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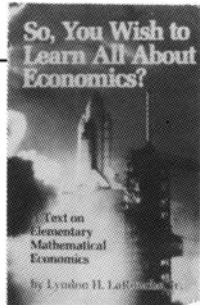
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‘**W**hen we fight for the life of one person in Lithuania, as a defense against this horror, we’re fighting for us all, everywhere. If the fight is bitter, if the fight is brutal, if the fight is difficult, if the fight is frightening, it is only so, because we have awakened so late. We should have been fighting this 20 or 25 years ago.” The words are those of Lyndon LaRouche, and his response to the crisis provoked by the “Neville Chamberlain”-like attitude of Western leaders to the Soviet attempt to crush Lithuania starting on page 41, forms the core of our cover news story this week.

On page 68, William Jones of our Washington Bureau recounts the unfolding of the crisis and the appeasing actions of the Bush administration to encourage Gorbachov. On page 36 from West Germany, Konstantin George cites the appeals of Lithuanian President Landsbergis, the response in Eastern and Western Europe, and outlines criteria for a statesmanly policy to end the crisis. This is followed by reactions from inside Lithuania and abroad.

The pace of events could make us forget that it has been only a matter of days since Moscow was stunned by the vote of March 18 in East Germany, which not only rejected the communists in their hastily acquired new guise, but also the Socialist International’s Social Democrats, the “human face” Marxists whom the Soviet leaders (and others) had hoped to usher in, so as to continue the “New Yalta” power-sharing recipe between the Russians and the Anglo-Americans. Hungary’s electorate has now voted in a similar way. The Russian empire is being rebuffed—but it still controls vast, superior military forces, and that makes it very dangerous, as history has shown.

In the *Feature*, we deal with another facet of the “New Yalta” schemes to divide the world into “spheres of influence” where nations are ruled without their consent: South America. The Rand Corporation has outlined a new dark age as the continent’s future, but we have an alternative program: applying the “American System” of Hamilton and List, as proposed in 1982 by Lyndon LaRouche. *EIR* is pleased to present samples of that alternative for Peru, the Peruvian Labor Party’s electoral platform; and Argentina, in the writings of the late General Guglielmelli. In *Science & Technology*, read about the MHR, the best way for these nations to obtain nuclear power, a *sine qua non* of sovereign economic policy.

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Second quarter 1990: Wall Street's turn in the barrel

by Chris White

Had you been an international investor of dollars, with your money in Japan, over the last three months you would have taken a 33% loss on your investment, as the combination of losses on the Japanese stock exchange, and a renewed, if temporary, rise of the dollar against the yen. Had you invested your money in West Germany, and concentrated on that country's equity markets, you would have chalked up gains of 8%. And, if you had kept your money in the United States, the return would have been just under 2%.

This pattern is the effect of an international shift in investment funds which has been building since the months of September and October 1989. Drawing the consequences of the U.S. Establishment's refusal to face up to the realities of accelerating plunge into economic depression, and financial bankruptcy, together with the insane insistence that momentary agreements with Gorbachov's Russia must supersede the alliance system built up over the last 40 years, international investment funds are pulling out of the United States, and for the moment, leaving the country to go wherever the blindness of its existing leadership takes it.

On the one side, the shift, in part, is of funds moving into investment in the potentials of economic development focused on West Germany and the adjacent countries of Central Europe—East Germany, Austria, and Czechoslovakia primarily. On the other, dispositions are also being made internationally in the expectation of a financial and economic crash inside the United States—a crash made increasingly inevitable, if not unavoidable, because the ruling Bush team refused to face realities last September and October. They insisted then, and still maintain today, that “everything is under control, and will continue to be under control,” and that the possibility of a new crash can be ruled out.

The LaRouche forecast

In early March, U.S. economist and political prisoner Lyndon LaRouche warned from his jail cell in Rochester, Minnesota, that in his view, the most likely timing for a new crash would be between March 10 and April 10. LaRouche pointed out that he does not usually make forecasts of such specificity, but when he has done so, as in May and June of 1987, and again in the spring of 1989, and September of that year, his specific forecasts have been borne out, as they were in the October 1987 and 1989 stock market crashes. In early March, LaRouche warned that the coming crash would begin in Tokyo, and would spread to Wall Street.

