean air" and "clean water"? It is not easy to say; there are several different estimates of the cost of environmental legislation. The EPA, the Department of Commerce, the General Accounting Office and the Council on Environmental Quality all have different figures and different methodology for calculating expenditures.

The Department of Commerce published one study, "Pollution Abatement and Control Expenditures, 1984-87" in the June 1989 issue of *Survey of Current Business*. The study, authored by Gary Rutledge, chief of the Environmental Economics Division, and Kit Farber, estimated a total of \$81 billion in pollution abatement during 1987 (see **Table 2**). This figure breaks down into \$32 billion for "Clean Air," \$33 billion for "Clean Water," and \$16.6 billion for solid waste. This estimate does not take into account major costs incurred by environmental legislation, including "plant closings due to Pollution Abatement and Control, delays in plant construction, or curtailment in the use of chemicals in manufacturing and agriculture." One of the most interesting figures in this study is that the American consumer paid \$16.7 billion in 1987 pollution controls on cars and trucks. New requirements under the amendments will increase those expenses astronomically.

In 1984 the EPA published its "Final Report: The Cost of Clean Air and Water. Report to the Congress" The report estimated that in 1981 the annualized cost of air and water pollution control due to federal regulations was \$42.5 billion, or about 1% of GNP. This report should have been reissued in 1988 with updated figures, but as we have mentioned, it has been delayed until passage of the Clean Air Act amendments. Using the same criteria as for the 1981 figures, EPA

TABLE 2

Expenditures for pollution abatement and control

(millions of current dollars)

	1987			
	Total	Air	Water	Solid Waste
Pollution abatement and control	81,057	32,273	32,987	16,655
Pollution abatement	76,890	30,087	32,065	16,225
Personal consumption	10,905	10,905	—	—
Durable goods	8,672	8,672	—	—
Nondurable goods	2,232	2,232	—	—
Business	49,368	18,811	20,966	11,361
On capital account	16,532	9,211	5,945	1,375
On current account	32,836	9,600	15,020	9,986
Private	26,629	9,408	7,236	9,985
Government enterprise	7,977	192	7,784	—
Costs recovered	-1,771	—	—	—
Government	16,618	372	11,099	4,865
Federal	1,237	80	707	250
State and Local	5,138	15	426	4,615
Government enterprise fixed capital	10,243	277	9,966	—
Regulation and monitoring	1,519	410	583	300
Federal	700	110	250	120
State and local	819	300	333	180
Research and development	2,648	1,776	339	129
Private	1,987	1,574	199	35
Federal	630	200	120	90
State and local	31	2	20	4

Source: Department of Commerce, Bureau of Economic Analysis.

"Pollution Abatement and Control Expenditures, 1984-97," in Kit D. Farber and Gary Rutledge: *Survey of Current Business*, June 1989.

Note that under "personal consumption," \$10.9 billion, the greatest expense was for buying and operating pollution devices in automobiles. Your car's unnecessary catalytic converter costs over \$1,000 to purchase and thousands more to operate during the vehicle's lifetime. But by 1973, Detroit had already developed and tested a high compression engine that ran on leaded gasoline and achieved better emission reductions than catalytic converters!

statisticians calculate the cost was \$91 billion during 1989. Air and water pollution control account for over 80% of the EPA estimates, with solid waste, essentially garbage, accounting for most of the rest.

The 1984 EPA report states, "The federal pollution control program is projected to cost about \$526 billion in the period 1981-90 period above expenditure levels which would have resulted without new federal requirements put in place since 1970. About \$256 billion of these expenditures are for air pollution control, and \$270 billion are for water pollution control. Capital investments for federally required controls will be about \$176 billion over the same period. About \$102 billion of this total, or 58%, is related to the requirements of the Clean Air Act; the remaining \$74 billion is for water pollution control. The cost of controlling pollution from non-point sources is not included in the summary tables. . . .

Projections from the cost of controlling non-point source pollution range from \$4 billion to \$5 billion, annually." Besides "non-point source pollution," The EPA estimate does not include many other categories of costs incurred under the Clean Air Act. The categories omitted, which would add a hefty amount to the final tally, are listed in the 1984 report.

The Business Roundtable estimates that the 1990 amendments to the Clean Air Act will add an additional \$54 billion to the yearly cost of compliance under a "best estimate" scenario, and upwards of \$104 billion to the cost under the more extreme Senate version of the bill. It should be emphasized that the Business Roundtable study only takes the cost of implementing 3 out of 7 provisions in the Clean Air Amendments into account. The final bill will cost a lot more than the estimate. Nevertheless the figures are still quite staggering. It would mean compliance with the "Clean Air" and "Clean Water" Acts would cost the United States between \$145 under a "Best Estimate" scenario and \$195 billion per year.

EPA statisticians calculate that since 1970, compliance with the Clean Air and Clean Water Acts has cost the U.S. economy over \$1.2 trillion. It must be emphasized, this amount of expenses have gone towards expenditures in essentially two programs, these figures *do not* include expenditures for other major environmental programs. Major expenses not accounted for include the Superfund programs and "toxic waste," costs in cleaning "nuclear sites," asbestos removal, the non-existent threat of radon gases, wetlands, costs incurred in bans of pesticides, insecticides, and fungicides, and so on and so forth. To emphasize, EPA's \$91 billion a year does not include the costs of complying with all of those statutes—just two of them—and the cost of solid waste (which *does not* include hazardous or toxic wastes). Essentially, only two statutes are covered; a glimpse at the accompanying tables shows how many there actually are.

The bottom-line cost, gathered from conversations with EPA statisticians, is that all programs together easily exceeded \$2 trillion in the past 20 years. Since that data is not available, however, in this article we will just use the semi-official figure of \$1.2 trillion for costs incurred in fulfilling the Clean Air and Clean Water Acts.

Why the air is not 'clean'

Those individuals who believe that the air is naturally "clean air" which has become "dirty" because of the arrogance of man, should someday make a trek to the top of an erupting volcano. Nature is quite filthy, and it needs to be so. Many of the "pollutants" which environmental zealots wish to rid us of, serve critical roles in the biosphere. Some are fertilizers, such as nitrogen oxides, some are germicidal agents, such as ozone, and there are plant and soil foods—carbon monoxide and carbon dioxide. Humans need oxygen to live, yet oxygen will kill lifeforms which live in anaerobic environments. In that sense, there is no such thing as "clean

air.”

However, one travels to East German cities and is choked by thick fumes coming out of powerplants burning brown coal, just as one would be choked by fumes from a forest fire. So there are some specific locations around the world that have excess amounts of certain chemicals which are not good for human health. Those locations that have real pollution are found in areas of great poverty which rely on the most primitive technologies, be it wood burning, or fossil fuel plants burning brown coal. The solutions are installing the most advanced technologies for energy production, especially nuclear power, and bringing fusion power on line. It is useless to put scrubbers in the smokestacks of East German power plants. The East German Greens are quite correct in their acrimonious debate with the yuppified West German Greens. East German Greens are calling for nuclear energy to solve their pollution problems.

In the United States, however, almost all the advances in cleaning local air of “pollutants” had already been achieved by 1970, as documented in many scientific studies. Records show that most “pollutants” in the air had reached the lowest levels recorded in decades by the middle of the 1960s, and have not declined much since then, despite the 1970 Clean Air Act. Further “clean air” cannot be achieved because the “clean air” standards now set (which will be even more stringent once the new amendments are passed into law) are already below the natural background levels of these “pollutants.”

On the danger of acid rain: For the past decade a \$500 million study has been conducted of the causes and effects of acid rain, the National Acid Precipitation Assessment Program (NAPAP). The results, soon to be released to the public, conclude that regional concentrations of sulfur dioxide were causing *no* discernible damage to crops and forests at present levels of acid rain emissions. Also the number of acid lakes and rivers is far lower than EPA had warned, affecting less than 2% of the surface water even in the Adirondacks, the most heavily affected region. Nevertheless, the Clean Air amendments may cost \$8 billion a year, and still not solve a problem that may be completely natural. Meanwhile, all the acid lakes can be easily deacidified through liming for a mere \$400,000 a year—over \$7.9 billion less than through the Clean Air bill.

On the issue of public health affected by air pollution, many studies have shown that the hazards are wildly exaggerated. Of note is a new study that demolishes the claims of the environmental zealots, *Preliminary Comments on the Monograph ‘The Health Costs of Air Pollution’ Prepared for the American Lung Association* by Frederick Rueter, a devastating critique of the cited scare study. Rueter, whose work was published by CONSAD Research Corporation, warns that the ALA study had ignored “a wide variety of factors other than outdoor air pollution” that “directly or indirectly affect human health.” According to Rueter, “The

factors include: personal dietary, exercise and health hazards; indoor air pollution; communicable diseases episodes; air-borne pollen; and the availability, quality, and utilization of medical care.”

According to Rueter, “Many health effects studies have found that mortality or morbidity was spuriously correlated with air pollution when certain other explanatory factors unrelated to air pollution were not considered in the analysis, but that the correlations estimated for the air pollution variables became *statistically insignificant* when the other factors were entered into the estimated relationships. Indeed, such results have been derived in several of the health effects studies on which the ALA monograph is based, but have not been taken into account in the cost estimates.”

Rueter says “it can be confidently concluded” that in the health effects that underlie the American Lung Association monograph, “the health outcomes that were statistically associated with ambient air pollution levels undoubtedly were actually attributable, in whole or in large part, to omitted co-varying factors.” Furthermore, says Rueter, “The American Lung Association cost estimates grossly overstate the health consequences of people’s exposures to current concentrations of air pollutants outdoors, and clearly should be deemed unreliable as a justification for air quality legislation and public policy.”

Almost 4 million jobs at risk

The jobs of almost 4 million Americans will be at risk under the Clean Air Act amendments now being debated in Washington. These are real people, who have families to feed. What will be the ultimate effect of this legislation? How many will become homeless, how many will die from lack of nutrition and medical services they can no longer afford? These are questions that remain to be answered. What is clear is that neither the least extreme, nor the most extreme versions of the Clean Air amendments will benefit this country, and if anything, the Senate should now be debating how to rid this country of the scourge of the previous environmental acts which have caused so much harm with so little benefit.

Until Robert Hahn and Wilbur Steger released their study on jobs-at-risk as a result of environmental regulations, no other study had calculated the consequences of environmental legislation on workers.

In their conclusion, Hahn and Steger state, “We have not attempted to mesh all the job estimates across the various proposed CAA Amendment titles—III, IV, and V—under study here, since there will be a certain amount of overlap if a given plant is impacted by more than one of these proposed CAA Amendment titles. There is, however, *no doubt* that, across the CAA Amendment titles studies, there are a minimum of several hundred thousands of jobs at various levels of severity of risk—even with the more moderate administration-like CAA Amendment proposals. Furthermore, depending on the residual risk assumptions, this study leaves little

doubt that a *minimum* of 200,000-plus jobs will be quickly lost, with plants closing in dozens of states. This number could easily exceed 1 million jobs—and even 2 million jobs—at the more extreme assumption about residual risk (e.g., achieving a 1 in 1 million residual risk level). *Few* industrial sectors would be totally immune from such adversity. Large and small businesses, including new and established enterprises, will all be seriously affected in dozens of industrial sectors in locations *everywhere* in the United States.”

Hahn and Steger used several approaches, including examining the data bases for all plants in the United States that are in danger of shutting down because they simply cannot comply with the CAA requirements. In the case of just one provision in the Senate version of the Clean Air Act, over 100 plants would close, with a consequent loss of 176,050-251,400 jobs (Table 3). That one requirement, a 1 in 1 million residual risk level, essentially mandates industries to reduce emissions to a level where a “maximum exposed individual,” a fictitious character who lives next to the smokestack and breathes the emissions for a lifetime of 70 years, 24 hours a day, with no frills and vacations added, would, by the end of 70 years, experience an increased cancer risk of 1 in 1 million. One may wonder whether the senators who drafted this belong in Washington or in a mental hospital.

Hahn and Steger warn that there will also be job losses in secondary, feeder industries, and that other factors that will compound the effect of job losses in many communities. They state, “Jobs affected by the air toxics, acid rain, or permitting provisions of the proposed CAA Amendments will be *increasingly* at risk if the communities in which the affected plants are located are already in a difficult economic position. Critical economic factors include: already high levels of unemployment and underemployment; a significant underclass; troubled, perhaps fiscally failing municipalities; and other indicators of already adverse economic conditions.”

“Furthermore,” the study continues, “not only does the compounding effect work in *one* direction: It is interactive. Jobs lost due to plant closings or massive layoffs, will only add to the unemployment situation in these already distressed communities. Municipalities already burdened with extraordinary expenditures and reduced revenues will suffer from a decrease in tax collections. . . . The economic consequences of the CAA Amendments may well spell economic disaster for thousands upon thousands of already extremely troubled and hard-pressed Americans.”

In 1970, the United States had a choice, to follow the accomplishments of the space program and all the promises of technological and scientific progress it represented, or to follow the path of a “post-industrial society.” It chose the latter path, and now we are suffering the consequences, a devastated economic infrastructure.

Had the U.S. followed the path of the American System,

TABLE 3

Direct job loss estimates from plants that will be shut down by Clean Air Act amendments
(1 in 1 million residual risk requirement)

Source category	Number of plants shut down	Jobs lost
Coke ovens	—	15,000
Butadiene	9	1,200-2,100
Styrene butadiene production	22	550-1,100
Polybutadiene production	6	150-300
Neoprene production	2	50-100
Ethylene oxide production	7	1,800-3,000
Petroleum refineries	—	78,000-123,000
Pesticide production	16	400-800
Pharmaceutical production	20	500-1,000
Paper and pulp mills	—	73,000-96,000
Chlorine production	12	300-600
Chlorinated hydrocarbon production	13	350-600
Chloroform production	—	100-200
Ethylene dichloride production	6	3,900-6,600
Steel foundries	—	750-1,000
Total direct job losses	—	176,000-251,400

Source: CONSAD Research Corporation.

According to EPA data, under the Senate bill's 1 in 1 million residual risk level requirement, the entire butadiene industry, comprised of nine plants, will have to close down, and about 50% of the paper and pulp mills will not be able to meet the standards.

the \$1.2 trillion-plus that has been wasted, could instead have been applied to achieve the greatest advances ever witnessed in human history. Those funds could have paid for a colony in the Moon and a manned trip to Mars with all the stupendous technological breakthroughs that would have spun off. A tiny fraction of the funds spent on scrubbers would have gotten rid of pollution by using MHD direct conversion on coal-burning power plants; a high-speed rail corridor from Washington to Boston followed by magnetically levitated trains to replace a portion of car, rail, and air travel; high-speed rail lines for freight, rather than trucking; metro-rail systems for every major city in the country; and relatively low-temperature plasma technologies to produce steel, specialty metals, and to reclaim waste, essentially eliminating the smokestack from smokestack industries; decent housing and jobs for the millions of homeless.

The pollution which is caused by the incomplete combustion of fossil fuels would have by now been replaced by nuclear fission technologies, and the direct application of coherent energy such as plasmas and lasers to industrial production. The end cost to the consumer of energy, transportation, and consumer goods would be a fraction of what it is today, because productivity would have been on the steady increase. It is still not too late to learn from the great mistakes made in 1970.

Ozone layer: truth versus mythology

Dr. Ellsaesser, meteorologist at Lawrence Livermore National Laboratory in California, was interviewed by Rogelio Maduro on March 10. Excerpts follow:

EIR: The environmentalists maintain that ozone at low levels is poison, and at high levels is of the greatest benefit to man. How is that?

Ellsaesser: Because they don't care what they say. They look only at the detrimental consequences. Low-level ozone has several very beneficial effects. It is one of the chemicals that helps to scavenge all of the things we release into the atmosphere. The hydrocarbons from plants, for example, which cause most of the hazes you see around the country. Those are decomposed by ozone and other energetic chemical reactions going on in the lower troposphere. It's what keeps the atmosphere clean. There is also a lot of bactericidal action accomplished by ozone, and by ultraviolet light as well. So that odors are kept down, bacteria are kept down.

EIR: Is it possible that the EPA standards for ozone pollution and other forms of pollution are simply not attainable, because they are trying to regulate the natural atmospheric levels of these chemicals?

Ellsaesser: It is my opinion, and the opinion of several people including a former director of the Los Angeles County Air Pollution Control District, Robert Chass, back in the 1970s, that the present EPA standard for ozone could not be attained in Los Angeles even if they evacuated the entire basin. In other words, the prescribed standard is below the background that would exist there even in the absence of man.

EIR: Where would the ozone come from then?

Ellsaesser: The most likely source—suggested already by the occurrence of high ozone levels before—is hydrocarbons from plants. If you look at the records, you find that ozone goes up very sharply on hot days. There is nothing in the chemistry that explains that. The only thing that makes any sense is that on those hot days the plants have the hydrocarbons essentially boiled out of them to try to keep their temper-

ature down, and to keep from being scorched by the heat.

EIR: You mean, instead of transpiring water, they are transpiring hydrocarbons?

Ellsaesser: Right. They put out hydrocarbons instead of water because they run out of water in trying to keep their temperature down. So they are releasing these hydrocarbons under conditions that are very favorable for producing ozone. If you take the release over a whole year, it may not be very great. But it could be very significant during this particular period, because it's right when you need it, when the temperature is hot, and conditions are favorable to form ozone.

Now, not only do you have this temperature effect, suggesting the importance of plants, if you look at the individual stations around Los Angeles and the Bay Area, you find that the stations consistently recording the highest ozone are the ones that are near to slopes on which there are evergreen plants. In *Science* magazine (June 2, 1978, p. 1051), Jim Sandberg, who works for the Bay Area Control District, found that he could explain something like 30-50% of the excesses in ozone for the next year from the winter precipitation. In other words, in California, we get all of our precipitation in the wintertime. That determines how much the plants can produce, and therefore how much hydrocarbons they can produce the next summer. Using that argument, he was able to get a statistical relationship that explained something like 30-60% of the variations in ozone exceedences for the follow year.

EIR: So you mean that the amount of hydrocarbons produced by cars and other industrial sources is not equivalent to the amount produced by plants.

Ellsaesser: Yes. That's correct. . . . The Bay Area stands out as one of the few areas around the country that claims to have been able to reduce the ozone substantially. I think it raises questions about their observations. If you look at their data, you find that essentially all of their improvement had occurred by 1972. By 1972 we did not have catalytic converters or any controls on oxides of nitrogen in our autos. So I think that the measurements themselves are questionable. If you look at EPA and the Air Resources Board here in California, they specifically do not compare observations since 1979 with previous ones, and they do not compare observations since 1973 with previous ones, because in 1973 we switched from oxidant to ozone, and in 1979 there was an abrupt jump in all the data that no one understands.

EIR: So you mean that you cannot really compare the levels of ozone "pollution" today with those of the 1950s and 1960s?

Ellsaesser: That's right. You are looking at different things. You are looking at ozone now. Back then you were looking at what they called oxidant. No one has come up with a way to make these comparable.

Soviet state dictatorship tries to curb revolution

by Konstantin George

During the March 12-13 extraordinary session of the U.S.S.R. Congress of People's Deputies, Mikhail Gorbachov will be duly ratified as President of the U.S.S.R. and given by far the greatest collection of powers ever held by any single ruler in Russian history. The coronation of "Czar Mikhail," the inauguration of what is intended to be the rebirth of one-man absolutist rule in the footsteps of Ivan Grozny ("The Terrible"), Lenin, and Stalin, is occurring in the context of a revolutionary process that is shaking the Russian Empire to its foundations and bringing to an end the Bolshevik period in Russian history. The process of imposition of an absolutist "presidential" system, includes the demise of the Communist Party of the Soviet Union (CPSU) as the country's principal ruling institution.

The significance of the increased power of the presidency, is that the demise of the CPSU has left Moscow no choice but to create a state dictatorship as the alternative structure. The Communist Party's Central Committee as a power is dead and buried. The Party Politburo, which now meets only once per month, will soon follow. The Party across the country is in a shambles.

The very composition of the emerging state dictatorship structure, dominated by the state security organs and the military, under President Gorbachov, shows that it was created in response to the threat of revolution and civil war. Its highest body is the Presidential Council, consisting of President Gorbachov, Prime Minister Nikolai Ryzhkov, the defense minister (currently Dmitri Yazov, a transitional figure who will not survive this year), KGB chairman Vladimir Kryuchkov, Interior Minister Vadim Bakatin, and Justice Minister Veniamin Yakovlev. The personalities are not the important matter; the posts are.