The Tokyo part of the warning has come to pass. The Tokyo stock index has been on a slide downhill since Christmas Eve of 1989, when Japan's Central Bank increased its discount rate. In the last three months the stock index has lost 25%, more than wiping out the gains made during the previous year. The cumulative collapse over the quarter has been greater than the Wall Street market meltdown of Oct. 19, 1987.

Since losses can be offset against corporate and financial tax obligations, calculated at the end of Japan's fiscal year, March 31, there is a sense in which the Tokyo market dive can be seen as a battering down of the hatches for what is now likely to come from within the United States. The more so, as in February, Japan's banks wrote off their holdings of Mexican debt against the appreciation of the very stocks which have subsequently collapsed.

And in the United States: The quarter ended with Federated Department Stores, the other part of Canadian Robert Campeau's department store empire, filing to join its sister chain, Allied, in Chapter 11 bankruptcy, and with Cam-

peau's holding company defaulting on semi-annual debenture payments. The default of Campeau's junk-bond empire last Sept. 15, was what set off the irreversible deflationary spiral which the Bush team's crisis managers have refused to face.

Among the investment houses, Salomon Brothers is taking a charge against losses, General Electric is bailing out its investment subsidiary Kidder, Peabody, as American Express has been forced to do with Shearson Lehman, and Thomson McKinnon—14th largest—is filing for Chapter 11 bankruptcy protection. The money center banks, led by First Chicago, Chemical Bank, and Manufacturers Hanover, are also to be hit with a new wave of charge-offs. There is a line of other corporations, often the victims of junk bond-financed leveraged buy-outs, waiting to form outside the entrance to the federal bankruptcy courts.

\$2 trillion in losses since last fall

Behind all this it is estimated by some, that losses sustained since the autumn, in the scramble to obtain cash to cover maturing debts, amount to more than \$2 trillion. Chief among the subheads in this overall total are the approximately \$1 trillion wiped out in the collapse of the Japanese stock market, about \$500 billion lost from U.S. bond markets since November, where prices are conservatively estimated to have fallen by 8%. In reality it is more, since whole classes of financial paper are untradable at any price. And another \$500 billion was lost from the markets for British government debt, and from German and Japanese bond markets. The total global estimate, circulated by financial analyst Maxwell Newton, is about twice the size of the losses sustained during the one-day market meltdown of Oct. 19, 1987.

Such financial losses are compounded by the continuing collapse of consumer spending in the United States. The financial shocks of September and October, which took the form of the Campeau default, and the subsequent stock market slide, were anticipated in part by a collapse in consumer spending, which began to register right after the end of the summer holidays.

The last week of March the government produced its revised Gross National Product estimates for the fourth quarter and the year as a whole. In the fourth quarter, consumer spending for both durable goods, such as automobiles, and non-durable goods, such as clothing, collapsed at an unprecedented rate. The more so, since the Christmas sales season, when retailers generally expect the cash registers to ring for half of their annual turnover, fell within that period. The accelerating collapse of consumer spending in the year and three months since George Bush was inaugurated President, is one of the better indicators of the rate at which the underlying collapse in depression is accelerating, for what was called the "Recovery" since 1983, was based on the expansion of debt to finance consumer purchases of increasingly imported goods. The collapse of consumption is the econom-

ic death knell for the entire debt structure that was built thereon.

Bankruptcy, near-bankruptcy, cumulatively enormous evaporation of assets, combined with an accelerating collapse in consumer spending: This is the combination which is scheduled to erupt into crisis in the weeks ahead.

It may be delayed beyond April 10, and then again it may not. Among the considerations which have to be taken into account in determining that is the extent to which the U.S. crisis managers maintain sufficient control over the effect of the decisions they may want to make. Dependent since 1983-84 on the inflow of more than \$150 billion per year in foreign funds, 40% of which from Japan, the United States has found itself, since December of last year, absent a growing portion of the funding which has been required to keep appearances in line with the crisis managers' insistence that everything is under control.

Will foreign funds be withdrawn?

This shades over into the fear that foreign funds will be simply withdrawn. On March 29, a strategy meeting in Japan's Finance Ministry, bringing together government, bankers, and insurance companies, produced a wave of rumors that Japan had decided to pull out of the United States. The rumors produced a selloff in U.S. bond markets by non-Japanese. April 10 has been set as perhaps the next day to test the ability of Bush's crisis managers to run their own affairs. On that day, the Resolution Trust Corp., the outfit supposed to bail out the bankrupt S&Ls, will go to the market with another batch of 40 year bonds, to secure continuing finance for its operations.

An earlier effort in January was a dismal flop. The RTC is making the effort now, it is said, because were it not to do so, this would be interpreted as an admission that the January sale had indeed been a failure, and such sales could never be attempted again.

This time, though, the usual crisis management methods will not work. So far, the Federal Reserve, working under the White House Working Group on Financial Markets, the body set up to implement the findings of the report produced by the Brady Commission, after the October 1987 market crash, has maintained a network of operatives in relevant markets, who deploy under direction, to rig the markets' flow in the direction the Fed intends. Thus when Tokyo collapses, funds have been made available to organize the purchases, and movements of futures indexes, which help ensure that the U.S. does not follow suit.

This works within the limits of very narrowly defined market movements. However, the pricing structure of the market as a whole is about to be overwhelmed by the chain-reaction effects of the more than \$2 trillion in global losses which have accrued since November. Then the tricks employed by the market riggers will not work any longer. Such is the shock inflection point which is rapidly approaching.

Preparing the road for Ortega's comeback

by Ana M. Papert

If the Hong Kong-style "free market" economic policies which Washington, D.C. think tanks are proposing for Nicaragua's economy are implemented by the newly elected Nicaraguan President Violeta Chamorro, then Daniel Ortega and the Sandinistas will be back in power within a few months.

The Sandinista government, led by Ortega, left the Nicaraguan economy in a shambles. Ten years of Marxist economic policies have resulted in 30% unemployment. Real wages decreased by 90% and inflation went down to 1,600% in 1989. But the new "industries" such as taxis, tourism, and sweatshops, which Washington policymakers are proposing to "help" Nicaragua "develop," would bring more chaos, devastation, and most likely civil war.

Knowing this, these experts are suggesting that some form of supranational force be established in the region, whose only purpose would be to enforce these policies, while doing away with sovereign national institutions. In fact, the U.S.-based "secret government" which Oliver North in a moment of irony dubbed "Project Democracy," is determined to eliminate all sovereign institutions, including the Catholic Church and the armed forces, which might offer any opposition. In Nicaragua, plans are already under way to establish a small, "apolitical" Defense Force, modeled on Costa Rica's.

In the minds of the policymakers, incidents such as the March 23 killing of 12 Sandinistas, allegedly by Contra rebels, and Sandinista threats that they will demobilize the Contras by force if necessary, provide the pretext for a supranational presence. At a March 15 seminar sponsored by the Washington, D.C.-based Heritage Foundation, former National Security Council member Dr. Constantine Menges called for the revival of CONDECA, a regional military force which would include U.S. troops, in order to maintain peace in the area. Others demand that the United Nations or Organization of American States (OAS) send "peacekeeping" forces to oversee the transition to the Chamorro government.

Venezuela's socialist President Carlos Andrés Pérez, who has been a key figure in coordinating the Central American "peace process," together with former U.S. President Jimmy Carter and Colombia's mafia godfather ex-President Alfonso López Michelsen, is strongly backing these plans. According to a March 15 Reuters wire, Deputy Foreign Minister Adolfo R. Raylhardt of Venezuela announced that "a contingent of

Venezuelan troops could be sent to Nicaragua with U.N. peacekeeping forces to monitor the demobilization of the Contra rebels." According to a demobilization plan signed March 23, once the Contra rebels return to Nicaragua, they will be established in "internationally supervised enclaves."

'Free market'—at a price

Proposals for imposing free-market quackery in Nicaragua were presented at the same March 15 Heritage Foundation seminar, entitled: "The Agony of Victory: Can Democracy Win in Nicaragua?" Thomas Cox, the Heritage Foundation's policy analyst for Latin America, demanded that the \$300 million the U.S. is planning to send to Nicaragua as "aid" should be used to cover the transition to a free market regime and create conditions for a good "foreign investment climate." Cox said that the U.S. should establish criteria to "determine if U.S. aid is building a Nicaraguan free market economy."

According to Cox, Chamorro can demonstrate a "long-term commitment to economic development" by imposing the same foreign looting model adopted in several other Ibero-American countries. This means "deregulating" the economy: "cutting taxes, guaranteeing security of private property and contracts . . . and lifting restrictions on foreign investment." A new currency that is in accordance with market demands, cutting excessive spending, and total privatization, are also part of this package.