The very attempt to impose a presidential dictatorship in

the Soviet Union response to revolutionary developments, has ironically but lawfully caused an acceleration of the underlying social revolutionary process. Following the mid-February unveiling of the planned Gorbachov presidential dictatorship coup, the largest demonstrations since the 1917 February Revolution swept the U.S.S.R.'s three core Slavic republics: Russia, Ukraine, and Belorussia. On Feb. 25, one week before the March 4 elections in these republics, demonstrations involving a total of more than 1 million people were held in no fewer than 340 cities and towns in these republics. They were called to protest the imposition of a presidential dictatorship, demanding the President be elected democratically, by direct vote, and not rubber-stamped by the Congress of People's Deputies.

These demands illustrate a fascinating dynamic under way in the Soviet Union. Until mid-February, angry demonstrations in Russian provincial centers, and in early February, a huge throng in Moscow itself, had targeted the Communist Party apparatus on the regional and local levels; wittingly or unwittingly, the mass movement was functioning as a battering ram for accelerating the demise of the party hierarchy as such, to create the political precondition for the transition to the emerging post-Bolshevik state dictatorship.

Then, after mid-February, when Gorbachov's intentions became clear, the mass movement also took on the character of a popular movement against the presidential dictatorship. This dynamic continued into the March 4 elections, whose results guaranteed the demise of the CPSU as a ruling authority before the end of this year.

The March 4 elections

With very few exceptions, those Russian and Ukrainian regional party leaders (Belorussian results are still too incom-

plete to analyze) who dared to run as candidates (most did not even try) in the March 4 elections were either defeated outright, or failed to get a majority, thus being accorded the humiliation of having to face an opponent in the March 18 run-off elections. In the Russian Federation, of 24 regional party leaders who ran, 15 were defeated. In Leningrad, the party leadership simply didn't run, and in the Leningrad City Council, the local offshoot of the Democratic Russia movement, called Democratic Elections '90, now has a solid majority. The Moscow City Party chief, Yuri Prokofyev, failed to win a majority on the first round, and must run again in the run-off. Prokofyev's fate was a common one. The majority of seats in the Russian Federation parliament will first be decided in the March 18 run-offs.

As expected, Boris Yeltsin, a Russian nationalist with populist trappings, won a resounding victory, with 85% of the vote in the Ural city of Sverdlovsk. He campaigned for the immediate introduction of "maximal autonomy" for each republic in a "new federation," beginning with the "rebirth of the Russian Federation." Yeltsin is already a proclaimed candidate for the post of President of the Russian Federation, and now, in the wake of his victory, is likely to get that post. Yeltsin's mix of Russian nationalism—not chauvinism, as is sometimes thought in the West—and the demand for autonomy to Russia *and all* non-Russian republics, is neither contradictory nor mere rhetoric. It is a serious call for a "revolution from the top," to assuage national demands, to secure the crucial goal of preserving as much of the U.S.S.R. as possible, above all its Slavic core, before the growing revolution "from below" fractures it, and civil war and what Yeltsin calls "total chaos" ensue.

Yeltsin is not opposed to strong presidential rule as such, nor to Gorbachov being President, conditional on what policies Gorbachov pursues, but does oppose the imposition of presidential rule *now*. In Yeltsin's words, it must not occur before "maximal autonomy is granted to the republics in a new Treaty of Association defining the rights and powers of the center and the republics." This is based on the sober estimation that strong presidential rule in and of itself, without a strengthening of the republics, will provoke a radical acceleration in the Slavic core's disintegration.

Rukh victory in Ukraine

How fast the revolutionary process is growing in the non-Russian Slavic republics is dramatically seen in the March 4 Ukrainian election results. The Ukrainian national movement, Rukh, first legalized as an "informal association" only on Feb. 9, won an impressive 30% of the vote, and all its leading figures won seats in the Ukrainian parliament, including its chairman Ivan Drach, its leading pro-independence spokesmen Anatoli Lukyanenko, and the brothers Horun. Rukh had campaigned on a platform calling for "real sovereignty and independence for the republic." The head of the Ukrainian Communist Party,

Vladimir Ivashko, who is also a full member of the Soviet Politburo, was humiliated, failing to win a majority in his Kiev election district. Ivashko will have to face a Rukh opponent in the March 18 run-off.

These run-offs, as in the Russian Federation, will be decisive in shaping the overall composition of the new parliaments. In Ukraine as a whole, more than half of all seats will be decided in the run-off elections, and no fewer than 20 of 22 seats in the capital of Kiev. In the eastern Ukrainian Donbass region, the coal-mining area that spearheaded last summer's mass strike movement, every single party functionary was defeated on March 4.

The Baltic states

Gorbachov's drive to have himself crowned as czar-dictator by March 13 has also dramatically moved forward the Baltic states' timetable for proclaiming independence. On Feb. 27, three days after the Lithuanian elections gave an overwhelming majority to the candidates of the pro-independence Sajudis, or Popular Front, representatives of Lithuania, Estonia, and Latvia, demanding Baltic independence, met with Gorbachov in Moscow. Gorbachov's response was: full autonomy, yes, independence emphatically no.

The stage was set for a showdown. Overnight, Lithuania announced that its run-off elections for 51 seats where no candidate received a majority, would be moved up from March 10 to March 3. This will allow the pro-independence Lithuanian parliament to convene before the March 12-13 U.S.S.R. Congress of People's Deputies session. The Lithuanian Parliament will convene March 10 and 11, and is expected to proclaim national independence.

On March 3, the same day as the Lithuanian run-offs, leaders of Lithuania and Estonia convened in the Estonian capital of Tallinn to hastily coordinate a joint strategy in negotiations for their independence. Estonia's own independence proclamation is expected soon after elections are held there on March 18.

However, *proclaiming* independence and *achieving* independence are not synonymous. The question of Western support is crucial. These three small republics are totally dependent on the U.S.S.R. for oil, natural gas, coal, and nearly every category of raw materials. Until Western aid upgrades and modernizes their industry, most of their output would remain unsaleable on Western markets. Finally, hundreds of thousands of Russian troops are stationed in these republics as occupation forces.

The first glimpse of how rocky the road to independence will be was provided by the Lithuanian press of March 7, which revealed that Gorbachov had told Lithuanian leaders that the republic, if it wanted independence, would have to start by paying Moscow 21 billion rubles in "compensation" for 17 billion rubles worth of Soviet "investments" in Lithuania since 1940, and 4 billion rubles for "non-delivery" of goods to the rest of the Soviet Union.

Afghan coup shakes superpower scheme

by Ramtanu Maitra

Just when Moscow and Washington were getting ready to applaud each other for bringing about a "solution" to the messy Afghan conflict, a coup attempt on March 6 threw a bucket of ice water in their faces. From this standpoint alone, the coup attempt, even if it fails to remove Afghan President Najibullah in the short term, will have a decisive impact on the future of Afghanistan.

The coup bid, which began with a bombing of the presidential place by the Afghan Air Force based at the Bagram military air base near Kabul, was led by Gen. Shahnawaz Tanai, an officer highly respected within the Afghan Army and a prominent leader of the Khalq faction of the ruling People's Democratic Party of Afghanistan (PDPA). Tanai's discontent with Najibullah, head of the Parchami faction, became known at least two years ago.

In the fall of 1988, when Moscow was reportedly toying with the idea of removing Najibullah, it was reported that Tanai and Sayed Mohammad Gulabzoy, then-interior minister and head of the Khalq faction, were plotting a coup to overthrow Najibullah. Then-Soviet Ambassador and First Deputy Foreign Minister Yuli Vorontsov intervened to prevent the arrest of the two. Gulabzoy was subsequently taken to Moscow as the Afghan ambassador and kept under Soviet control, and Tanai was kept in place as the minister of defense.

The feud between the Khalq and Parcham is an old one and a determining factor within the PDPA politics. The fact that the Afghan military is dominated by the Khalqis made it necessary for Moscow to protect the two coup-plotters during their 10-year occupation of Afghanistan. Moscow well understood that to allow Najibullah and other Parcham leaders to go full tilt against the Khalqis following withdrawal of the Red Army, would be tantamount to an invitation for victory to the Mujahideen rebels.

A realignment of forces

There are two intriguing aspects of the coup. First is Najibullah's appointment of Aslam Watanjar, a top Khalq and minister of interior prior to March 6, as minister of defense, while expelling eight of Watanjar's associates, including Gulabzoy, from the PDPA and military council. It was Watanjar, along with Gulabzoy, who led the coup that brought down King Zahir Shah and later his replacement, Daoud Khan, in the 1978 Saur Revolution. The appointment

of Watanjar indicates that Najibullah is constrained to follow Moscow's dictum, namely to keep a Khalq leader in charge of the Afghan military. Did Moscow author the coup? There has been no indication lately that Moscow is unhappy with Najibullah. Still, while the level of Moscow's involvement is not clear, at least not until a "smoking gun" is found, it is inconceivable that the Soviet Embassy, which runs a parallel intelligence operation in Kabul, was not aware of what was afoot. Since Dr. Najibullah was not forewarned, as became evident from the air strike on the presidential place, it can only be surmised that Moscow was not eager to intervene. *Pravda* stated that the coup attempt was not a surprise—a hint, perhaps, that Moscow would not have been surprised if Najibullah had been toppled.

The second significant aspect of the coup attempt is the revelation that Gulbuddin Hekmatyar, head of the Mujahideen's Hezb-i-Islami group and an Islamic fundamentalist, has been working in league with General Tanai. It has been well known for some time that both Hekmatyar's Hezb-i-Islami and the Khalq faction of the PDPA are strongly opposed to the imposition of a Moscow-Washington scheme for Afghanistan. By contrast, Dr. Najibullah has already accepted such an "external solution" as bringing back the deposed King Zahir Shah, under pressure from Washington and Moscow.

This connection between Hekmatyar and Tanai has made both the Soviets and Americans extremely uneasy. While there are futile attempts to label reports of the alliance as a "propaganda ploy" by Najibullah, the fact remains that the nexus was already in existence. Unlike the Parcham party, whose members are drawn from the urban, Westernized, established bureaucratic families, the Khalq party recruited its members from the urban middle and lower middle class, students, and teachers and others with a strong Pushtun identity. Hezb-i-Islami's base is from the same social strata.

The coup attempt signals that a realignment of forces in Afghanistan is now in progress. General Tanai, who has reportedly escaped Dr. Najibullah's net, was promptly applauded by Pakistan. This is not surprising. Pakistan has all along been a reluctant backer to the superpower synthetic schemes, and it is expected that it would be looking for a realistic alternative that is coherent with realities on the ground. Hekmatyar, who is strongly detested by many outsiders and also some Afghan groups, does head one of the most well-organized Mujahideen groups and has been meeting various PDPA leaders. Pakistan intelligence was well aware of it.

The fallout from this event can already be identified. With the Afghan Army split, the fall of the towns of Khost and Jalalabad to the Mujahideen, with the help of a faction of the Afghan Army, is a possibility. More importantly, a major blow has been struck to Najibullah's legitimacy, and his approval of a solution proposed by the superpowers will have little meaning.

War danger looms over Palestine talks

by Jeffrey Steinberg

As this issue of *EIR* goes to press, a showdown is nearing at the March 11 Israeli Inner Cabinet session over whether the Yitzhak Shamir-led coalition government will agree to participate in the tripartite Israel-Egypt-U.S. foreign ministers' meeting which has been proposed for months to work out ground rules for elections in the Israeli-occupied territories of the West Bank and Gaza. If the Likud bloc refuses to accept the terms proposed by U.S. Secretary of State James Baker III for a ministerial meeting, the Labor Party may bring down the government and seek to form a weak regime in partnership with leftist and religious parties.

If the Israeli government crisis plays out along those lines, a sharp polarization will result, vastly increasing the chance of a Middle East war in the short-term future. The hardline faction of the Likud, centered around recently resigned cabinet minister Ariel Sharon, will gain significant power and will press even more forcefully its demand that a Palestinian state be constituted on the east bank of the Jordan River, in what is now the Hashemite Kingdom of Jordan. Such a "Jordan is Palestine" plan could only be imposed through a brutal mass expulsion of the Arab population of the West Bank and Gaza—i.e., a Fourth Arab-Israeli War.

While Prime Minister Shamir might back down under the combined pressures of the Bush administration, the Labor Party, and segments of the American Jewish community, a convening of the tripartite foreign ministers' session would in itself only buy a six-month delay in the crisis.

Other regional factors are also impelling the eastern Mediterranean in the direction of war.

- The United States is committed to the ouster of Gen. Michel Aoun as prime minister and the imposition of a Pax Syriana over Lebanon. By one version, the Bush administration believes that it can reach a modus vivendi with Syria's Assad regime under which the Soviet presence in Damascus will be greatly reduced and Syria will come under the American sphere of influence. The thrust of American and Saudi diplomacy in the Taif talks has focused on this effort.

- Jailed American statesman Lyndon LaRouche has warned of a Soviet-American agreement to push for a major rise in the price of oil during the next several years, to a level of perhaps \$35 a barrel in 1990 values. As in the 1973-74 juncture, such a new oil hoax would be triggered by an Arab-Israeli war, jeopardizing the flow of petroleum from the Per-

sian Gulf. City of London sources have hailed such a war-driven oil price hike as surefire way to kill Franco-German plans to massively industrialize Eastern Europe. The talk of a new oil hoax among London's petroleum dealers jibes with reports of a secret Anglo-Soviet-South African accord to create a gold and precious metals cartel. Such a move would also boost Moscow's ability to tap Western credit lines.

The Kissinger factor

As LaRouche put it in a March 7 statement: "Coming out of circles close to the London petroleum cartel—sometimes known as the Petrol Six—the word is that we can expect oil prices to rise over the course of the 1990s to the equivalent of a current \$35 a barrel. That means, of course, that somebody is planning a new Middle East war.

"One should recall that back in the days when Henry Kissinger was younger, or a bit younger, that the way the oil price hoax was rigged in 1973-74 was the orchestration of an Israeli-Arab war, which was orchestrated by not only Henry Kissinger in his position in Washington, but by Kissinger's masters in London, specifically forces centered around the Royal Institute for International Affairs, otherwise known as Chatham House."

The impetus for war is also being fueled by such well-known Kissinger collaborators as whiskey baron Edgar Bronfman. The recipient of an East German medal of honor by communist boss Erich Honecker just before his ouster last October, Bronfman has been a major player in the back-channel deals for delivery of tens of thousands of Russian Jewish emigrés to Israel. If the Bronfman plan goes forward, several hundred thousand Russian Jews will flood into Israel in the next few years, creating a grave infrastructure crisis which the Sharon crowd will seek to resolve by building up Jewish colonies all over the occupied territories, and possibly in East Jerusalem.

President Bush fueled the hardliners' mobilization on March 2, when, in an impromptu press conference, he demanded that Israel cease all new settlements in the West Bank and East Jerusalem. The reference to East Jerusalem drew howls of protest from American Jewish leaders, who saw a change in policy beyond the opposition to new settlements in the West Bank and Gaza, to an implicit denial of Israeli claims over the entire city of Jerusalem. After a meeting with B'nai B'rith International President Seymour Reich, the administration on March 4 issued a clarification, that there was no change in U.S. policy, and that the President had misspoken.

The Bush-Baker pressure on Israel seems coordinated with the Soviets. The White House props up the narco-terrorist Assad regime in Syria, while threatening, via Sen. Robert Dole, to reduce aid to Israel. No true peace in the region will be forthcoming except through an economic development plan beneficial to Arabs and Israel alike, as LaRouche has long proposed.

George Bush's secret hostage negotiations

by Our Special Correspondent

Washington is once again in the midst of a secret deal with the terrorist regime of Iran. Officially, the aim is to obtain the release of Western hostages held in Lebanon and other locations by the Iranian-backed Hezbollah organization. In reality, the secret deals, as during the heyday of Oliver North's "Arms for Iran" operation, are aiming at shoring up the terrorist regime.

Reports about secret negotiations between the United States and Iran reached a peak by the end of February, when the *Teheran Times*, a mouthpiece of the Iranian Foreign Ministry, ran an editorial announcing that 1990 would be the year when "the hostages are to be released." Days later, several advisers to Iranian President Hashemi-Rafsanjani, including Hezbollah spiritual guide Hussein Fadlallah, suddenly voiced their concern that the taking of hostages was "un-Islamic."

Playing the game, White House spokesman Martin Fitzwater commented on March 5 and March 7 that the United States was committed to "keep open all lines of communications, including with Iran," with those countries that can influence the hostage-takers. While George Bush personally went on record on March 4 to deny any direct negotiations between the two countries, White House officials said that Washington was willing to start official negotiations. On March 8, Fitzwater relayed Bush's feeling that he "felt encouraged" by Iranian reactions to this.

The ongoing negotiations, in fact, date back to the very first days after Bush's election as President, and are directly connected to his decision to impose a political coverup on the death of 270 people on Dec. 21, 1988, in the crash of PanAm Flight 103 over Lockerbie, Scotland. By March 1989, a deal had been struck: In exchange for Washington's preventing Syria and Iran from being branded as the brains behind this act of mass murder, both countries were to work for the release of the hostages. Syria fully agreed to that deal, with far-reaching consequences. By August 1989, when Hashemi-Rafsanjani became Iran's new President, Iran too came on board. In mid-August, in a first gesture of good will, the U.S. obtained the release of 15 Iranian Revolutionary Guards who had been seized a year earlier by the Lebanese Forces of Samir Geagea. In mid-October 1989, Iranian Foreign Minister Ali Akbar Velayati was meeting in Algiers with American and Algerian representatives. On Oct. 23, Rafsanjani gave a press conference indicating willingness to reestablish

"normal relations" with the United States. By early November, Bush decided to release \$567 million of frozen Iranian assets. By early December, \$40 million was made available to some of the victims of the Iranian Airbus shot down in July 1988 by the *USS Vincennes* in the Persian Gulf.

The deal was abruptly stopped in December. The early December parliamentary victory of the Mohtashemi radical group, combined with the U.S. invasion of Panama, had led to an upsurge of anti-Americanism. Rafsanjani could not, or did not want to deliver any more. By January, Washington told both Algeria and Pakistan cease their mediation efforts. Back to square one?

Ransom money and weapons

No hostage has yet been released, even though there is a likely prospect that Terry Anderson, kidnaped on March 16, 1985, may be freed around the fifth anniversary of his captivity. Meanwhile, Washington has paid. Not only did it unfreeze Iranian assets, but it has delivered weapons, too. But Bush is cleverer than Reagan: There has been no direct delivery from the United States. Instead, third countries have been asked to help out.

A crucial one has been Communist China. In exchange for Washington's breaking with the Western solidarity against China after the Tiananmen Square massacre in June 1989, Beijing delivered weapons to Iran. By November, the new generation of Chinese Silkworm missiles appeared on the Iranian coast. By January, according to diplomatic sources, Iran received a couple of the Chinese-made medium-range M-9 missiles. In keeping with Washington's public stand against the proliferation of medium-range missiles, China will not deliver such missiles to Iran; it just shipped some to allow the Iranian military industry to start producing some for itself! Likewise, Pakistan was called on to help Iran militarily. This led to the sudden rebirth of the Iranian naval forces, which had been severely depleted by the war with Iraq. Most of the ships which had been damaged, have now been repaired in Pakistani shipyards.

According to intelligence sources, a financial package of up to \$10 billion has been promised by Washington to Teheran. The ransom money will take the shape of massive economic investment. Indeed, Iran's new five-year plan calls for at least \$27.6 billion in foreign investments—including the \$12 billion of Iranian assets frozen in the United States. The rest would be expected to come from West Germany, France, England, Japan, and South Korea. On Jan. 30, the West German Economic Ministry announced that it was raising its Hermes Export Credit guarantee to 500 million deutschemarks. In February, the South Korean energy minister committed his country to take a share of the multibillion-dollar contract for the completion of the Bandar Khomeini petrochemical complex initiated by Japan's Mitsui. Mitsui pulled out last November. On Feb. 28, the French company Technip announced that it would take the other shares of the project.

Riots and looting heighten crisis in Argentina; many turn to Seineldín

by Cynthia R. Rush

Argentina's economic and social crisis has taken a turn for the worse, with the outbreak of new looting incidents in the city of Rosario, and fierce repression by police of a 2,000-person demonstration in the northwestern city of Salta. As reported in Mexico City's *Excelsior*, Interior Minister Julio Mera Figueroa announced that the government of President Carlos Menem is prepared to deploy the armed forces to repress any possible social conflicts. Adding to the confusion, Central Bank president Enrique Folcini, who had only occupied his post for 14 days, resigned after it was learned that he had granted multimillion-dollar rediscounted loans to two large private banks at favorable interest rates.

The economy's accelerating collapse, to which the Menem government offers no rational solution, has set off alarm bells in various quarters of both the U.S. and Ibero-American political establishments about the likelihood of a nationalist alternative coming to the fore in Argentina. Several articles have appeared in print since March 6, warning that many citizens who voted for Carlos Menem are now turning to the popular Col. Mohamed Alí Seineldín, a hero of the 1982 Malvinas War, in search of a way out of Argentina's chaos.

Social conflict increased dramatically, following the government's announcement of a new package of austerity measures designed—once again—to halt hyperinflation. As an analyst for Brazil's *O Estado do São Paulo* wrote in the March 4 edition, the package “reminds us of those smokers who, hundreds of times decided to give up cigarettes ‘for life’ at the end of the evening, only to go back to them the next morning.” The measures include a plan to reduce state sector spending by \$2 billion, by closing a total of 136 offices of the federal bureaucracy; forcing the immediate retirement of all civil servants currently at, or above, pension age; closing the state-run Banco Hipotecario Nacional, the BHN or National Mortgage Bank.

Finance Minister Antonio Ermán González also raised export duties on agricultural products by 5%, and has authorized price rises for several state sector companies. Gasoline prices have risen by 124.5%, an increase of 5,850% since July 1989; water rates are about to be raised by 58%, the increase to be imposed retroactively to November 1989. On

Feb. 8 telephone rates were raised by 87% and are scheduled to go up by another 300%. On March 7, transportation rates rose 67%.

The Peronist-run trade union movement responded immediately to the announced measures. On March 5, workers occupied branches of the BHN in the cities of Buenos Aires, La Plata, Tucumán, and Córdoba to protest the announced closings. Saúl Ubaldini, secretary general of a faction of the divided General Confederation of Labor (CGT) warned that if workers' rights are not respected, “workers have the weapon of the strike, and we're heading toward that.” In the city of Salta, 2,000 state sector employees clashed with riot police after the workers broke windows and attacked the provincial legislature with rocks and oranges to protest Menem's plans to cut state sector spending.

The state sector workers' union has announced a state of alert, and judicial employees began a 72-hour strike to demand a wage increase. Teachers are also demanding higher wages and have refused to begin the school year which starts now; professors at 27 national universities are also on strike.

No currency, no sovereignty

For many, higher food prices are the last straw. Between March 6 and 7, Argentines saw the price of beef increase by 36%. Since January, the average price of milk has increased by 254%, meat by 403%, rice by 848%, and gasoline by 645%. Poor slum-dwellers have resorted to looting or theft in order to eat. In Rosario, in the early morning hours of March 7, some 100 people intercepted a truck carrying food into the city and took possession of a large part of the cargo. Six people were wounded and 20 arrested, after police intervened. A few hours later, a large group of women, children, and teenagers entered a local supermarket in the same city, filled their bags with merchandise, and left without paying. Similar incidents occurred in two other supermarkets.

The growing protest, and potential for violence, hasn't deterred Finance Minister Ermán González from insisting on what Brazil's *Istoe E Senhor* magazine characterized in its March 7 issue as the kind of “extravagant foolishness” generally identified with Brazil's pagan extravaganzas, the three-

day *Carnaval. Istoe E Senhor* reported on Ermán's explanation that policies of economic liberalization now under way in Argentina are intended to give Argentines the "choice" of using either the dollar or the Argentine austral to calculate prices or carry out other financial transactions—that is, destroying the national currency, and the concept of sovereignty that goes with it. "The minister confesses," *Istoe E Senhor* adds that "Argentine economic policy is a capitulation to the forces which have been destroying the national currency, and, consequently, placing severe limitations on the state's sovereignty."

As a result of the repeated monetarist packages introduced over the past months, Argentina's financial system is on the verge of bankruptcy. Central Bank president Folcini's action to authorize rediscounted loans to two private banks, at a low monthly interest rate of 43% (the open market rate is 110%) was an attempt to bail out the banks in question, which were in financial trouble. Despite the disaster created by his policies, Carlos Menem recently advised Brazil's President-elect, Fernando Collor de Mello, to adopt Argentina's economic policies, especially because "this is what is recommended by the President of the United States, George Bush."

At present, deposits in the banking system are close to zero, having fallen from 13.8% of GNP prior to last December's scheme to confiscate savings, to under 5% now. All investments are carried out in dollars, and loans are negotiated outside of the official banking system, at the "inter-company" markets or "money tables." The March 4 edition of Brazil's *O Estado do São Paulo* emphasizes that all transactions are performed outside the system of state guarantees "in which no one now believes." On March 6, the dollar reached its highest rate in the recent period, closing at 6,000 australs.

Ermán González's policies are so discredited, that his own party in the province of Buenos Aires, the Christian Democracy, has called for his expulsion. On March 7, party leaders called on any Christian Democrat now holding a government post to resign in protest over the effect of Ermán's policies on the poor.

'Malvinize' the country

Panic is beginning to set in among higher-ups in the U.S. policymaking establishment and their counterparts in various Ibero-American countries, as it dawns on them that Argentines may look toward the country's nationalists for a way out of the current chaos. This accounts for several articles appearing over the past two weeks, focusing on the growth of the political movement around nationalist Col. Mohamed Ali Seineldín. Several articles accurately depict the colonel's popularity and support, but are part of a coordinated campaign throughout Ibero-America to build an environment of hysteria against him, lying that he is a coup-monger and a fascist.

The opening salvo of the campaign came from former Argentine President Raúl Alfonsín, during a Feb. 19 visit to

Washington. Speaking at Johns Hopkins University, Alfonsín went out of his way to attack Seineldín as a grave threat to democracy in all of Ibero-America. Shortly after this, several other articles appeared in major U.S. newspapers echoing this line.

What really worries the political establishment is the phenomenon described in a March 7 Reuters wire: "Nationalism is gaining ground in Argentina, while the Peronist government of President Carlos Menem struggles for a way out of economic chaos." These circles fear the rallying power of Seineldín's call to "Malvinize" Argentina, to rebuild the nationalist sentiment and pride which swelled during the 1982 war with Great Britain. Remarking on wall paintings on city walls which read "Seineldín is peace and order. . . . Seineldín is sovereignty . . . the fatherland," Reuters references the Colonel's recent comment to war veterans that "to Malvinize is to put an end to the moral decadence, corruption and chain of frustrations which so grieves us."

The British wire service also quotes sociologist Rosendo Fraga of the New Majority Studies Center, who explains that "Seineldín's group is growing at the expense of traditional parties . . . basically, he attracts the people who voted for Menem. They are not turning to radicalism or the left." The wire notes that "militant Catholics, former soldiers, small businessmen and disgruntled Peronists are swarming around the 56-year-old commando," and that his supporters seek to "form a national movement with political, labor and business support to rebuild the state's power."

A more unsavory article appeared in Venezuela's *El Nacional* on March 7, in the form of an interview with Seineldín allegedly done by the Venezuelan state news agency, *Venpress*. Since the colonel has a policy of not granting interviews to anyone, the interview is suspect, as also indicated by its content. It portrays Seineldín as the leader of the army's "anti-democratic" faction, said to be plotting against Carlos Menem and Argentine democracy. The article includes quotes of statements which Seineldín would have never made, such as "Carlos Menem has betrayed us," and in remarks prefacing the alleged interview, *El Nacional* lies that "the *carapintadas* [a reference to the nationalist faction—ed.] still haven't renounced their aspirations to clean out the liberals from the armed forces, and take power in Argentina."

A wire by Spain's EFE wire service, published in the same edition of *El Nacional*, has a tone similar to that of Reuters in describing Seineldín's recent organizing tours in Argentina's northern provinces, and his visits to poor slum areas. The article appears under the headline "A Colonel like Perón," a reference to Gen. Juan Domingo Perón, a leader of Argentina's nationalist movement who became President in 1946. The comparison is intentional, since Perón, who did much to free Argentina's economy from foreign financial interests, has been slandered for decades as a "fascist" by the international oligarchs—especially the Anglo-Americans—who lost out when Perón came to power.

Sandinistas resist giving up power

by Javier Almario

Although Daniel Ortega, who is still dictator of Nicaragua, has publicly recognized that Violeta Chamorro, candidate of the National Opposition Union (UNO), won the presidential election on Feb. 25, he is trying to force her to share governmental power by wielding the threat of a "national war" if anything is done to threaten Sandinista control of the army.

The name of the Nicaraguan army is the Popular Sandinista Army, which means that the army was created as a political arm of the Sandinista party. Daniel Ortega was the candidate of the Sandinista party.

The Sandinista armed forces "cannot be replaced by the Contras or [deposed right-wing dictator Anastasio] Somoza's guard because this would be the signal for a national war against the mercenaries and the Somocistas," Daniel Ortega said March 5 speaking to a group of pro-Sandinista teachers.

The same threat of civil war was repeated by Luis Carrión, the economics minister of the Sandinista government. In remarks published by the official Sandinista newspaper *Barricada*, Carrión said that "the country's security depends on the integrity of the army and interior ministry, and the UNO must recognize this." If the Chamorro government attempts to change the army or dissolve it, "there will be civil war, instability and chaos here," he added.

Two days after election day, Ortega said that the disbanding of the Contras is a condition for handing over power. The *Contras*, the mercenary narco-group that the Reagan-Bush administration hired to deal cheaply with the Sandinista regime, are now the most important excuse for Ortega to keep power against popular will.

Even though Chamorro, leader of a coalition representing 14 political parties, won the election with a wide margin of 55.2-40.8%, she is accepting the "conditions" set by the losers.

An editorial in Chamorro's newspaper *La Prensa* on March 4 called for the Sandinista army to remain as the country's sole army, without even changing its name.

"The popular Sandinista Army will continue being the country's only legal army, although reorganized and reduced in size," said *La Prensa*.

While Chamorro is making concessions to Ortega, the Sandinistas are reactivating the peasant militia and distribut-

ing arms among their supporters. The Sandinista Army has mobilized troops in the north of the country supposedly because the Contras are about to attack the towns of Wiwilli and Rio Blanco.

On the other hand, the Sandinista-controlled trade unions are threatening Chamorro with general strikes if her government does not improve the economy and increase the salaries of the labor force within its first 100 days in power. Real wages have decreased 90% since the Sandinistas came to power, but the trade unions never struck against Ortega.

The message for the Chamorro government is clear: "We, Sandinistas, have the power to destroy the country and make you fail, unless you do what we want you to do." In other words, the Sandinistas are demanding co-government, or else civil war.

The defeat of the condominium

In fact, the Chamorro victory was unexpected by the Bush regime in Washington, by emperor Gorbachov in Moscow, and by dictator Ortega. The agreement made among the superpowers was to hold an election that would have allowed Ortega to become the first elected communist president in the Western Hemisphere. The election would have paved the way for a legitimization of Ortega's government that would have allowed Bush to ease relations with Nicaragua.

Bush himself, on Election Day, said he wanted "improved relations" with the flamboyant jive dictator after Ortega's reelection. But the Ortega defeat took Bush by surprise. The conclusion is too simple: People were hiding their real thoughts about Sandinismo for 10 years.

What happened was the beginning of a revolutionary process against tyranny. Sandinismo is a combination of Fidel Castro and the Theology of Liberation. The Nicaraguan model was more important for the terrorist groups in all South America than Cuba itself, because the "Marxist" theory provided a new "ideology" based on Theology of Liberation and the so-called "People's Church." The project is designed to produce a schism in the Catholic Church throughout the continent in which a "new church would be formed."

"Poverty is beautiful" could be the summary of Theology of Liberation, which considers technology, science, and progress an invention of "imperialism" that should be rejected.

Ten years of the imposition of the Theology of Liberation-Marxist model in Nicaragua has resulted in 30% unemployment, a 90% decline in wages, 3,000% inflation in 1988, and 1,600% in 1989.

Now, the Bush-Gorbachov condominium is trying to turn the Chamorro victory into a defeat, using the threat of civil war to force a commitment to co-government with the Sandinistas on one side; and on the other side, Bush is pressuring Chamorro to accept International Monetary Fund conditionalities which have destroyed every nation in Ibero-America.

U.K. surrendered to Beijing on Hong Kong

by Mary M. Burdman

Mr. Martin Lee, a member of the Hong Kong Legislative Council, spoke with *EIR's* Wiesbaden Bureau by telephone on Feb. 22, 1990.

On Feb. 15, Mr. Lee had issued a press release denouncing the British-Chinese deal over Hong Kong. In his release, Mr. Lee stated: "This morning, people in Hong Kong woke up to the shock of reading that Britain and China had reached a secret deal on their future. Not only did people in Hong Kong have absolutely no opportunity to participate in this decision about their future, but the British government has not even told them what the terms of the reported deal are. Instead, we hear about it from reports on speeches by mainland Chinese officials. . . .

"If the published reports are accurate, then what Britain has done is a shameful act of surrender. . . .

"The so-called concessions granted by China are nothing more than Chinese pledges to break the [1984] Joint Declaration in a less blatant manner than they have threatened to do. . . . Not until 2003—13 years from now—will half the [Hong Kong] legislature be democratically elected. . . .

"Could you imagine how the people of Czechoslovakia or even Lithuania would respond if their governments told them they could not elect so much as half their parliament until 13 years from now? . . .

"In essence, Britain has decided that it will allow China to make the critical decision regarding the structure of the pre-1997 Hong Kong government. One must ask if the British government has decided to hand over to China its responsibility under the Joint Declaration's Article 4 to administer Hong Kong until 30 June 1997. . . .

"For the people of Hong Kong, we cannot lose hope in the future. In the last year, we have forged a strong sense of Hong Kong identity. We are Chinese by race, our veins are filled with Chinese blood, and we love our nation. At the same time, we love freedom and we are committed to having democracy here.

"I call on Hong Kong people to unite and voice clearly

our demands for democracy. . . .

"The game is far from over. We must continue to fight for what we believe in, for one day we will win."

EIR: Here in Germany, we have seen a very similar response on the part of Mrs. Margaret Thatcher and her British government against the reunification of Germany, as we have seen in the sellout of Hong Kong. How do Hong Kong people respond to the unification of Germany?

Lee: We like what we have been reading about and watching on the television as to the whole political change of Europe, but the reunification of the two Germanys is not the sort of topic which has attracted much attention in Hong Kong.

Obviously, we would think that it is a good idea, and at the end of the day there will be a bigger Europe, and that will be a very powerful Europe. Maybe that is not something Mrs. Thatcher would like to see.

I don't think she has had enough time to reflect on it and see the full implications, and that is why she wants it to slow down. That would be a very powerful Germany, indeed.

Hong Kong certainly would like to see East Germany getting democracy and moving away from communism, because the Chinese people in Hong Kong are here because they or their parents have run away from the Chinese communist regime.

Their parents took them to Hong Kong, or gave birth to them here away from this regime. We are Chinese who love China as a country, but we do not espouse communism. . . .

EIR: Although most of the British press denounced the sellout of Hong Kong, some responses were very different, i.e. the *Sunday Telegraph* saying that Hong Kong's "chattering masses" should not have democracy. Then there are the views of those like Dr. David Owen of the Social Democratic Party, who talks of "commercial communism" and it being "homespun" in China. To me, this is imposing communism on China.

Lee: Of course. If you want to take the cowardly approach, you can always find a lot of excuses. I feel insulted when people seem to think that Chinese don't need human rights. "They don't deserve it, they don't want democracy." It is always foreigners who say this, you know.

I am sure that it has everything to do with the color of our skin. Can you imagine similar things being said about anybody who is white, no matter where, in this world? It is ridiculous in the extreme to say that because we are Chinese, China is to be treated differently, as these Americans are saying. It is absolutely sickening to me to hear things like that.

When you talk of human rights, the question is, am I a human being? I am Chinese, but am I human? If the answer is yes, then why do not I have the same human rights? Anybody who can argue with that, shows themselves up immediately.

EIR: It is our view that it was the courage of the people in Beijing and all of China, which sparked the revolutions in Eastern Europe later in the year. There would not have been a revolution in Eastern Europe without the Chinese revolution.

Lee: That is right. The trouble is, I suppose the people of Europe knew what was happening in China, but I doubt if the people in China know what is happening in Europe, because of the news blackout.

I know that in the big cities, particularly Beijing, they have been able to tune in to the Voice of America and the BBC, but other than that it is difficult to get any correct information about the rest of the world.

EIR: What is your view of the Bush administration policy, especially after he vetoed the visas for the Chinese students?

Lee: Bush explained to people on the television very clearly that he intended to do executively, what Congress wanted to do by legislation. Of course, that is not as safe as when the law is there, but I suppose once he has made the solemn promise, on television, I do not see as a President, he could change his mind.

I think these students are safe, from that point of view. I don't agree with his logical reasoning, but one can see some sense in what he said, should we antagonize China unnecessarily, when I can do it by executive act? Why should we do this by legislation China considers confrontationist?

I can understand that sort of argument, but of course you know what sort of man he is.

EIR: That is why we are doubtful. There is no need to propitiate China. You may have heard that Mr. Kissinger was forced to resign from the President's Foreign Intelligence Advisory Board, after there was an international scandal that he was using his influence to stop confrontation with Beijing.

There is every indication, however, that President Bush will go along with what Beijing dictates.

Lee: Same with the British. They have completely surrendered. I think that from now on, everything that happens in Hong Kong cannot happen without the blessing of Beijing. They have just completely given up their entitlement to run this place under the Joint Declaration, back to the Chinese already.

EIR: Do you think the British are now going to allow the Chinese to take measures to impose repression on Hong Kong?

Lee: I am sure they are not as good to us as before, when we had 1 million people in the streets—then, any government will listen to you. When people are frightened away, then we suffer.

When people are no longer backing us up like before then the British government will look over its shoulder. It would appease China whenever possible. I think this is the beginning, no doubt about it.

U.S. mobs threaten Panamanian civil war

The United States' occupation government in Panama is deploying fascist mobs similar to those unleashed by Iran's Ayatollah Khomeini, to intimidate its political opponents. On March 5, a violent mob threatened to kill Cecilio Simón, Dean of the School of Public Administration of the University of Panama, and took over his office.

Dean Simón is well known in Panama and abroad for his outspoken opposition to the Dec. 20 U.S. invasion, and to the drug-linked regime installed by the Bush administration in Panama.

On March 3, in a manner similar to the attacks ordered by Khomeini against the United States Embassy in Teheran, a mob attempted to break into the residence of Peru's ambassador to Panama to seize officials of the former government of Gen. Manuel Noriega as hostages. The former officials have been granted diplomatic asylum by the Peruvian government. The mob attacked the residence with rocks, sticks, and home-made bombs, causing a fire that almost destroyed the building. Vice President Ricardo Arias Calderón endorsed the mob's actions, and said that the government would not grant safe-conduct out of the country to the former officials.

A precedent for the attack had been set previously by U.S. forces, which, for several weeks following the invasion, surrounded the same residence with armored personnel carriers, and encouraged daily demonstrations by pro-government mobs. As was done against the Papal Nuncio during the time General Noriega was granted sanctuary by the Pope's envoy, the American forces bombarded the Peruvians with loud Satanic rock music. In recent weeks, the mobs have also staged physical attacks against political prisoners of the occupation regime, including against former legislator Rigoberto Paredes.

Panama has not yet begun to rebuild from the mass destruction brought about by the invasion; more than one-third of the workforce is unemployed, and there is danger of mass hunger and epidemics. By inciting mob hysteria under these conditions, the U.S. occupation government is creating a situation that could lead to a civil war similar to that in El Salvador.

In fact, just as in El Salvador, death squads have appeared. A few days after an American soldier was killed on March 2 by the bombing of a night club, supposedly by a previously unknown "December 20 Commando Unit," the bodies of five Panamanians were found, shot through the head, their hands tied behind their backs.

U.S. soldiers serve as drug couriers

George Bush figures out how to rid Panama of drugs: bring them home to the United States!

American servicemen sent to invade Panama are returning home with their duffel bags loaded with Colombian cocaine. CBS-TV reported on March 5 that at least one U.S. soldier and seven Colombians in the cocaine smuggling ring have been arrested.

One of the GIs confessed that he had paid up to \$10,000 to each of the soldiers he recruited as "mules" to smuggle the cocaine aboard returning military flights. CBS said that U.S. military officials claimed to have checked for drugs in the baggage of the returning 13,000 soldiers, "but the deployment was so large, it was almost impossible to search thoroughly."

The report recalled the Vietnam War era when the U.S. was flooded with drugs by returning servicemen who were victimized by CIA-allied Indochinese drug lords and corrupt officials. Experts date the beginning of the U.S. drug epidemic to that period.

It also peeled away another layer of the myth George Bush has sold to gullible Americans: that the Dec. 20 "war of tamales" against Panama was to fight drugs. Not only did the U.S. install a government in Panama made up of partners of the Colombian drug cartels, but it is now becoming obvious that it does not have a real case against Gen. Manuel Noriega, who is facing trial in Florida on trumped-up drug charges.

According to the *Wall Street Journal* March 5, "The government needs all the breakthroughs it can get in the case. . . . Prosecutors are relying heavily on the testimony of admitted

criminals. U.S. officials also haven't found any significant new evidence against Mr. Noriega in the millions of documents seized after the invasion." A senior administration official told the *Journal*, "We don't have the smoking gun we were looking for."

Lacking hard evidence, the government is scrambling for "witnesses" to create the impression that there was a so-called "Cuban connection" between Noriega, Fidel Castro, and the Colombian cocaine cartels. One of the new "witnesses" is former Panamanian Defense Forces Maj. Felipe Camargo, who is needed to corroborate the testimony of José Isabel Blandón. "Corroboration of Mr. Blandón's testimony is critical; prosecutors are concerned that the defense will unearth details of Mr. Blandón's bitter parting with Mr. Noriega and will impugn as vengeful Mr. Blandón's motive in testifying," according to the *Journal*.

Unfortunately for the prosecution, Maj. Camargo was part of Blandón's anti-Noriega cabal, and it should be just as easy for the defense to prove that his motives are equally vengeful. Another key prosecution witness, admitted drug money launderer Steven Kalish, "failed lie detector tests shortly after the original February 1988 indictment on an important financial aspect of the case, a government official says," according to the *Journal*.

Noriega's attorneys are asking that the case be dismissed because of the shocking circumstances under which he was arrested. "We believe it is impermissible for a nation to kill, wholesale, men, women and children to bring one man to trial," said attor-

ney John May.

Providing yet another glimpse into the administration's corrupt ties was Deputy Secretary of State Lawrence Eagleburger who described Panama's "Second Vice President," Guillermo "Billy" Ford, to the House Budget Committee on March 6 as "my close personal friend."

Ford was one of the co-owners of Dadeland Bank of Florida when it was used as a drug money laundromat by convicted drug dealer Antonio Fernandez in the mid-1980s. Eagleburger's connection may be one of the reasons Dadeland Bank has never been prosecuted despite several publicized cases of involvement in drug money-laundering. Dadeland Bank was "a central financial institution for one of the biggest Medellín launderers, Gonzalo Mora," reported the *New York Times* Feb 6.

Citing Ford, Eagleburger denied that the reason the U.S.-installed president of Panama, Guillermo Endara, is staging a hunger strike, is to protest the lack of economic assistance to rebuild Panama's war-torn economy. Endara's fast is "not aimed at the U.S.," he said.

But, according to Colombia's *El Tiempo* on March 6, the corpulent Endara says he has not gotten "anything, not even a buck," of the \$1 billion promised by Bush. "We got \$46 million, but that was Panamanian money held by the U.S. as part of the sanctions against Noriega. . . . This is creating an explosive situation."

Sources in Panama say Endara started his hunger strike March 1 to get popular support to stop a U.S. effort to dump him. Roberto Eisenmann, another co-owner of Dadeland Bank who is closely tied to the U.S., dismissed Endara as "a happy fatman whom nobody dislikes." But, warned Eisenmann, he should get back to work.

Outrage against Thornburgh Doctrine

As the U.S. flaunts its disdain for sovereignty, Mexico's pro-U.S. President is more and more boxed in.

On March 1, the Mexican political world woke up to the news that the United States Supreme Court had just decided to grant broad powers to U.S. anti-drug forces, to permit their search-and-seal operations abroad. The decision was made in relation to the 1986 arrest of drug trafficker René Verdugo Urquidez, conducted by Mexican agents who then handed him over to U.S. agents on the border. In 1988, a raid of his Mexican properties was conducted in search of evidence that would link him to the international drug trade.

The guilt of Verdugo Urquidez, an accomplice of Rafael Caro Quintero, who is serving time in Mexico for the assassination of DEA agent Enrique Camarena, was never at issue for the U.S. Supreme Court. Rather, that body concerned itself with the decision of a Circuit Court, which eliminated from his trial all evidence obtained by the U.S. agents who searched his Mexicali home in 1988. A California federal judge further ruled that the evidence seized was inadmissible in court because the Washington agents had not obtained a U.S. search warrant. According to the Washington correspondent of a Mexican daily, the Supreme Court decision could have an immediate impact on the U.S. trial of Panama's Gen. Manuel Antonio Noriega.

Although President Carlos Salinas de Gortari's government has thus far managed to avoid issuing any statements against the new Thornburgh Doctrine of the Bush Justice Department, the response of broad sectors of the Mexican political arena has been prompt. The same day that news of the court ruling was released in Wash-

ington, a group of Mexican congressmen visiting the American capital, headed by PRI deputy from San Luis Potosí Gonzalo Martínez Corbala and by Sen. Alfonso Martínez Domínguez, called the Supreme Court decision "a legal aberration." Martínez Domínguez, in particular, warned that the principle behind the ruling was "a legal absurdity" which condoned "acts that violate the sovereignty" of other nations.

The official daily of the Mexican government, *El Nacional*, devoted its front-page headline March 7 to the warning: "No U.S. Policeman Will Have Impunity in Our Country." The paper announced that, through its embassy in Washington, "Mexico requested precise information on the ruling of the United States Supreme Court." The Mexican Foreign Ministry, said the newspaper, "warned that in case situations of this sort should occur, the Mexican government will proceed in strict conformity with its juridical order. It said that that type of action would violate principles of respect for territorial sovereignty."

For two days in a row, *El Nacional* ran editorials sharply critical of the Supreme Court finding. On March 6, the newspaper editorially described the ruling as "misunderstood pragmatism," and urged the Bush administration to calm down, saying that "legitimate repression of terrorism employed by international criminals cannot be unleashed based on the commission of other crimes and with disregard for the sovereignty of other states."

And on March 7, *El Nacional* warned that with the U.S. Supreme Court ruling, "what is at stake is noth-

ing less than respect for the sovereignty of nations. The problem is not new, and the long, historic list of violations of the sovereignty of states which lack military and economic power—to force respect for U.S. law or at least using that excuse—most likely begins with the last century's incursions into Mexican territory to pursue warrior tribes on the common border, on down to the invasion of Panama; the whole thing was a large-scale war operation whose official objective was the arrest of former General Noriega, accused of drug trafficking. It is obvious that, in many cases, the transgressions against states which lack the resources to halt the armed presence of 'agents' from Washington, corresponded to hegemonic interests."

Finally, *El Nacional* warns that "the fact that the Bush administration has put this, shall we say, tendency into effect must cause Mexican concern. The geographic proximity and the very particular focus that has been given in the United States to the repression of the drug trade, are factors which combine to make this kind of 'green light' to U.S. agents awaken nervousness in our country. Unfortunately, there have already been experiences that demonstrate, rather eloquently, how certain power circles in Washington are determined to achieve spectacular results at the cost of the sovereignty of other nations."

The policies of the Salinas government may be facing a dead end. In order to impose his famous deal with Mexico's creditor banks, within the framework of the U.S. Brady Plan, President Carlo Salinas de Gortari has always heavily relied on the personal intervention of George Bush. The hostile environment provoked by the Thornburgh Doctrine may well make such personal relations unfeasible.

A narco-terrorist electoral strategy

The drug cartels and their communist allies would use electoral violence to dismantle Colombia's war on drugs.

Amid a new wave of violence and blackmail threats, Colombia's narco-terrorist forces unveiled their electoral strategy for the March 11 congressional elections, which also serve as a primary for the critical presidential election in May: By diverting national attention to a new "left-wing" upsurge, Dope, Inc. hopes to win drug legalization by default.

Using the carrot-and-stick approach, the cocaine-trafficking chieftains known as the "Extraditables" had declared a unilateral truce, while tendering a "surrender" offer to the Barco government, on condition that their crimes would receive "benevolent" treatment from the Colombian courts and that all extradition proceedings against them would be suspended. At the same time, the drug cartels' shock troops, the National Liberation Army (ELN) guerrillas, were deployed to conduct murders and kidnappings designed to convince the nation that a more serious threat from the "left wing" took precedence over President Barco's war on drugs.

When the Barco administration stuck to its guns and refused the traffickers' "unconditional" offer, however, the gloves came off. On March 5, the Extraditables proclaimed an undefined but threatening "state of alert," while police authorities began to report the resurfacing in Colombia of British mercenaries employed by the drug cartels to train their armies. In addition, a large weapons shipment destined for the Colombian drug cartels was intercepted in Calexico, Mexico the first week in March, which in-

cluded AK-47 assault rifles, machine guns, fragmentation grenades, and grenade launchers.

And so, while the pro-drug press was busily propagandizing the cartels' threats to *renew* their warfare, and electoral contenders like the Liberal Party's Hernando Durán Dussán were welcoming the Extraditables' offer of "détente," the truth is that that warfare had never stopped.

In response to the unequivocal statements of Government Minister Carlos Lemos Simmonds, that the Barco government was committed to restoring morality to the country and that it would never negotiate with the cartels, the Havana-trained ELN issued a death threat against him. The ELN's latest rampages against Colombia's national oil infrastructure and its kidnaping of dozens of public officials as well as private citizens, have prompted a major military deployment to the northeastern zone of the country, where the ELN's 1,400 terrorists are said to be concentrated.

Press reports of an ELN plot to disrupt the elections in the capital city of Bogotá have given further credence to the claim of a growing left-wing threat, to the point that a "European observer" quoted in the March 8 *Washington Post* suggested that the war on drugs may be abandoned, since "the government of Colombia cannot fight both wars at once."

Yet, any lingering doubts that the "right-wing" drug cartels and the subversive "left" are working in tandem were dispelled when the Extraditables issued a communiqué denying any

responsibility for recent murders of militants of the communist electoral front, the Patriotic Union (UP). The Extraditables' disclaimer was in response to a UP appeal for "clarification." Despite the government's repeated insistence that it is the drug traffickers who are the UP's worst enemies, the UP has persisted in blaming the Armed Forces for the murders.

The UP has also formally incorporated into its electoral platform a proposal for worldwide drug legalization, effectively joining the campaign of the cartels' own presidential favorite, Ernesto Samper Pizano. Samper has been the most outspoken of the presidential contenders in urging acceptance of the cartels' proposals. "The government has received an offer of surrender," he said, "and it should heed it and guarantee the traffickers due process. . . . If I were President, I would not extradite."

In a March 5 interview with the daily *El Espectador*, Samper said, "If repression fails and control of consumption is ineffective, the only alternative remaining to the industrialized countries in the medium term is the international legalization of consumption."

It is widely known that the cocaine cartels hope to be able to "convince" the next Colombian government to legitimize their vast economic and political interests through an amnesty which would ultimately include legalization of the drug trade. Of all the presidential contenders, only the Liberal Party's César Gaviria Trujillo bears the mantle of his anti-drug predecessor, the front-running Luis Carlos Galán whose assassination last August by the drug cartels shocked President Barco into declaring war on them. Now considered the front-runner himself, it remains to be seen whether the youthful Gaviria can fill his predecessor's shoes.

No surprises for India . . . yet

The Congress (I) rout continued, but in three states no party could gain an absolute majority.

Eight Indian states—five in the north, two in the west, and one in the northeast—went to the polls on Feb. 27, along with the tiny southern union territory of Pondicherry, to elect new state assemblies. The poll results, which in some cases took almost a week because of unprecedented violence, reaffirmed the trends set in the parliamentary elections last November.

The Congress (I) party, which was in power in all eight states, bowed out in six, won an absolute majority in Arunachal Pradesh in the northeast, and managed to form a government with the help of a few independents in Maharashtra in the west. The six states lost by the Congress (I) went with the Janata Dal (JD)-Bharatiya Janata (BJP) combine. Although the JD could win an absolute majority only in Orissa, the BJP bagged absolute majorities in both Himachal Pradesh and Madhya Pradesh. The other three states will be governed by a mish-mash coalition of the JD and BJP.

The results were no surprise to most observers here. The Congress (I), which apparently never recovered from the November electoral setback, conceded meekly in most of the states and lost a significant amount of strength in Maharashtra, the large and important state where Bombay is located, and a traditional Congress stronghold. It is generally expected that the Congress (I) will have to restructure its organization before it can again pose a real challenge to either the BJP or JD in these states.

As in November, voters made it clear that ruling parties had better deliver or get out. In the crucial northern

and western states, which together account for about 55% of the parliamentary seats, a three-party system has emerged. While the JD and Congress (I) had already established their credentials, the assembly elections in the six northern and western states established the BJP as a party to reckon with in the future.

Uttar Pradesh, the largest northern state, elected its assembly at the time of the parliamentary poll. At that time the JD emerged as the single largest party, and is now running a minority government with BJP support from outside.

But if the elections brought no surprises, they didn't bring as much comfort to the ruling Janata Dal in Delhi as they might have, beholden as it is to the outside support of both the right-wing BJP and the Left. All eyes are now on the three states where no party won an absolute majority. The question is, will the formula which has kept the national front government at the center stable, also hold good in these states?

A falling-out, or prolonged wrangling among the National Front constituents at the state level would inevitably play back to seriously erode the central government in Delhi, a prospect which has Congress (I) stalwarts salivating already. In Bihar, for example, the emerging scenario suggests that the JD, the largest single party, will require help from either the Left or the BJP, or both, to form a stable state government. But already rumbles have been heard to the effect that the Left has put a price on its support: JD denunciation of the BJP. So far, the BJP has not spoken, and

it is not clear how deep-seated the Left's demand is. In the other two states, Gujarat and Rajasthan, the chances of the JD-BJP combine unraveling are less.

But the rumbles are there, as they were in December when the National Front was forming its government in Delhi. As much as anything it is the rivalry within the leadership of the JD itself which keeps any kind of coalition in a perpetually precarious state. Neither Chandra Shekhar nor Devi Lal, two faction leaders in the JD, have reconciled themselves to the fact that V.P. Singh holds the prime minister's chair.

Chandra Shekhar, an avowed socialist, backs a Left-JD coalition and is highly allergic to the BJP. Devi Lal, presently the deputy prime minister and a denizen of the Haryana farmbelt, is close to Chandra Shekhar, though the friendship is founded more on political convenience than principle or even ideology. Both of these senior leaders have been distinctly marginalized of late, and this provides them a good excuse to create problems within the party.

V.P. Singh's decision to give up the post of JD president will tend to bring these issues to the fore. The prime minister announced his resignation from the top party post on a matter of principle—one man, one post—but has been asked to keep the portfolio until alternative arrangements can be worked out. Singh's announcement left the jaded political pundits gasping—you can't mix principles with politics and expect to survive, they insist.

The coming days will see a fierce jockeying within the JD, and perhaps a significant amount of realignment of forces. Not all of this may cause instability, but the outcome is as difficult to foresee as it is important for the future of the present government.

International Intelligence

British intelligence in secret talks with Soviets

British intelligence coordinator Sir Percy Cradock made a secretive trip to Moscow on Feb. 22. Cradock met with Karen Bruntents, the deputy head of the International Department of the Central Committee of the Soviet Communist Party, who works under top Soviet policy coordinator Valentin Falin. The trip was covered in a very small item in the Soviet Communist Party daily *Pravda* Feb. 23, but has received no notice anywhere else. *Pravda* noted that they discussed "German-German relations and the German question."

Knowledgeable British sources expressed surprise about the Cradock visit, since his personal expertise has almost exclusively been in the China/Far East theater, and he has had no special expertise on Germany. He was formerly British ambassador in Beijing, and made a diplomatic mission to China late last year which provoked quite a scandal in Britain. The British sources estimate that Cradock visited Moscow in his capacity as Mrs. Thatcher's special adviser on intelligence affairs and the general coordinator of the powerful Joint Intelligence Committee. In recent months, the JIC has created a spinoff, called JIC [G] which was set up to upgrade British intervention into the German situation and to increase MI-6's activities in Germany.

Cradock's trip occurred days after Mrs. Thatcher had made an international issue over the question of the German-Polish borders.

Sun Yat-sen attacked in Communist China

The Communist Chinese media have attacked Sun Yat-sen, the founder of republican China, as a "bourgeois intellectual," the French daily *Le Figaro* reported on March 6. Sun was criticized because he sought inspiration for the Chinese renaissance in Japan and America.

This is just the crudest part of the Communist Party's campaign of xenophobia, which is their effort to hold back the "contamination" of the revolutionary upsurges in Eastern Europe, Mongolia, and the Soviet Central Asian republics. The Chinese Communists have previously tried to claim Sun as their own, displaying his picture in Tiananmen Square during National Day celebrations.

But the official *People's Daily* claimed on March 5 that Chinese students, after having looked to "imported" ideas of Sigmund Freud, Jean-Paul Sartre, and Friedrich Nietzsche for inspiration, then "discovered" Mao Zedong, finding in his works the answer to the question, how do we save China?

KGB agent: Andropov plotted to kill Pope

A high-ranking defector from the Soviet KGB has charged, in an interview published in the *Washington Post* on March 2, that the late Yuri Andropov, who was KGB chief and then President, coordinated a plot to kill Pope John Paul II.

David Ignatius, the pseudonym of a former CIA agent, interviewed KGB Major Victor I. Sheymov, who defected to the United States on May 16, 1980. Sheymov reports that during a trip to Poland in 1979, he learned of a cable to the KGB general directing the Warsaw office from KGB chief Andropov, which read: "Obtain all the information possible how to get physically close to the Pope."

"Everyone knew what it meant," Sheymov said. "It meant they wanted to assassinate the Pope." On the same trip, the Warsaw KGB chief confided to Sheymov that when Pope John Paul II was elected, Andropov had complained to him, "How could you possibly allow election of a citizen of a socialist country as Pope?"

Sheymov says he told the CIA immediately after his 1980 defection that Andropov was preparing to kill the Pope. He does not know what the CIA did with the information in the months before the May 1981 assassination attempt by Mehmet Ali Agca, which

has been traced via the Bulgarian connection to Andropov.

In a commentary on March 3, the British newspaper the *Guardian* wrote that the revelations may force the West to see Andropov in a "new light." Since he was the "godfather of perestroika" and mentor of Gorbachov, this may have wider repercussions.

Lebanon's Aoun pulls his troops back

Lebanese Prime Minister Gen. Michel Aoun's troops on March 2 gave up some ground gained in the latest fighting with the Lebanese Forces militia, as part of a withdrawal apparently prompted by the Catholic Church and international pressure.

The troops withdrew shortly after Lebanese Maronite Patriarch Nasrallah Butros Sfeir threatened General Aoun and his rival Samir Geagea and their men with excommunication unless they halted their month-old war for control of East Beirut.

"Thus, they will be expelled from the Church body and prevented burial according to Church rites," Sfeir said in his latest plea for a cease-fire.

Both Aoun and Lebanese Forces leader Samir Geagea vowed in separate statements to abide by the cease-fire called for by Sfeir and fighting eased to sporadic rocket and mortar fire. The withdrawal was "a goodwill gesture and in response to mediation efforts by the Vatican, France and Patriarch Sfeir," a source close to Aoun said.

'Gorbachov Committee' formed in Britain

Britain's MI-6 intelligence service has formed a "Gorbachov Committee," which is supposed to give Prime Minister Margaret Thatcher "advanced warning" about threats to Gorbachov's political survival, the *Sunday Express* of London reported on March 4. This "secret group of experts," the paper says, is proof of the "growing fear in Whitehall" over Gorbachov's staying power. It is

Briefly

assumed in London that Gorbachov's attempt to assume dictatorial powers is a sign of weakness rather than strength.

According to the article, the Gorbachov Committee is directed by Sir Patrick Wright, the permanent undersecretary of the British Foreign Office and Britain's "most senior mandarin," who has departmental oversight of MI-6 and who chairs many of the weekly meetings of Britain's powerful Joint Intelligence Committee. It also includes Sir Christopher Curwen, the former head of MI-6 who is now the intelligence and security coordinator at the Cabinet Office, and Sir Colin McColl, present head of MI-6.

In a related development, the London *Independent* newspaper on March 3 reported that "the assassination of Mikhail Gorbachov and overthrow of the Soviet leadership in a KGB coup are secretly being contemplated as a crisis scenario by emergency planning units" of the British Home Office's civil defense apparatus.

The scenario for an "emergency planning exercise" was used in the West Midlands, under the code-name "Samson XVII." The scenario began with the words: "The TV and radio over the last days have been full of the deteriorating international situation. This has been getting steadily worse since German reunification." The scenario ends in nuclear war.

Vatican: German unity is long overdue

Vatican officials believe that German reunification is an idea whose time is about 40 years overdue, and are quietly preparing to facilitate the process through collaboration between Catholic bishops in East and West Germany, according to a report from the Catholic News Service published in the Feb. 22 *Catholic Herald* of Arlington, Virginia.

The article quotes a Vatican official, "In effect, the Holy See never recognized this division, which was imposed, and was never desired by the people, and you cannot deny them now the right to self-determination." The official estimated that 95% of

East Germans support the idea of unity.

Vatican officials have pointed out that while there are still deep misgivings in Poland about the Polish-German border issue, these should not deter reunification. "I think we need to help Germany to accept these borders as final," one Vatican official said. "But I think we're beyond the point of fearing a resurgence of German nationalism."

The article stresses that the Vatican has taken pains not to enter into the current debate on reunification, "But privately, officials do not hide their enthusiasm for the move."

East and West German Catholic bishops are holding their first joint postwar planning session March 7-8 in Augsburg.

British fascist calls for alliance with Russia

British fascist leader Enoch Powell called for a British-Russian military alliance against Germany, in a speech at Nottingham University on March 2 which was reported in the *Daily Telegraph* of London. Powell pointed to the likelihood of imminent German reunification and of U.S. military withdrawal from Europe. Under such conditions, he said, the small nation-states of Europe would seek protection against "an aggressive military power. They all identify that power no longer as Russia but as Germany."

Powell went on to say that such British-Russian responsibility arose from the fact that "we, each of us, effectively unaided, defeated Germany—we in 1940, Russia in 1943. Any power at war with Russia, any power at war with Britain, and *a fortiori* any power at war with both Britain and Russia is a power doomed."

Powell further said that Britain could never play its necessary role if it identified itself with continental European states, and stood or fell with continental conflicts. No British merger with France, for example, would ever work. Said Powell: "Britain, guarantor of the settlement of Europe, is by definition and by logic, a United Kingdom politically and militarily independent."

● **DAVID OWEN**, the Social Democrat and former British foreign secretary, denounced Prime Minister Margaret Thatcher for being "in danger of swallowing whole the insidious KGB propaganda that seeks to sell Mr. Gorbachov as a closet democrat." He warned that Gorbachov is becoming a dictator with power greater than most Russian czars.

● **LONRHO** chairman Tiny Rowland's connections to Britain's MI-6 intelligence service was for the first time ever brought up in the British Parliament on March 2. Labour Party parliamentarian Dale Campbell-Savours pointed out that it is "likely that MI-6 has long used Rowland as a source of information over Africa."

● **'THE SDI** seems unstoppable," said Dr. Frank Barnaby, the British anti-SDI scientist who was executive director of the Stockholm SIPRI think tank, in an interview on Danish National Radio on March 3. Barnaby cited the development of the "the x-ray laser, the so-called 'Brilliant Pebbles,' and magnetic pulse weapons."

● **EGYPTIAN PRESIDENT** Hosni Mubarak called Indian Prime Minister V.P. Singh Feb. 27 to discuss the subcontinent, the Indian press reports, likely focusing on the crisis in Kashmir. Just before the call, Pakistan's Minister of Religious Affairs Khan Bahadur Khan met with the Egyptian President, afterward calling a press conference where he highlighted Egypt's possible mediating role between India and Pakistan.

● **AN ALARMING** increase in heroin use and AIDS has been monitored in Communist China, reported Simon Long, China correspondent for the London *Guardian* on March 5. Police in the Yunnan province city of Kunming arrested more than 2,000 addicts last year.

LaRouche's SDI concept resurfaces in world debate

This statement was transcribed from remarks made by Lyndon LaRouche on March 1.

The subject is the world as it appears from the standpoint of 1) the Oleg Gordievsky series published in the *London Times* and the complementary interview in *Time* magazine; 2) the discrepancy emerging between Britain and Gorbachov, in that the Soviet leadership is now emphasizing the need for economic cooperation with Germany, as opposed to the insanity, even relative to Moscow, of Mrs. Thatcher and those like the *Sunday Washington Post* contributor, former CIA director Richard Helms, whose hatred of Germany and distorted memories of the Anglo-American alliance with Moscow during World War II blinds them to all reality of the present time, particularly as it is related to economic and other matters, and related therefore to historical processes; 3) in the same setting, we have to view the international financial crisis, and, on the obverse side, the alternative to that collapse as a total collapse. The result will be that this will appear to be a scattered memorandum covering these topics, but I think that that will not be a defect. I shall try to bring the three and their implications together in the conclusion.

First of all, is the point which is raised in today's *International Herald Tribune*. The apparent discrepancy between Oleg Gordievsky's version of events during 1982 and fact as fact is usually interpreted, or usually would be interpreted by popular opinion, including popular opinion in very high levels of government. The *International Herald Tribune* points out, in reviewing both the three-part series by Gordievsky, ostensibly, in the *London Times*, the series concluding today, and also the interview with *Time* magazine by Gordievsky, that Gordievsky insists that during 1982, the Brezhnev leadership of the Soviet Union reacted strongly to the indications that the United States was proceeding with SDI. The *International Herald Tribune* points out that Brezhnev

was totally out of the picture in November, and queries this discrepancy, or apparent discrepancy, in Gordievsky's report.

Now first, let's take it on bare fact, let's assume that Gordievsky were telling the truth, and let's look, secondly, at what he might reflect, as opposed to what he might pretend to reflect, in this *London Times* series, and in earlier published statements from London, since he has revealed himself to the public a few years ago.

Let's go back to 1982. From whence would the Soviet Union have received indications of a U.S. commitment to what was later called the SDI during 1982, during the period that Brezhnev was active?

As the *International Herald Tribune* points out, there was no official commitment, even behind the scenes, to SDI by President Reagan himself until early 1983, approximately January were the first indications I had which would show a commitment to SDI by Reagan, and late February-early March would be the first time that we had any indications pointing toward what Reagan actually announced, on March 23, 1983, in his nationally televised broadcast.

Earlier than the first of 1983, in October and November, just the time that Brezhnev was dying and already being replaced by Andropov—or the Andropov Kindergarten so to speak, the Andropov-Ogarkov Kindergarten—Dr. Edward Teller, after a long period of reluctance to do so, came out in support of what became known as SDI. That was in late October or November. But that's at a point when Brezhnev was dead, or virtually dead.

So, Gordievsky is not referring, as the *Herald Tribune* points out, to, in 1982, a commitment from the Reagan circles in his own administration. The *IHT* is right on that.

Number two, which the *IHT* does not mention, the other source which might have indicated to the public, that the United States was moving in the direction of something like SDI, would have been the Teller statements of mid-to-late

October and early November 1982. But that's at the point that Brezhnev is dying, is out of the picture, and that Andropov would have been selected to succeed Brezhnev in June-July, and his machine was taking hold. So the impulse would not have come from the Brezhnev machine, but it would have come from the Andropov machine at that point. And, implicitly, the *Herald Tribune* criticism states that that doesn't wash.

How, then, would the Brezhnev machine have seen an SDI impulse commitment coming out of the Reagan administration? There's only one source: me. And the principal sources were a series of public statements and actions, analyses—that is, an intelligible representation of the policy, corroborating what was being discussed between me and a Soviet back channel from a top official in Washington, a top representative of IMEMO, and some other Soviet chaps, as back channels, with whom I was discussing, on behalf of elements in the Reagan administration intelligence institutions.

So, in essence, if there is any truth at all to Gordievsky's reference to Brezhnev's reaction during 1982, Brezhnev was reacting apparently only to me and the efforts of my associates and myself in this connection. And, also, to the fact that the Soviet government knew at that time that I was working closely with leading elements of U.S. intelligence institutions, particularly the National Security Council.

Were there signs from Moscow that corroborate what Gordievsky says, or appear to corroborate what Gordievsky says? Yes. There was a Russian Orthodox Church leadership meeting, a public meeting at which, in March, the first negative, and strongly negative, reactions to my proposal for a Strategic Ballistic Missile Defense, were aired publicly. And this came together with an increasing role of the Soviet neo-malthusian Ivan Frolov, of the Soviet global systems analysis group section, who became a top adviser to Gorbachov, and so forth and so on.

Who is Gordievsky?

All that being said, let's go back to another subject, the subject of Gordievsky's identity.

Gordievsky presently has been a property of the Anglo-American Establishment, particularly a faction which tends to converge with Kissinger, with Kissinger's owners in London, the Chatham House or Royal Institute for International Affairs-Wilton Park group, and a group which goes back to the Trust organization, the Anglo-Soviet Trust of the 1921-27 period, a group which is still committed to that type of policy, of one-world empire in conjunction with Moscow, Moscow as the "policeman of Europe," as it was in the Holy Alliance. This would also be, on the U.S. side, the group associated with McGeorge Bundy, with Robert McNamara, and so forth and so on, the group that was the first to attack the SDI from inside the United States.

That's the group whose views Gordievsky's statements

reflect.

We know that during the summer of 1982, these circles, as well as Henry Kissinger, were reacting to my influence around Washington, with the effort to get me deep-sixed, that is, dead or in jail. This effort, while it was tied to Moscow or tied to the negotiations with Moscow, was nonetheless something which was independent of Moscow.

That's the set of questions which arises now.

First of all, are the Anglo-Americans—including those behind the Gordievsky statement in the London *Times* and the *Time* magazine interview—are these people really in lock-step with leading circles in Moscow on the Germany question?

I think not. I think Moscow is dealing with them, and dealing with this longstanding quasi-alliance with McGeorge Bundy's friends and Trust circles in Britain, while at the same time it is moving ahead to deal with a Rapallo-type orientation to Germany. Two different tracks, which seem to be the same thing sometimes, but are quite different, as I shall indicate.

So we need not make our essential judgment on what Gordievsky is; we need not consider whether Gordievsky is a Soviet mole deception agent—though he is a deception agent and has been to my knowledge since 1983, at least—or whether he's a Western deception agent of the faction of the British friends of McGeorge Bundy, or a shared effort of both. It's irrelevant to the essential point to be made.

The point that Gordievsky is making with this statement criticized as a discrepancy by today's *International Herald Tribune*, is Gordievsky's statement that I personally am at the center of the whole thing. That is the view of Moscow; that is the view of the relevant British circles; that is the view of McGeorge Bundy's circles. They all view me as the number one enemy and view my role on Strategic Ballistic Missile Defense in 1982 as the watershed for the decade of history which began to unfold in 1982, the decade of history which is now coming to the consummation of a fundamental change in the world.

Therefore, the significance of the Gordievsky remarks is that they put me up front as the number one influence in shaping the leading changes in the course of history, over the course of the 1980s, entering into the 1990s. That must be made clear, comprehensible, intelligible, to the population generally, including patriotic institutions of various countries, which need to understand what is going on in the world, that I am at the center, according to Gordievsky, and according to a strict comparison of the facts with what Gordievsky is saying.

The question of who's saying it, whether Gordievsky is saying it on Moscow's behalf, or saying it on behalf of some part of the Anglo-American Establishment which owns him, is of secondary importance. The primary thing is that the London *Times* and the *Time* magazine interview are featuring me, implicitly, as at the center of international policy-shap-

ing; this then begins to make clearer to many people why the U.S. government, after the failures to succeed in assassinating me, fell back on the option, with Soviet encouragement and demands over the 1984-86 period, that I be thrown in prison, if not assassinated.

A cultural paradigm shift

Even though the Gorbachov and Bush administrations, together with others, have unified around the satanic doctrine of ecologism—that is, the worship of the Mother Earth goddess, the Mother of Satan, variously known as Shakti, Ishtar,

The problem is, that the philosophy of government which opposed the SDI, which accepts and adapts to the rock-drug-sex counterculture, which adapts to this usurious process—this kind of mentality is incapable of addressing the tasks now before us.

Ashtar, Astarte, Cybele, or now Gaia—not all in Moscow are quite as insane as U.S. Environmental Protection Agency director William Reilly is clearly insane, as well as satanic and wildly gnostic. If you scratch a gnostic, you'll find a satanist coming out in the juices, sooner or later. The best thing you can do with a gnostic if you want to prove whether or not he's a satanist, is to exorcise him.

The relevance of this is not merely to say nasty things about my deadly enemies, the so-called ecologists or rather malthusians, but to point out a crucial problem in the strategic planning of the Anglo-Americans.

You recall that the change—what is called the cultural paradigm shift in Western civilization's governmental policies—occurred over the period between 1963 and 1967. This was a shift both to what is called the rock-drug-sex counterculture and to the proliferation of usury, instead of the proliferation of profits from industrial enterprises, the destruction of profits from industrial enterprises in order to nourish the growth of gain from usury.

This total package was spread by people who were deadly opponents of Western Christian civilization, with its emphasis laid on the individual, for example, by St. Augustine and others, the divine spark of reason, the potential creative powers of reason in the individual as being the feature of man the individual which is in the image of the living God. The shift was in favor of an oligarchical, gnostic view consistent with the traditional belief, for example, of the Russian Orthodox Church. And I must regret to say also Unitarians in the United States itself.

The model and the impetus for this came from circles which are associated with H. G. Wells, Bertrand Russell, and the professed satanist Aleister Crowley, the people who come out of the Fabian circles of John Stuart Mill, and of course the pre-Raphaelite Brotherhood of people like Benjamin Jowett, and his little friends at Oxford.

These people were literally satanists, who belonged to the school of Crowley and Nietzsche and Jung, naturally, and also related to Jaspers and Heidegger and that sort of existentialist, as well as the French existentialists of the Sartre and related variety, or the Camus circle. These are the people who propose to end the Age of Pisces, using their astrological language, that is, the Age of Christ and Western Christianity, to replace that by the emergence of, as Nietzsche said, the Age of Dionysius, or as Crowley and his satanists said, the Age of Lucifer and Dionysius.

So the rock-drug-sex counterculture was essentially what Nietzsche referred to as the "transvaluation of values" to bring the god Satan, i.e., Dionysius or Lucifer or Baal, to rule over this planet, with the destruction of Christ. This rock-drug-sex counterculture was essentially the anti-Christ, and those who wear the mark of such ecologism, the malthusian blending with the rock-drug-sex counterculture, on their forehead, are the people who in apocalyptic terms, wear the Mark of the Beast.

The spread of usury, in place of profit, industrial and agricultural profit, since the middle of the 1960s in terms of U.S. Executive Branch policy, is a complement to that. It is a rejection of scientific and technological progress as the driving force in the increase in the productive powers of labor, so that this economic policy of usury in opposition to scientific and technological progress, investment in energy-dense, capital-intensive scientific and technological progress, is complementary and coherent with the satanic aspect, that is, the rock-drug-sex counterculture.

Brzezinski and the technetronic age

Out of this came certain distinctions, such as the distinctions offered by Zbigniew Brzezinski, who is one of the people attached to this satanic cause in the 1970s. Brzezinski, for example, referred to the technetronic age.

All of these people mean New Age, in the sense that Nietzsche and Crowley referred to the Age of Dionysius, and as people around President Theodore Roosevelt were also New Agers. As a matter of fact, Roosevelt, some will recall, was the founder of what was called the "New Age Movement" of Jacob Reese et al., which later became euphemistically described as the Progressive Party, or the Progressivism movement. We have the Humanist Movement of Paul Kurtz and company, centered up around Buffalo and elsewhere, which is part of the same satanic New Age Movement.

These fellows, in order to transvalue values, had to change the definitions of words. So what Brzezinski did in particular—along with fellows up around the research labo-

ratory of electronics at MIT and similar places, or the artificial intelligence zombies around Pittsburgh—was to say, along with Norbert Wiener, who is taken as sort of the patron saint of this, that the organization of ideas, in the sense of negentropy as Wiener misdefines it with a statistical Boltzmannian definition, is a substitute for scientific and technological progress in economy in the traditional sense.

That is, says Brzezinski essentially, we're throwing away increase of the productive powers of labor insofar as they bear upon man's productive relationship to the alteration and improvement of nature in a physical way. Technology is being redefined as a reorganization of words by aid of computers. This is blended with the earlier version by Hutchins et al., of the so-called Triple Revolution, the Automation Revolution. The Automation Revolution and the Triple Revolution document of 1964 seem almost sane compared to what came out of Brzezinski's mouth three years later.

So, when they talk about science and technology today, that change in the definition of terms has come into play. It no longer means what it used to mean, during the 18th and 19th centuries, for example, or the early 20th century. They appear to say we're going to become rich by investing in computer technology, when, in point of fact, they don't understand what the relationship of the computer is to the productive process, because they do not understand the productive process.

In the same process, with the aid of this crazy, deregulated, free market economy theory, they have eradicated intellectually from inside the institutions, all economists who have any sense of economy at all. And only these people who deal with these mystical definitions of marginal utility, seem to have any influence at all, and the monetarists of that sort prevailed.

We have to be careful when talking about economy; what the term technological progress means in Germany, for example, today, or around Moscow, around the speeches of Valentin Falin, Gorbachov, and so forth, is something quite different than what the same words mean in the mouths of Margaret Thatcher and her circles, or the mouths of the Brzezinski-style, Council on Foreign Relations-style so-called economists, particularly in the United States. This is crucial.

These fellows are saying that they're going to have a recovery based on technetronic considerations, which means the investment in computer technology, with no investment to speak of in developing basic economic infrastructure—i.e., International Monetary Fund-World Bank policies over the decade of the 1980s and earlier, with no investment in capital-intensive, energy-intensive modes of realizing new scientific and technological progress. Simply by better computers, by better computer administration of the chaos, they're going to have technological improvement.

What they really mean, is they're going to find new ways to do on a grander scale what Hitler did in his slave-labor

death camp system: simply to take the unwanted, or so-called surplus part of the population and process it, through prison convict labor and similar ways, to grind it up and extract from it the accumulated investment in producing this portion of the population, and turn the product of that grinding process, that sausage made of billions of human beings, into a yield on usurious types investment in financial instruments. That's essentially what they're talking about.

So that, in a shrinking world economy, where the economy shrinks from over 5 billion persons to about 1 billion persons—which is about what the ideologues of this camp assert—the rich will get richer, at least in terms they like, those people who like to wear red coats and go chasing foxes, that's the sense of wealth, being indolent while a few slaves sustain them, this kind of Brave New World, that's what they're looking for.

That's what they're looking for in China, the grinding up of masses of Chinese into sausage in free enterprise zones, to produce steel and other wealth for the world, while the Chinese population is being reduced by being ground into sausage in this way.

That's the kind of world they're talking about. And computers and computer technology are a way of administering this process in a much more efficient way, of getting efficiently every scrap of value out of every piece of blood and flesh which is ground up by this super-Hitlerian policy which is called the "liberal perspective" of the Anglo-American liberal economist radicals today.

The human spirit rebels

The human spirit, because it is the human spirit, rejects absolutely what I've just indicated. It rejects a worldwide, deep depression of physical-economic breakdown crisis of the type going on; it aspires to sufficient economies to sustain the blood and flesh and minds of the human race as it's constituted, a stability derived from this to maintain the institutions of the nation-state on a stable basis, in a manner in which human beings are not living through a nightmare, but there is some future for themselves and their children and their posterity generally as the Preamble to our Federal Constitution affirms the points made by the Declaration of Independence and related documents earlier. That's what is wanted.

The Soviets, despite all the evil they represent, also are human, and therefore these human concerns manage to express themselves even out of the mouths of Gorbachov and others, because of the strategic validity of human interest, to any nation which wishes to continue to exist as a nation. And the Soviets certainly know that their nation's existence is in jeopardy right now—despite the fact that they have the most powerful military force on this planet. Even that military force has not protected them from a certain dissolution of their society's early collapse.

So now, they look to Germany; they say they want tech-

LaRouche's fight for strategic defense

This chronology of LaRouche's early policy statements and actions on strategic defense, documents why the Soviets were—and are—so concerned about his role.

May 31, 1977: A study commissioned by LaRouche on Soviet advances in the field of plasma physics and directed-energy technology, is published as a pamphlet entitled "Sputnik of the Seventies—The Science Behind the Soviets' Beam Weapon."

Aug. 15, 1979: LaRouche, a candidate for the 1980 Democratic presidential nomination, issues a campaign paper, "Military policy of the LaRouche administration," which says, "A LaRouche administration will have two leading points in military policy. First, commitment to the development of advanced-technology weapons able to 'kill' incoming missiles in the stratosphere; second, the establishment of universal military training—not the draft—as the means for providing the United States a pyramid of maximum in-depth war-fighting capabilities."

February 1982: LaRouche addresses an *EIR* conference in Washington, D.C., attended by many U.S. political and military officials, as well as representatives of foreign embassies and other agencies. The subject is the need for a beam weapon defense system. This is LaRouche's first public elaboration of his new strategic doctrine.

February 1982-April 1983: LaRouche functions as a back channel for the Reagan administration in exploratory discussions with Soviet representatives on the possibility of joint deployment of strategic defense systems. In this

role, he worked with officials of the CIA and National Security Council, during the tenure of William Clark.

March 1982: The National Democratic Policy Committee (NDPC), the LaRouche wing of the Democratic Party, releases a discussion memorandum by LaRouche, titled "Only Beam-Weapons Could Bring to an End the Kissingerian Age of Mutual Thermonuclear Terror: A Proposed Modern Military Policy of the United States." In it he writes, "There is no solution to the continued balance of thermonuclear terror which is not premised on the ability of at least one of the superpowers to destroy a proverbial 'ninety-nine and forty-four one-hundredths percent' of the incoming missiles and thermonuclear-armed aircraft deployed against its national homeland.

"In principle, such an anti-missile capability now exists, in the form of what are properly termed *relativistic-beam anti-missile weapons systems*. We propose, we insist, that the reformed military policy of the United States be premised upon a commitment to a 'crash program' for developing and deploying such anti-missile beam-weapon systems.

"We go further. We propose that the adoption of such a high-technology answer to the thermonuclear balance of terror become the central reference-point for a comprehensive reform of United States military doctrine and organization of the Defense Department. . . .

"The military component of Washington-Moscow negotiations must include agreement to rapid development of relativistic-beam anti-missile weapons systems by both superpowers."

Fall 1982: LaRouche addresses seminars on beam-weapons in Bonn, Munich, Paris, Strasbourg, Milan, Brussels, Madrid, and Stockholm. Senior West European military and political figures request briefings on beam defense by LaRouche and associates of his.

1983: The Fusion Energy Foundation, of which

nology. They wish technology, because they know they can't develop it by themselves. They know they need Western technology, but, while they want miniaturization from the United States and Japan, that does not mean that they are stupid enough to imagine that that kind of technology is going to save their economy. They know they need infrastructure, agriculture, and manufacturing. Infrastructure, agriculture, and manufacturing, as the ways of increasing the productive powers of labor through investment in capital-intensive, energy-intensive modes in technological and scientific progress.

That's what every sane force in this world knows is needed, particularly forces representing leading circles in society—those that are sane. There lies the discrepancy between

the Anglo-American view of Germany—as typified or reflected by the Richard Helms piece in the Feb. 25 "Outlook" section of the *Washington Post*—and on the other side, what seems to be emerging as a pro-German unification policy, around Gorbachov.

The SDI: my strategy for victory

On what basis can the United States and Western Europe throw off the scientific and technological progress needed to stabilize this planet, to prevent the greatest catastrophe imaginable, and how do my ideas and researches pertain to that, and why do the prevailing ideas in the Anglo-American Establishment fail to conform to that? That is, why is it that under my influence, the United States and its allies would

LaRouche is a member of the board, publishes the book *Beam Defense*.

April 13, 1983: *EIR* conference in Washington, D.C. on "Directed Energy Beam Weapons Technologies Can End the Era of Mutual Thermonuclear Terror: The Military, Economic, and Strategic Implications of Energy Beam Weapons."

June 15, 1983: *EIR* publishes Special Report, "The Economic Impact of Relativistic Beam Technologies."

Nov. 9, 1983: LaRouche addresses *EIR* conference in Rome on "Beam Weapons: The Strategic Implications for Western Europe." Among those in the sizeable audience are no fewer than 10 Soviet intelligence operatives. (On Nov. 15, the Soviet daily *Izvestia* publishes a broadside attacking LaRouche and the "troglydites" sponsoring the conference.)

Similar conferences are held in Bonn and Paris, in which LaRouche outlines a new strategy for the Atlantic Alliance. The doctrine of "flexible response" must be replaced by a strategy that defends Western Europe, especially Germany, without defense equalling self-destruction. This could only be done through a European Tactical Defense Initiative (TDI) program complementing the American SDI. Besides directed-energy systems in a counter-missile and counter-air role, ground warfare had to be reshaped by new electromagnetic weaponry, including radio-frequency weapons.

March 30, 1984: LaRouche writes a "Draft memorandum of agreement between the United States of America and the U.S.S.R.," which includes an emphasis on the beam-weapon defense issue. "If both powers and their allies," he argues, "were to deploy simultaneously the 'strategic' and 'tactical' defensive systems implicit in 'new physical principles,' the abrupt shift to overwhelming advantage of the defense would raise qualitatively the threshold for general warfare."

succeed in what the Soviets think we might be able to do, or what they might think the Germans might be able to do, and why, without the kind of influence I represent, must the United States fail, catastrophically, on this point, of the relationship between science and technology on the one side, and increase in the productive powers of labor on the other side?

That goes right to the same issue as the SDI. From my standpoint, when I presented the SDI, I was presenting in part ideas which were not developed by me, but adopted by me, ideas which depended to a significant degree on demonstrations of feasibility by scientific laboratories and kindred circles in the United States and around the world. The technologies existed and were feasible.

My particular function was to show an interrelationship, between, first, a demonstration of the economic feasibility of such a program undertaking.

The fullscale SDI or the fullscale Strategic Ballistic Missile Defense, based on new physical principles, and the spillover of the technologies employed in those defense technologies into the civilian economy, to the effect that the increase in productivity per capita, would provide a tax revenue base such that the tax revenue from that tax revenue base at current tax rates would show a profit to the United States government, for example, on the account of the SDI investment.

That is, apart from the fact that the SDI would require—this is a 1982 calculation by me—a \$200 billion approximate investment to put it in place, apart from the fact we had to make that investment, that we had to ante up that investment, of about \$200 billion before we got a big payoff, after that point, we should not increase beyond that investment in SDI in terms of net cost to the U.S. government, because at that point, as we saw in the aerospace program of the 1960s, the tax revenue base's expansion by the spillover of SDI technology into the civilian sector, would increase the tax revenue base so rapidly that the increased tax revenues, without increasing tax rates, pouring into the U.S. Treasury, would exceed the additional outlays for SDI maintenance and development, by a large margin. That was the essential economic feasibility.

The second part of the feasibility, was the relation to the strategic question. By increasing the rate of per capita output of the Western part of the world, that is, ostensibly, the part of the world under the influence of Western Christian civilization, we would have the economic means to solve the problems of the Soviet and Communist Chinese economies, which the Soviet and Communist Chinese economies could not solve internally, because of their cultural and related philosophical problems.

So, it was the strategy for victory, without war, with the included necessary means of a new deterrence, a new containment of the impulse toward war, as the means of forcing upon the world, shall we say, the economic solution, the economic road to peace. By making war unprofitable through SDI, we force the world to find a non-war solution, or at least a non-general war solution to the problems besetting it. That was the purpose of SDI.

The problem is, that the philosophy of government which opposed the SDI, which accepts and adapts to the rock-drug-sex counterculture, which adapts to this usurious process, and so forth—this kind of mentality is incapable of addressing the tasks now before us.

What is needed is the mentality which was behind the development of Strategic Ballistic Missile Defense proposals in the United States and elsewhere during 1982, and that comes back to me. And that is the subject which I must address, sub-topic by sub-topic, over the coming period.

Will prosecutor murder his witness to 'get' LaRouche?

In one of the most shocking instances of what political prisoner Lyndon LaRouche has termed "administrative fascism" in America, an Illinois state prosecutor on March 7 put an elderly woman on the witness stand, raked her over the coals to try—unsuccessfully—to get her to charge three associates of LaRouche with "robbing" her, and, when she suffered a stroke on the stand after 45 minutes of testimony, he demanded that she resume her testimony the following week.

The ugly scene took place in Ogle County, Illinois, where State's Attorney Dennis Schumacher, the local enforcer for the nationally directed "Get LaRouche" Task Force and the state task force run by Illinois Attorney General Neil Hartigan, have brought a political frameup trial against Patricia Noble-Schenk, Ron Fredman, and Richard Blomquist, all associates of LaRouche. Schumacher charges the three with "robbery" and "burglary" against Mrs. Harriet Driver, an 89-year-old political supporter of LaRouche, whose family and stock-broker connived to force her to cease her financial support for LaRouche's political movement.

Michael Null, the attorney for the three defendants, told the Court that Schumacher's request to continue Mrs. Driver's testimony on March 12, despite her stroke, is immoral, unethical, and reckless. He charged that Mrs. Driver is merely considered by Schumacher as bait to convict the defendants, even if it means doing so at the expense of her life. Null requested a dismissal of the case and, on the basis of these developments, has said that he will not cross examine Mrs. Driver if she is forced to retake the stand. As he told both the Court and the press, if Harriet Driver's life and well-being are to be put at risk, the consequences will be for Schumacher and the rest of the "Get LaRouche" Task Force to account for.

Judge Alan Cargerman reserved a ruling on the ultimate disposition of the case until March 12, when Schumacher

can give a more specific account of Mrs. Driver's medical condition.

LaRouche: 'I cry for justice'

LaRouche, who is currently incarcerated in a federal prison in Rochester, Minnesota on phony "conspiracy" charges, issued two statements on the case on March 8.

Referring to Schumacher's decision to force the stricken woman back to the stand, LaRouche said, "This is an example of brutality beyond belief. What does Schumacher wish to do? Does he wish to kill the woman? He appears to be in total reckless disregard of the fact that he might.

"Now, in the case as a whole, Schumacher has continually pressed this woman, who is a supporter of mine, to testify against three of my friends. It's a completely fraudulent charge, it's a charge of robbery. Mrs. Driver had given contributions on a number of occasions, and Mr. Schumacher, desperate to have some sort of Illinois criminal case against me and my associates, has attempted to armtwist, intimidate this woman into telling the lies she has refused to tell. . . .

"Mr. Schumacher is a part of a federal, multi-agency, multi-state, prosecution, which on the state level, is associated with my enemies in the Democratic Party, enemies in the Democratic Party, who happen to fear my candidacy, and that of my friends.

"This fear became most acute in March of 1986, when, as had been forecast a year before, by the Democratic Party's official forecaster for the state of Illinois, two of my friends won top positions in the Democratic primary of March 1986, and others who did not win, made very credible, very substantial showings.

"The Democratic Party is afraid of the power of my faction among Democratic Party voters, particularly as the crisis comes on and their policies are discredited."

In a second statement released to the press, LaRouche added, "To describe Mr. Schumacher's conduct as 'zealous' would be perhaps the understatement of the decade. Mr. Schumacher manifests a passion, an irrational hatred, a zeal to victimize my friends, a complete disregard for all fact and truth, and he has cared not that, in the attempt to pursue his wicked ends by aid of a criminal trial which should never have been conceived, he has driven Harriet Driver, a sweet, delightful, valuable person, to a stroke on the witness stand, purely as a result of the evil permeating his malicious zeal in this unholy cause of his. . . ."

"If he were an honorable man, on this occasion, Illinois Attorney General Neil Hartigan would do the decent thing and resign his office. Because it's his hand which is rather immediately behind Schumacher. Certain elements in the U.S. Department of Justice should also come out and tender their resignations over this affair, because they, too, are immediately behind Schumacher's actions and are his accomplices.

"I cry for justice. I cry it for Harriet Driver, the victim of the prosecution in this case, and I cry it for all those others who have suffered, those who have suffered under the administration of President George Bush on this account."

LaRouche's statement was seconded by Amelia Boynton-Robinson, a distinguished civil rights leader from Alabama and collaborator of the late Dr. Martin Luther King. In a statement released March 8, she called for a day of prayer and candlelight vigils for justice for Mrs. Driver.

"It is unbelievable to think," she said, "that men dressed in robes of black and pretending to be practicing law according to the U.S. Constitution, sitting upon the throne of justice, with a bible of constitutional rights of this United States of America, could defy God and the constitutional rules and regulations and deal with a human being with such abuse, with no mercy. . . ."

"'Vengeance is mine, I will repay,' saith the Lord. Let us do our own part by having a prayer vigil through the entire United States and the entire world, asking God to remove these stumbling blocks of injustice that have caused citizens to cry out in mental pain: 'How long, Oh, God? How long, before You will remove these stumbling blocks which obstruct Your justice?'"

Case should never have come to trial

The case against the three LaRouche associates has been a blatant political frameup since its inception. Schumacher has charged each defendant with three counts of burglary, one count of robbery, one count of theft by threat, and one count of intimidation, claiming that they forced Mrs. Driver to make contributions to publications and companies associated with LaRouche's political movement.

Yet Mrs. Driver herself was a very reluctant witness. Throughout her testimony, she continued to refer to the defendants by their first names, and described the reasons for

her political support. In a fashion hardly consistent with that of someone who has been robbed, she described each of the series of conversations and visits that occurred with "Pat and Ron." The worst she had to say was that she had been victimized and had acted "like a fool." Never did she say she had been robbed, threatened, or had ever felt afraid. Her testimony demonstrated that she has been pressured to testify, and that pressure has been applied by Schumacher as well as by family members. It is known that Mrs. Driver's health has been a concern among her friends, as a result of the pressure she felt from Schumacher.

When the trial opened on March 7, defense attorney Michael Null, in his opening statement, stressed that this is a political trial. Mrs. Driver contributed willingly to the cause represented by the defendants, he said, because she wanted to be part of the LaRouche movement, and was "thrilled to death to make a difference." She only stopped giving money at the urging of her financial adviser and family members.

"Harriet Driver was perfectly happy to contribute to a cause she thought would change the world," Null said. "She did not want to die without making a difference. She did not and was not held hostage by anybody."

Null said the defendants are part of a movement that is trying to change the world. LaRouche is a political dissident, like Andrei Sakharov or Nelson Mandela. The movement is trying to promote ideas about politics, philosophy, morality, and aesthetics. All movements need money, and these defendants raised some of the money for this movement.

Null told the jury that contrary to what they had been told, the LaRouche movement is not "far out" or extremist. They promote ideas which jurors will find are consonant with many of their own beliefs. They have been fighting satanism. They have been promoting policies to help farmers, to stop AIDS. They support people who run for office, like Mark Fairchild and Janice Hart, who won Democratic primaries in Illinois in 1986.

Michael Billington, the associate of LaRouche who was sentenced by a Virginia state court to 77 years in prison for political fundraising, on top of a 3-year federal sentence for the same alleged "crimes," was transferred to the federal penitentiary in Petersburg, Va. on March 6, and swiftly placed in administrative detention, also known as "the Hole." No reason was given. Billington has been subjected to continuous harassment in the prison system, since his jailing with Lyndon LaRouche and five others in January 1989. He has been held in lengthy solitary confinement and, in the Danbury, Connecticut federal prison, where he was incarcerated before his transfer to Petersburg, he was also confined in "the Hole."

Mystery surrounds Eagleburger's no-show at Senate hearings

by Scott Thompson

On March 8, Deputy Secretary of State Lawrence Eagleburger was scheduled to testify before the Senate Foreign Relations Committee on his new responsibilities as Presidential Coordinator for Eastern European Assistance, following his tour of that region from Feb. 20-27. At the last moment, the hearings were abruptly postponed by Eagleburger, and neither the Senate Committee nor the State Department could explain his decision.

One explanation for this mysterious cancellation may be the following: Just as Larry Eagleburger was about to leave on his inspection tour of Eastern Europe, the *New York Times*, *Washington Post*, and *Newsweek* had caught him in a major conflict-of-interest story involving his advice to the U.S. Ambassador to Hungary, R. Mark Palmer, that Palmer remain in that post until the moment he became chief executive officer of the Central European Development Corporation (CEDC) that set up shop to operate in Hungary on Jan. 25.

The scandal not only set a new low in sleaze for the Bush administration, but former U.S. State Department security and intelligence personnel say that at root this story may have everything to do with why alleged Soviet spy Felix Bloch has not been indicted. (See *EIR*, March 9, 1990, "Polygraphing PFIAB: the Bloch affair").

Ever since his confirmation hearings in March 1989 before the Senate Foreign Relations Committee, certain Committee members, including Sen. Jesse Helms (R-N.C.), have been trying to pin Eagleburger down on the conflicts they thought would arise from his previous job as president of Henry Kissinger's global influence-peddling firm, Kissinger Associates, Inc. Perhaps with Kissinger's resignation from the President's Foreign Intelligence Advisory Board (PFIAB) in late January under a cloud of conflict-of-interest charges, Larry Eagleburger thought that the next shoe to drop might be himself.

A new low in sleaze

The senators certainly have a lot to grill Larry Eagleburger on. As Thomas Friedman documented in a Jan. 27 article for the *New York Times* entitled "U.S. Envoy to Hungary Quits Over Investor Ties," when Secretary Baker learned of the potential flap created by Eagleburger's advice to Palmer,

he demanded Palmer's immediate resignation as ambassador.

The CEDC, whose chairman is the Estée Lauder cosmetics heir and former U.S. ambassador to Austria Ronald Lauder, publicly launched its operations on Jan. 25 with the announcement that it had anted up \$10 million for a 50% share in the Budapest, Hungary bank named the General Banking and Trust Company. Investors in the CEDC include a business partner of booze baron Edgar Bronfman, namely real estate magnate Albert Reichmann of Olympia and York Development Corporation, Ltd. in Toronto, and investment manager Andrew Sarlos, who is also of Toronto.

Well-informed sources state that even while he is still employed by the U.S. State Department, Palmer is busy trying to put together a banking group that will transform Budapest into a shady financial services center like Beirut, Lebanon or Tangiers, Morocco, where anything and everything goes. Palmer's action, said *Newsweek* in its Feb. 5 issue, "seems especially blatant—and risks creating a new standard of impropriety. As one State Department employee says, 'The only thing everyone was asking was, 'Gee, I wonder if I can cut a deal like that?'"

This sort of scandal fits like a glove the practices of Henry Kissinger, who is allegedly a business partner of the CEDC. Since Henry's appointment to PFIAB in 1984 and especially with President George Bush's choice of Eagleburger to be number-two at State, and of Kissinger Associates vice-chairman Gen. Brent Scowcroft to be Assistant to the President for National Security Affairs, it seems Henry and the "Scowgleburger duo" have been shaping the policy of the Bush administration so that Henry could line his pockets with fat fees.

Nowhere was this more true than when Henry advised President Bush to kowtow to Deng Xiaoping after the June 4, 1989 Tiananmen Square massacre, because Henry's clients had billions of dollars of investment at risk if tougher economic sanctions of the sort voted for by the U.S. Congress had been imposed. In fact, Henry's potential conflict of interest was so great, that a member of the U.S. Office of Government Ethics suggested to *EIR* that a criminal complaint be filed with the U.S. Justice Department for possible violation of United States Criminal Code Title 18, Sec. 208—a felony

count carrying a maximum two-year sentence. On Feb. 27, *EIR* investigators filed that complaint.

Now, after helping, in the words of Sen. Joseph Biden (D-Del.) "to dampen, if not crush the revolution in China," it appears that Larry Eagleburger intends to use his post in charge of Eastern Europe for Henry Kissinger and other associates to make fat profits off the back of the revolution that leapt from Tiananmen Square to that region.

Fool's gold

Before he lined up a lucrative job with Ronald Lauder's consortium, Ambassador R. Mark Palmer had said at a meeting of the Budapest Chamber of Commerce: "The gold rush is on in Hungary. Budapest is a boom town." Lauder's CEDC has announced that it will stake its claims in that "gold rush" by engaging in such oligarchic forms of investment as real estate speculation and tourism.

Residents of Houston, Texas and many other American cities that are facing the effects of today's depression, know perfectly well the disaster caused by this combination, once other forms of real economic activity stop. And this is no solution to the real problems in Eastern Europe resulting from decades of looting by the Soviet Union.

Yet, in his March 6 testimony before the House Budget Committee, Eagleburger endorsed precisely this same oligarchic model of investment. While Eagleburger acknowledged that on his recent tour of Eastern Europe, leaders there were clamoring for investment in costly infrastructure and new energy sources of the sort that the Soviets had denied them, he said that the Fiscal Year 1991 budget will only provide \$300 million in aid to Eastern Europe. He justified this niggardly sum to one congressman by saying: "In the 1970s the U.S. dumped money into Eastern Europe. We got very little in return. The President will not let that happen again. Now, our basic philosophic approach is to encourage private investment, while the U.S. government concentrates upon teaching Eastern European nations accounting and banking. It's a lot cheaper that way."

What Eagleburger meant by teaching Eastern Europeans banking instead of building the infrastructure they want and need, became clear when a congressman asked whether the United States might not take money earmarked for the World Bank, International Monetary Fund, and United Nations and invest it instead in Eastern Europe. Eagleburger responded: "We must pay our arrears to these transnational institutions. The President feels most strongly about this arrears thing to the IMF, World Bank, and United Nations. We especially want to fund U.N. programs for the environment. . . . Our aid to Eastern Europe comes with conditions, which are: an end to the communist party, a multi-party system, and free market mechanisms. We also are concerned about the question of the environment in Eastern Europe."

This IMF-style approach stands in stark contrast with that of physical economist Lyndon H. LaRouche, Jr., who has

called for creating a triangle of high-speed rail transport and nuclear power plants from Paris to Berlin to Vienna into which the productive equivalent of Japan might be developed. This locomotive of the world economy is of immediate concern to the United States. Given the accelerating rate of collapse of America's physical economy, not to mention an impending blowout of the financial structure, the United States desperately needs to be involved in centers producing new profits in terms of real goods. Thus, LaRouche called this triangle, "The goose that lays the golden eggs."

But the eggs of the silly goose contemplated by Eagleburger will be made of fool's gold. Eagleburger's new job calls for him to implement the President's Support Eastern European Democracy (SEED) Act, which places most of its investment money in "private enterprise," namely the creation in Poland, Hungary, and so forth of Hong Kong-style "free enterprise zones," where for minimal capital investment Western financiers can exploit Eastern labor at coolie wages.

That is exactly what Eagleburger's insistence on Adam Smith-style "market mechanisms" means, as the case of Poland illustrates. The Solidarity government of Poland is facing collapse, because they have followed IMF demands to stop price subsidies, causing consumer prices for basics like food to rise from 50-600%, while wages remain fixed. Ultimately, the reason the IMF demands such austerity, which is reaching genocidal proportions in Ibero-America, is to ensure the debt service payments over the short-term to Western banks (like Kissinger's client Chase Manhattan Bank) that are now to exploit cheap Eastern labor through deals like R. Mark Palmer's banking consortium.

The last thing Americans should want is Eagleburger's IMF model to be implemented, since it will force them to compete with Eastern European workers, who are being paid the equivalent of what their Soviet masters had paid them. LaRouche's triangle, however, would mean real development with decent wages that would create a new export market for U.S. goods, as well as generating profits to stop the financial collapse of America.

This IMF-style looting approach, that means fat profits for the likes of Eagleburger's associates, Henry Kissinger and R. Mark Palmer, should come as no surprise. Sources in Yugoslavia report to *EIR* that when Larry Eagleburger was U.S. Ambassador to that country from 1977-81, he convinced them to produce for export the Yugo automobile, which has nearly bankrupted the country, while Yugo board member Larry Eagleburger and Henry Kissinger (whose firm had Yugo as a client) came out about the only ones to profit. Another Yugoslav business on whose board Eagleburger sat until his new job at State, the LBS Bank of New York, was convicted in September 1989 of money-laundering charges in Philadelphia as part of what bank officials thought would be an attempt to violate the Munitions Control Act. That's potentially what Palmer's CEDC swindle may be about.

Depopulation bills deluge Congress

by Linda Everett

Despite daily headlines screeching about how our shrinking workforce is unable to support the growing elderly population—now two taxpayers pay into each retiree's Social Security benefits whereas the ratio was once 40 taxpayers supporting each individual beneficiary—the malthusian lobby is right now peppering the nation's capital with a barrage of bills that, if not derailed, threatens to put in place both the apparatus and funding commitment that will wipe out even more of future generations in this country and among the developing sector nations.

The bills represent one arm of a major campaign by the same eco-fascist depopulation lobby, who would rather let hundreds of millions in the Third World die than allow the development of "environmentally offensive" industry, and who have proposed spending \$10 billion a year to limit to two the number of children per family worldwide—so as not to damage the planet. What is increasingly clear is that both the depopulation lobby and feminists in the United States are promoting the use of abortion as a contraceptive—as Molly Yard, president of the National Organization for Women (NOW) pointed out last July. Yard said at that time that abortion "is not just about a woman's rights but about life on this planet." If the present population growth rate continues, she warned, it will lead to "a catastrophe."

New abortion drugs

Included in this campaign is the massive push for broad use of the new chemical abortion called RU-486, developed by the French drug firm Roussel-UCLAF. The drug is currently used in France for inducing first trimester abortions by blocking the hormone progesterone which is critical to maintaining the pregnancy. But RU-486 is targeted for use in this country as the most effective "contraceptive" for American teenagers. Proponents believe they will have better "control" over the teen pregnancy crisis by distributing RU-486 in school clinics as a once-a-month abortion-contraceptive. RU-486 is the initial and main thrust in each of the following bills calling for research into new contraceptives.

Representatives Claudine Schneider (R-R.I.) and Pete Kostmayer (D-Pa.) have called for doubling U.S. family planning funds to carry out the World Bank's program of

getting 72% of the Third World's population on contraceptives to cut birth rates, as the "first line of defense against environmental destruction in the developing world." Their bill, the International Voluntary Family Planning Act (H.R. 4075) targets sub-Saharan Africa, not as a recipient of food, but for \$500 million in research into family planning information and contraception. But, as one editor pointedly wrote, "You can't eat condoms."

Representative Pat Schroeder (D-Colo.), who has charged U.S. anti-abortion groups with "medical McCarthyism" and being the cause of every crisis from the lack of funding for fetal tissue research to scaring off birth control researchers, has introduced H.R. 2956 and H.R. 173 with cosponsor Rep. Olympia Snowe (R-Me.). The bills, actually launched by Schroeder in conjunction with Planned Parenthood, would establish five new research centers under the National Institutes of Child Health and Development (NICHD). Three would concentrate on research and development of new forms of birth control and two on the treatment of infertility. Despite the fact that contraception research is going full blast at NICHD and at many institutions around the country with hefty government and private funding, H.R. 2956 and a similar bill, S. 2215, introduced by Senators Tom Harkin (D-Iowa) and Mark Hatfield (R-Ore.), call for \$20 million in funding for each institution for the next two fiscal years, and \$12 to \$13 million each for the following three years. The bills would pay \$20,000 of each health professional's education loan for each year of service he dedicates to contraception research. Other federally funded inducements are offered to U.S. drug companies to expand availability of new contraceptives.

Hiking the abortion rate

Sen. Ted Kennedy (D-Mass.) has introduced two bills, S. 110 and S. 120, and Rep. Henry Waxman (D-Calif.) has introduced H.R. 930, which would drastically expand funding for the Planned Parenthood's favorite bread-and-butter contract, Titles 10 and 20 of the Public Health Service Act to research "new contraceptives" and train family planning personnel; fund abortions and school based clinics; expand state family planning services; profile target populations; and reauthorize the adolescent family life projects. The bills would revoke the Reagan-era regulations that banned the use of Title 10 funds for abortion counseling or referral. These regulations are being contested in court by Planned Parenthood, the largest provider in the government's family services contracts nationally.

The Freedom of Choice Act, H.R. 3700 sponsored by Rep. Don Edwards (D-Calif.), and its companion bill, S. 1912, sponsored by Sen. Alan Cranston (D-Calif.), intend to establish abortion on demand as a federal policy, eliminating any restriction by the states.

All this, while the birth rate in the United States sank below replacement levels years ago.

Defense budget: no defense, no economy

by Leo F. Scanlon

"This will be the biggest plant closing—because that's what it is—since the great depression." This was the stark assessment of one Republican congressman when presented with the budget-driven troop reductions being proposed for the U.S. Army in the months ahead. The remark encapsulates the picture emerging from this year's defense budget debate—not only will the U.S. be left defenseless, but the defense cuts are exacerbating unemployment and accelerating the collapse of the defense industrial base.

House Armed Services Committee chairman Rep. Les Aspin (D-Wisc.), provoked the remark when he told Army Chief of Staff Gen. Carl Vuono that budget pressures facing the Congress will force cuts in Army strength by "much more than 165,000" in the immediate period ahead.

Testimony from Assistant Secretary of Defense Paul Wolfowitz to the House Armed Services Committee on the latest Defense Planning Guidance memorandum indicated that the Bush administration is already engaged in a revolutionary process whereby the administration, for the first time, is planning troop cuts globally on a budgetary basis, cuts which are far in excess of levels being considered under the arms control negotiations.

But Aspin is demanding an even faster demobilization of U.S. Armed Forces. The optimists in the Pentagon say that Aspin is trying to compress a Pollyanna view of the next five years of East-West relations onto one year of budget cuts. This year's crisis, warns Aspin, "will fade into insignificance when we begin to deal with the 1991 budget." Aspin predicted that the 65,000 troops the Army is scheduled to withdraw from Europe on the three-year timetable planned by the Conventional Forces in Europe agreement, will all come out in 1991, and will straightaway be retired from the force.

The immediate fight was provoked when the House Democratic leadership, led by Aspin, reneged on negotiated agreements which would have allowed the Pentagon to protect military personnel and their training budgets from the hatchet blow of a Gramm-Rudman sequester. But the sequester was triggered by the administration itself, on the bizarre premise that using a mathematical formula to limit spending would prevent the Congress from destroying the defense budget wholesale. By calling the bluff on this gambit, Aspin has threatened to force 68,000 soldiers, sailors, and airmen out of the service between May and October of this year.

Some Pentagon officials are beginning to react to this

process in unusually strong terms, an indication of how serious the situation must be. Army officials angrily denounced Aspin's suggestion as "a devastating act on the Army" which "would destroy an instrument of national policy." Army Chief of Staff Gen. Carl Vuono emphasized that a precipitous demobilization would "fracture the force"—i.e., wipe out the very premise of the volunteer army. Aspin chided, "I hope you guys are not letting your rhetoric run away from you, because your problem is your enemy is leaving you, and that number [of reductions] is not going to make it." Vuono shot back, "Well, I hope you're prepared for the consequences."

Gen. John Galvin, the head of NATO military forces in Europe, told the Congress that he did not consider the numbers planned by the administration sufficient to deter the Soviets in Europe. Air Force Chief of Staff Gen. Larry Welch told the Congress that the service chiefs are very uncomfortable with the 195,000/30,000 formula negotiated in Ottawa, Canada for U.S. troop strength levels in Europe. Air Force Secretary Donald Rice told Nunn that the agreement was widely opposed within the military, and was "being reviewed" within the administration.

According to an aide to Joint Chiefs of Staff head Colin Powell, interviewed by defense reporters, the entire issue of troop levels in Europe was never presented to the chiefs for discussion—contrary to testimony given to Congress by Powell in February.

Pentagon rejects Webster's Gorbophilia

The biggest problem confronting the Defense Department in Congress is coming from its "friends" in the CIA. Agency Director William Webster appeared before the Congress and asserted, "It is highly unlikely that there ever will be a reversal of the collapsing military threat from Soviet and Warsaw Pact forces in Europe, even if Soviet reformer Mikhail Gorbachov is ousted from power and replaced by a repressive hardliner." Defense Secretary Cheney said in a CNN interview that Webster's statement "creates problems" and was "not helpful."

Alluding to the noted lack of clairvoyance in Langley, Virginia, Cheney continued, "I'd point out that no one predicted what's transpired in the Soviet Union. . . . So I'm a little reluctant to make hard and fast judgements . . . that assume that the Soviets will never again adopt a hostile policy toward the rest of the world. To suggest that somehow we can make a decision now, based on the trends we've seen . . . that the Soviets will never again constitute a significant military threat I just think is wrong, and it's dangerous business."

On March 8, a Pentagon spokesman stated openly its disagreement with Webster that changes in the Soviet Union could in any way be considered irreversible. What is at least partially clear to some military thinkers, is that global economic and political instability is a growing, serious threat.

ILA takeover: DoJ fascism in action

On Feb. 14, the U.S. Department of Justice filed a civil RICO (Racketeering Influenced and Corrupt Organizations) suit targeting six locals of the International Longshoremen's Association (ILA), their executive boards, 32 present or former officials of these unions, and several employers in industries involved in port activities. The suit marks the 12th time that the DoJ has used the civil provisions of RICO to target trade union or industrial organizations, and was described by the Justice Department as "an effort to put an entire economic marketplace, the New York and New Jersey waterfront, under court supervision."

Following on similar actions against New York City's Fulton Fish Market, and the intervention to take over the International Brotherhood of Teamsters, this suit establishes the Department of Justice as the "lead agency" in the creation of corporatist economic control over what remains of basic industry in the United States.

The salient political fact which marks the ILA for destruction by the Bush administration at this time, is the union's resistance—over many decades—to any economic or political accommodation to communist tyrannies.

In an interview made available to *EIR*, a senior FBI investigator outlined the features of the "Enterprise Theory of Investigation" which governs federal law enforcement investigative practice, especially the procedures which generate such politically motivated legal actions. The "Enterprise Theory" evolved in support of the purposes of the RICO Act, and replaces traditional criminal law with a sociological theory which states that any social formation (trade union, industry, political or religious group) which is not under government regulation is implicitly corrupt or criminal. According to its guidelines, the FBI is charged to identify, investigate, penetrate, and ultimately destroy such "enterprises"—whether they have ever committed a crime or not.

The suit against the ILA incorporates a record of prosecutions, convictions, allegations, and rumors dating back to 1967, to establish the alleged existence of four classes of "enterprise" which encompass the defendants. They are, according to the complaint, "the Genovese Organized Crime Family Class, the Gambino Organized Crime Family Class, the Westies Organized Crime Group Class, and the Employer Class." The civil RICO case rests on the assertion that these "enterprises" constitute "ongoing criminal conspiracies," mostly because of past criminal convictions of certain members of the "class."

An FBI agent who specializes in such investigations explained, "We're changing our whole way of doing business, by looking first at the enterprise, and then at the crimes being committed." He emphasized that this is a reversal of traditional criminal practice, which starts with the crime, and then proceeds to a prosecution. The "Enterprise Theory" gives the government the leeway to choose a target even in the absence of evidence of criminal activity. "All it boils down to," he said, "is you begin with an enterprise, and you find out what that enterprise is involved in, whether it be white collar crime, whether it be corruption, or organized crime, or whatever it be. You know the same principles apply."

The material which is gathered during such an investigation, as in the ILA suit, is aggregated with criminal records of anyone who was ever related to or associated with any member of the "enterprise." The ILA suit includes unproven allegations dating back more than 20 years, as part of the proofs of the "conspiracy." This material thus becomes the "feed stock" for continuous legal attack against the targeted group.

The investigator described the options this produces for the prosecutor: "There's two ways civil RICO can come about. One would be that it would be the fallout, the aftermath of a criminal investigation, such as the Colombo case. We prosecuted the Colombo case. . . . Then we turned around and we sued, took the evidence in that case, and used that with other evidence that wasn't prosecuted, and brought a civil action against the Colombo family, the Cosa Nostra, and the District Council of the Cement Workers here in New York—to get them to change."

Political police

The purpose of the prosecution is to shift the "behavior" or the politics of the union. "Basically the theory there was, 'Look you union people, these mob guys did all these things with your union and was in this industry because of your union, and you didn't do anything to stop it,' and for the most part they folded on it.

"So what we're doing is saying, 'Hey, we'll put you in jail, and then we're going to sue you, and we're going to take this away from you, and we're going to take that away from you, and if we catch you with this union guy, or that union guy' . . . and by the way, all those union guys that helped—we're throwing them out. . . . Now all of a sudden you hope that some democracy can exist and that the unions no longer will be in the hands of these people."

The RICO statute and the "Enterprise Theory of Investigation" are the mechanisms which allow the DoJ to control political activity behind the mask of law enforcement. "The bottom line is," according to the authors of this device, "are we in the business of putting people in jail? Or are we in the business, in the Department of Justice, of changing conditions so that criminality cannot exist?"

Cardinal O'Connor hits rock music

The New York archbishop said Ozzy Osbourne was the devil's helper; the New Dark Age crowd cried, "medievalism!"

In a much-needed intervention against the proliferation of Satanism in the U.S., New York's outspoken John Cardinal O'Connor issued a scathing denunciation of rock music, warning that its heavy metal varieties, in particular, can lead to devil worship and Satanic behavior.

"Some music is a help to the devil," and is tantamount to "pornography in sound," O'Connor stated, in a Lenten sermon at St. Patrick's Cathedral March 4.

O'Connor's remarks go directly to one of the major contributors to America's moral and cultural disintegration. As *EIR* has documented in various articles over the past year, and in a new *Special Report*, "Satanism: Crime Wave of the '90s," rock music was deliberately created as a weapon to break down the moral and intellectual potentialities of young people especially, making them vulnerable to being lured into drug use, promiscuity, and, once so compromised, into overt Satanism.

This connection was emphasized by Cardinal O'Connor, who warned that the practice of Satanism is definitely on the march. "Diabolically instigated violence is on the rise," he said, pointing to abortion and divorce, as well as to more obviously diabolical rituals.

The Cardinal drew a direct relationship between the spread of heavy metal rock, and the spread of Satanic practices. "Certain types of rock music can help trap people, especially teenagers," into "disgraceful practices," such as performing Black Masses in cemeteries, he said, adding that these rituals frequently end in suicide,

with the victim chanting, 'I'm going home to Satan.'

As signs of the growing incidences of Satanism, O'Connor noted that law-enforcement officials now find it necessary to meet regularly to discuss the rise in Satanic cult activity, and also revealed that two exorcisms—an extraordinarily high number—had been performed in the New York archdiocese during the past year.

The Cardinal's sermon caused an uproar. One of the first to respond was heavy metalist Ozzy Osbourne, whose record, "Suicide Solution," was singled out by O'Connor as an example of the kind that can lead to "diabolically instigated violence."

Osbourne, who was formerly with the rock group Black Sabbath, and is known for such burnt offerings as his "Speak the Devil" album, fired off a telegram to O'Connor whining that he had "insulted the intelligence of rock fans all over the world." Osbourne called O'Connor "ignorant about the meaning of my songs," and said he wanted to meet him "in private" to discuss the matter. With typical Satanic blasphemy, Osbourne signed his missive, "God bless you."

Osbourne wasn't the only one to leap to Satanism's defense. The New York media went wild; one paper ran a cartoon depicting "Johnny O'Connor and the Exorcists" rock band.

On one TV interview show, the editor of the pro-rock *Rolling Stone* magazine attacked O'Connor's statements as being "medieval," and insisted that O'Connor was taking a simple social and cultural question of entertainment and moving it into the realm of "the metaphysical." Evil didn't

suddenly disappear after the Middle Ages ended, retorted Msgr. William Smith, a spokesman for the archdiocese, who appeared on the same show. Smith said that the Church was concerned about the spread and growth of Satanic cults, and emphasized that it was important for people to become aware of the nature of heavy metal, because it promoted death and suicide, among other evils.

That O'Connor's head-on blast against Satanism and its "musical" expression has met such an enraged reaction may be shocking, but it is not surprising. Satanism has become an important force among sections of the U.S. elite; and a heavy investment has been made in spreading Satanism to the general population, through such devices as rock music, the Dungeons & Dragons game, and related, supposedly harmless activities.

Yet, there are enough people who are still sufficiently moral, that, if given the necessary information and leadership, a successful battle could be waged against Satanism. A case in point is the campaign to shut down Ozzy Osbourne's European concert tour, which the Anti-Drug Coalition led last summer.

A European-wide group associated with Helga Zepp-LaRouche, wife of imprisoned American anti-drug fighter Lyndon LaRouche, the ADC was able to rally parents and children, ministers and priests, teachers, and students, and some political officials against the Osbourne tour.

The ADC campaign was supported by various organizations, including the Swedish League of Housewives, and culminated in a major victory in Zofingen, Switzerland, when the Osbourne concert there was canceled.

Hopefully, Cardinal O'Connor's intervention will give more people the moral courage to fight against the Satanic plague.

Gephardt: Bush policy 'adrift, without vision'

In an obvious campaign speech by a contender in the 1992 presidential race, House Majority Leader Rep. Richard Gephardt (D-Mo.), in a speech to the Center for National Policy, a liberal think tank, on March 6, called the Bush foreign policy "a policy adrift, without vision, without imagination." Gephardt characterized administration policy as government, "of the polls, by the polls, and for the polls."

Gephardt called for increased aid to the Soviet Union, in particular U.S. food aid, and the waiving of a variety of trade restrictions, including those on high-technology exports.

Since the military threat has significantly diminished as a result of the changes in the Soviet Union, reasons Gephardt, the money for such aid should come from a greater cuts in military spending. "Rather than pouring more and more money into weapons systems, we should be investing in our own self-interest. At some point," said Gephardt, "it is the job of the President to summon the nation to meet new challenges on the horizon."

Gephardt compared such a policy with the postwar Marshall Plan. Although the Gephardt statements will provide fuel to those congressmen who want to slash even the Bush defense budget, it is the first indication that forces in Congress are prepared to "put their money where their mouth is" in their loudly expressed support for the newly independent East European nations.

But Gephardt's call for more help to Gorbachov may not gain him the support he wants, even among his own party members. Focusing on the Bush administration's "lack of vision" is, however, putting pressure on what

is indeed the Achilles' heel of a President who is more and more seen as catering to public-relations tricks, rather than formulating clear-sighted policies.

SAC chief protests strategic dismantling

In an interview given previous to his testifying to the House and Senate Armed Services Committees on March 6 and 7, Gen. John T. Chain Jr., the head of the Strategic Air Command, expressed opposition of the military chiefs to cuts in the B-2 Stealth bomber program and in the mobile nuclear missile program.

If Congress kills the B-2 program and refuses to fund either of the two mobile missile programs, the MX and the Midgetman, Chain indicated, the military chiefs would reconsider their previous support for a Strategic Arms Reduction Treaty, expected to be concluded this year. The military support for START was premised on continuing strategic modernization, which included the B-2 bomber program and the mobility for the ICBMs, said Chain in an interview at his Omaha headquarters in February.

Chain's views reflect a growing concern among the military that the U.S. defense "build-down" is not taking into account recent improvements in Soviet strategic capabilities.

Democrats divided over defense cuts

Liberal Democrats who met on March 1 with House Speaker Thomas S. Foley (D-Wash.) to present their program for more radical defense cuts, came away somewhat discouraged

after Foley told them that their views were shared by only "one-third of Congress," according to several participants contacted by the *Washington Post*.

"It was a very discouraging meeting," said Rep. Dale E. Kildee (D-Mich.), who was present at the meeting. "I really feel there is sentiment for greater cuts than what Aspin and Murtha have in mind." Rep. Les Aspin (D-Wisc.) is the chairman of the House Armed Services Committee, and Rep. John Murtha (D-Pa.) heads the House Appropriations Subcommittee on Defense.

A leadership source acknowledged that the tone of the meeting had been "argumentative." The meeting, called on the initiative of Rep. Charles Schumer (D-N.Y.) and also attended by Majority Leader Richard A. Gephardt (D-Mo.), followed a rancorous Democratic caucus on the Budget Committee the previous week. The liberal group wanted to reduce the \$293 billion budget proposal to \$289 billion, \$14 billion below the President's proposal, with much deeper cuts to follow. The Schumer grouping was getting tough resistance from pro-defense Democrats, who feel that more radical cuts would badly hurt their districts.

Intelligence committee to probe CIA-S&L ties

Spurned by the CIA in his attempt to get answers concerning allegations raised by the *Houston Post* regarding S&L fraud linked to CIA covert Iran-Contra operations, Rep. Frank Annunzio (D-Ill.), chairman of the House Subcommittee on Financial Institutions, turned to the House Intelligence Committee for assistance. In-

telligence Committee Chairman Rep. Anthony Beilenson (D-Ca), is expected to take up the investigation.

Regarding the *Post's* stories, Anunzio wrote to Beilenson, "Quite frankly, Mr. Chairman, when I first heard of the allegations I was not convinced of their total validity. It was for that reason that I asked the CIA to come before the subcommittee to set the record straight. The refusal of the agency to respond to the subcommittee's staff has led me to believe that at least some of the allegations have validity."

The *Houston Post* on Feb. 8 reported that federal authorities who were investigating the failure of a Kansas bank during the mid-1980s were advised to back off of a key figure in its collapse because, according to sources, he had ties to the CIA.

Rep. Wise calls for building infrastructure

In floor statements made on March 6, Rep. Robert Wise (D-W.Va.) attacked the Bush administration's negligence in allowing the nation's transportation infrastructure to collapse, and called infrastructural investment the real spur to raising productivity.

"In 1960," said Wise, "this country was investing over 4% of its Gross National Product in infrastructure. Today it is less than half of that. In real dollars, in constant dollars, in 1980 this country was investing in transportation infrastructure alone \$29.1 billion a year."

Focusing particularly on the degeneration of our highway system and bridges, Wise characterized the administration's budget as a "disinvestment budget." He attacked the idea that simply cutting the budget would

have any positive economic benefits for the nation. "If I can demonstrate to members," Wise continued, "that an increase in infrastructure investment, an increase in spending for highways, for airports, for bridges, for sewer systems, for all those things that are so important, will produce more return than we can get from simply a one-year reduction measure, we should be looking at that."

Wise noted that "there is an already demonstrated link between infrastructure spending and productivity increase. . . . Infrastructure, investment, increase in tax revenue, increases in competitiveness, go hand in hand. I want to invest in this country, Mr. Speaker. I think it is time to start with our nation's infrastructure."

Senate asks ban on loans to Red China

On March 1, the Senate passed a "Sense of the Senate" resolution by a vote of 79-18 calling on the President to oppose loans and financial assistance from international financial institutions, specifically the World Bank, to the People's Republic of China "which are not purely natural disaster relief or basic human needs, until it is clear that the human rights practices of the government of the People's Republic of China have dramatically improved."

"It is a very serious concern on the part of this senator," said Sen. Gordon Humphrey (R-N.H.), "that we have failed to take a tough and consistent moral stand against the repressive leadership in China, while at the same time alienating and abandoning the younger generations of Chinese leaders, a generation which, without doubt, will soon come to power and

which obviously favors democratic reform."

Rep. Traficant blasts CIA links to Al-Kassar

Rep. Jim Traficant (D-Ohio), appearing March 6 on the Phil Donahue Show, further exposed the CIA's involvement in drug trafficking by detailing the agency's collusion with Syrian narco-terrorist Monzer Al-Kassar.

Responding to a series of questions from relatives of passengers killed aboard PanAm Flight 103 who were in the audience, Traficant stated: "The CIA had come across an individual by the name of Monzer Al-Kassar. They found out that he had a drug run. But they also found out that he was the key individual helping to get those hostages released. So they were sort of turning their back, trying to get him to help with the hostages. And it was a local CIA crew. There's no question now. We don't know if Langley knew it was happening. We found out that we have such an octopus there, we wonder if anybody knows what's really going on. But the bottom line is, the [PanAm] report states that Turkish baggage handlers had taken a known narcotics bag, replaced it with the bomb that Ahmed Jibril had tried to get on—and that was the best place to get it on—and that led to Lockerbie, the disaster over Lockerbie. Now, what we want to know is this. The government is vehemently denying it. They denied the mining of the harbors in Nicaragua, the U-2 incident, the Bay of Pigs. I want to know what happened to that 103 flight, and I think the American people should know, and those families should know. And right now, our government is not giving us those facts."

National News

Exxon indictment is political, says Journal

The Justice Department's criminal indictment of Exxon is a "political prosecution" which violates the underlying purpose of the criminal law: to accuse and convict those with criminal intent, a *Wall Street Journal* editorial asserted March 5.

Of the two felony charges against the company, for violation of the Dangerous Cargo Act and the Ports and Waterways Safety Act, the *Journal* notes, "These are statutes aimed at regulating transport of dangerous materials and mandating competent employees on ships. Both require 'willful or knowing violations.' For centuries, indeed, the doctrine of *mens rea* [criminal mind] has separated criminal cases from civil cases by requiring some evil intent by the defendant. Does the government now ask us to believe Exxon spilled its own oil willfully or knowingly?"

The *Journal* notes that the company has voluntarily spent \$2 billion in the Alaskan cleanup which Transportation Secretary Skinner has called a "very substantial good-faith effort." The three misdemeanor charges are for violations of the Migratory Birds Treaty Act (killing birds without permission), the Refuse Act (dumping waste without a permit), and the Clean Water Act.

Drug production soars under Bush presidency

The latest U.S. State Department annual survey of worldwide narcotics production and distribution shows a growing problem during George Bush's presidency, but tries to shift the blame.

"Worldwide narcotics production reached new levels," the report said. It scored "corruption" of other governments and their failure "to exhibit a serious commitment to reducing drug production and trafficking."

"The report estimated that from 1988 to 1989, the production of opium increased by

a staggering 47%. Coca production increased 12% among the four coca-producing countries: Peru, Colombia, Bolivia and Ecuador, while hashish rose 16%. Estimates of marijuana production were up 210%, most of it in Mexico, although much of that increase reflects improved methodology . . . rather than an outright increase in production, the report said," according to the *New York Times*. Continuing the Bush coverup, the report cited Syrian officials operating narco-terrorist camps in Lebanon as only mildly corrupt, and did not list any opium or heroin production in Red China.

Webster attacked for fomenting Gorbymania

The Center for Security Policy, a think tank composed of exiled intelligence officials, has called on the Bush administration to impel a review of the assumptions and conclusions of the U.S. assessment of the Soviet Union.

The call was provoked by CIA head William Webster who told Congress, "It is highly unlikely that there ever will be a reversal of the collapsing military threat from Soviet and Warsaw Pact forces in Europe, even if Soviet reformer Mikhail Gorbachev is ousted from power and replaced by a repressive hardliner."

The center's director Frank Gaffney Jr. said, "This extraordinary contention evidently is a cornerstone in the Bush administration's strategy toward the Soviet Union. . . . If the . . . judgment is wrong . . . the risks of such initiatives for U.S. and Western security are nearly incalculable."

ACLU: no fight against capital sentencing

Columnist Nat Hentoff wrote March 3 that the American Civil Liberties Union bent to political pressure from its pro-abortion membership base when it scuttled an attempt by one wing of the organization to fight against the capital sentencing of minors

approved by the U.S. Supreme Court.

In the 1986-87 U.S. Supreme Court term, Henry Schwarzchild, head of the ACLU's Capital Punishment Project, prepared a brief in the case of William Wayne Thompson who was on death row in Oklahoma for a murder he committed when he was 15. Schwarzchild's brief argued that a 15-year-old is not as mentally or emotionally mature as an adult and therefore less capable of understanding the morality of his acts.

Schwarzchild's brief was never filed because of opposition from Janet Benshoof, head of the organization's Reproductive Freedom Project, whose unit had been fighting parental notification law for minors seeking abortion on the grounds that women of the same age bracket were mature enough to make such a decision for themselves.

LaRouche writes Bush on Germany, trade war

Lyndon LaRouche, candidate for U.S. Congress from Virginia's 10th district, wrote an open letter to President Bush on Feb. 27, taking sharp exception to his "unilateral action" resisting reunification of Germany. "This is a very bad policy, a very dangerous policy, and essentially contrary to the utmost vital interests of the U.S.," LaRouche warned.

LaRouche also urged Bush to drop the "insane but opportunistic Super 301 effort to virtually declare financial war against Japan and West Germany, particularly since only a Japan and a Europe revitalized by the unification of the two parts of Germany would be able to jump-start a U.S. economy now mud-sliding into the worst collapse of the 20th century."

LaRouche warned Bush of another problem, the so-called "Kissinger Syndrome. One of the great problems of the present administration is the smear of potential corruption scandal around it, and I'm referring specifically in one instance to the case of Mr. R. Mark Palmer and Mr. Lawrence Eagleburger. . . . These gentlemen are engaging in escapades in Europe, as some would do in Communist China, which have the effect of stealing money effectively

at the expense of projects which are much more viable such as those arising out of French-German-Austrian-Czechoslovakian cooperation in creating what I've described as the development triangle in Europe.

"The development triangle obviously would be the dominant feature of a European reconstruction, would mean a successful 1992 operation, as opposed to an unsuccessful one," he said.

LaRouche urged Bush to "tell Margaret Thatcher to retire," and to "cut off the Eagleburger's friends such as R. Mark Palmer from linking your policies to private ventures . . . by them which might tarnish your administration" with a scandal at a time "when you least need it during the coming mudslide of financial-related crisis about to hit the markets during the course of a half-dozen weeks or so ahead."

NDPC citizen campaigns have Dem hacks spooked

The National Democratic Policy Committee, representing the LaRouche wing of the Democratic Party, announced March 6 that NDPC-backed candidates have filed for federal, state, and local offices in Virginia, Pennsylvania, and Oregon as part of a movement of citizen candidates filing to run for political office.

In Virginia, 15 candidates filed on the slate led by Nancy Spannaus's campaign for U.S. Senate and Lyndon LaRouche's campaign for U.S. House of Representatives from the 10th District.

In Oregon, at least 35 candidates filed on a "Freedom for LaRouche" slate in both the Republican and Democratic Party primaries.

An undetermined number of candidates also filed in Pennsylvania.

The March 5 *Houston Post* carried a front-page story admitting the strength of the LaRouche slate in Texas. According to the article, headlined "LaRouche Factor in Local Races," Democratic candidates are being forced to "flood the area with campaign literature a week before the election" due to fear of the strength of the LaRouche Democrats.

"A number of LaRouche supporters already have won precinct chairmanships because no party regulars filed for the grassroots organizational posts," the *Post* notes.

An aide to Hugh Parmer, a Fort Worth state senator who is a token candidate to run against Sen. Phil Gramm (R), said, "We are paying particular attention to Harris County with these extra informational and political mailings because of past LaRouchite successes there, and because there are people running who are LaRouche followers."

Parmer is opposed in the March 13 primary by LaRouche Democrat Harley Schlanger. The *Houston Post* recently reported that statewide candidates, such as Parmer, can expect little or no help from the county organization.

Hemlock Society head's wife had enough death

The second wife of Derek Humphry, founder of the Hemlock Society and leader of the euthanasia movement in the U.S., said her husband abandoned her after she told him she had cancer. Ann Humphry reported that he said he couldn't handle another wife with cancer.

Humphry admitted he helped kill his first wife, who also had breast cancer, by supplying her with drugs for her suicide. Unlike Humphry's first wife, Ann Humphry refused to give up and has undergone surgery and chemotherapy, and says she is tired of death and dying.

Ann Humphry said she is still committed to the ideals of the Hemlock movement, like physician-assisted suicide for terminally ill patients who request it, but said this could put a "subtle but unmistakable pressure on someone to die—to simply get out of the way. Ironically, through my own experience, I have come to understand the arguments" of the anti-euthanasia movement.

Derek Humphry is claiming his marriage was always shaky and his wife's cancer went to her brain. He is spreading the rumor that "Ann is mentally ill, she has a borderline personality problem," because she is now exposing how Humphry illegally used tax-deductible contributions.

Briefly

● **U.S. MILITARY** intelligence has photographed six SS-23 launchers and 12 missiles that were deployed in East Germany in violation of the 1987 INF Treaty, according to Bush administration officials cited by the March 6 *Washington Times*.

● **NEW YORK GOV.** Mario Cuomo has been barred from speaking in parishes of the Brooklyn diocese by Rev. Thomas V. Daily, the Bishop-designate of Brooklyn, N.Y., because of his support for abortion, the Feb. 20 Catholic News Service reported.

● **THE SEABROOK** nuclear plant in New Hampshire will be allowed to run at full capacity, the Nuclear Regulatory Commission ruled 3-0 on March 1.

● **IAN MACDONALD**, a former director of the White House Drug Abuse Policy Office, told a New Delhi, India seminar in February that the U.S. is not waging war against drug production. The "goal of the international effort to prevent drug abuse is to eliminate poppies. Instead we [the U.S.] have to focus on what has been termed 'user accountability.'"

● **FATHER BRUCE RITTER**, who operated a pederasty ring under the cover of a New York City runaway shelter, who is vice chairman of Americares which funneled medicine to the Contras, and is a close friend of George Bush, will not be charged with any crime, N.Y. District Attorney Robert Morgenthau said Feb. 28 while admitting there may have been violations of the law.

● **ROY FURMARK**, the long-time partner of William Casey, pleaded guilty March 1 to conspiring to sell Ashland oil company secrets to the National Iranian Oil Co. The NIOC was used to purchase arms from the U.S. Furmark faces up to five years in prison and a \$250,000 fine.

Editorial

Is war imminent?

The rumors in financial markets these days is of a new oil shock. Sources anticipate a \$35 barrel price in the not-too-distant future, which would of course have a drastic impact on the economies and the political options of the East bloc and Europe, as well as among other nations around the world. At the same time, we are told that the London banks are financing a mini-boom in North Sea oil exploration. Translate this into political terms and the message is, war.

Over this next 60-day period, unless there is a major policy shift, it appears that the world is being plunged into the greatest pre-war crisis of the 20th century. This does not mean that we are predicting war, but we are issuing an alert that the world is facing a replay of the kind of events which, in 1913 and in 1939, did lead to world war.

In the 1973-74 period, Henry Kissinger orchestrated a war in the Middle East such that oil prices were rigged to a price which allowed British North Sea oil to be developed at a profit. An added benefit from the point of the malthusian faction, whom Kissinger served, was the destruction of the economies of the developing sector, as a prelude to their recolonization.

At that time Kissinger held power in the Nixon administration, but he also consciously served the interests of circles in London centered around the Royal Institute for International Affairs. Known also as Chatham House, this agency has owned Kissinger, according to his own account, since the 1950s. While Kissinger is now officially out of government, his policies are guiding the present administration to an even worse disaster than that which faced Richard Nixon.

The present crisis is a political and a financial-economic crisis, but the roots of the crisis lie in the policy-shaping structures particularly of the Anglo-American establishments, but also of the Soviet Union. The Middle East today, is comparable to the Balkans in the role which the latter region played in the pre-war configuration in the period before 1914.

The short-sighted view of Anglo-American policy

circles makes a rerun of the 1973 oil crisis an attractive way out of their financial debacle, with the added benefit that, from the establishment's perspective, it would destabilize Franco-German development plans as well. So great wars occur, through miscalculation.

In this case, there is a striking political parallel between Hitler's miscalculation that he would isolate and then whip the United States, and the arrogance being evinced in top Washington circles as the Bush administration moves in an increasingly fascist direction—abrogating the rule of law both in its actions at home and abroad.

A great financial mudslide is under way. Either whole financial and political structures will be swept away in the debacle, or the Bush administration will succeed in imposing a fascist regime-by-fiat upon financial markets, along with the imposition of police state measures on the political front.

The question is whether or not the American population has the capacity to resist.

Certainly the ugly cultural degradation which we see today on the television and movie screen, the destruction of family values, and the general pragmatism of the "I'll-get-mine" mentality prevalent in the United States today, would on the face of it suggest a negative answer. Yet this past year we have been given a stirring lesson of the capacity of men and women, living under the most brutal tyranny, to resist and free themselves.

One characteristic of this wave, has been the role accorded to the great music of Beethoven, from Tiananmen Square in the People's Republic of China, to the music halls of East Germany. The United States at present is largely a cultural desert, although this was not always so. At the time when America was first founded, the cultural level of its citizenry was the highest in the world.

We stand at a turning point in history, and the choices of this generation will shape the future of humanity for decades, perhaps centuries, to come.

LaROUCHE

YOU MAY LOVE HIM

YOU MAY HATE HIM

BUT

YOU'D BETTER

KNOW WHAT

HE HAS TO SAY



The Power of Reason: 1988

an autobiography by Lyndon H. LaRouche, Jr.



The Power of Reason: 1988

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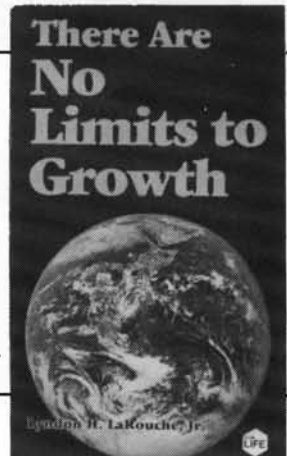
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