At the same seminar, Curtin Winsor, former U.S. ambassador to Costa Rica, agreed with Cox. He then went on to rave about the virtues of Costa Rica as a model for Nicaragua. The choice of Costa Rica as a model is no accident. More a center for dirty intelligence operations than a nation, Costa Rica is devoid of institutions. It has no armed forces, and Winsor lauded the fact that it also has no labor unions. Unions are "old-fashioned," he said.

Winsor insists that any assistance to Nicaragua should be offered with strict "conditionalities," adding "I love the word 'conditionality,' " because if "they want to hurt themselves, we will not help them." The message here is that if Mrs. Chamorro doesn't accept these policies, no aid will be forthcoming. The former ambassador suggested that other good areas for investment are tourism, transportation, and gold production. In terms of larger manufacturing companies, he called for creating *maquilas*, which are the low-wage, labor-intensive assembly shops like those on the Mexican-U.S. border.

None of these policymakers is so stupid not to know what the consequences of such policies will be, not only in Nicaragua, but for the whole region. With these austerity recipes, not a year could pass without new mass strikes. Top Sandinista leaders are already threatening that if Mrs. Chamorro doesn't fulfill promises to improve the economy, they will have to retake power. The Bush administration seems determined to give them the opportunity to do so.

Budget crisis racks state and local politics across U.S.

by Andrew Rotstein

A wave of state and local budget crises is breaking out around the United States, bringing gruesome cuts in essential services and politically explosive moves to increase revenues. Citizen outrage is on the rise, threatening or sweeping away political careers in the process.

In late March, Standard & Poor's, the nation's leading financial rating service, lowered New York State's bond rating two notches in one jarring stroke. The new rating is the lowest in New York's history, and places it third from the bottom among rated states, trailed only by basket cases Louisiana and Massachusetts. The downgrade immediately added an estimated \$10 million in interest costs to \$775 million in deficit notes issued by the state two days later. It is widely viewed as a major liability to the presidential ambitions of Gov. Mario Cuomo.

The same day, New York City Mayor David Dinkins announced \$75 million in budget cuts, heavily hitting education, social services, and the beleaguered public hospital system (see *EIR* Investigation, March 9). He still faces a mammoth gap for the coming fiscal year of \$1.8 billion—arguably worse than the bankruptcy crisis of 1975. Within days, the drop in the state's bond rating prompted Albany to cut \$100 million in aid to the City.

Budget squeezes determine politics

One week earlier, Connecticut Gov. William O'Neill announced he will not seek a third term, explicitly citing voter backlash from \$1 billion in new taxes he sponsored. In mid-March, West Virginia was hit by a statewide teachers' strike over the issue of pay, and while the teachers have returned to work, a promised special session of the legislature has not even been scheduled yet. The slow response of state house leaders is understandable in one sense: they already have to cut 2.4% of current expenditures to balance the books.

Drastic increases in property tax assessments have triggered a homeowners' revolt in suburban Washington, D.C. in recent weeks. The prevailing sentiment of a spate of mass meetings to "oust all incumbents" has already forced two counties to rescind the hikes. Newly elected New Jersey Gov. James Florio has asked for a whopping \$2 billion in new taxes, including a doubling of the state tax on incomes over \$100,000. In the November gubernatorial election in Illinois, Republican nominee Jim Edgar is considered vulner-

able because of his endorsement of a permanent rise in the state income tax.

Perhaps most emblematic of the trend is the fate of Massachusetts Gov. Michael Dukakis. Just two years ago, Dukakis used his credentials as the maestro of the state's resurgent economy to capture the Democratic presidential nomination. The recurring phrase from his stump speech, "In my state . . .," still echoes in the mind.

Today, the image of Massachusetts has gone from "miracle" through "mirage" to "mess." Its bond rating is the lowest in the nation, and the thrice-elected Dukakis is an object of unmatched bitterness and ridicule, not least from his former allies. Dukakis has proposed a series of severely austere budgets, the last of which was described by his own secretary of administration, L. Edward Lashman, as "draconian, appalling, disgraceful, hideous, frightening."

Small wonder the Republicans are given good chances of electing his successor, although no Republican has won statewide office in 18 years.

The economic underpinning

Although the budget squeeze is most extreme in the Northeast, it is also the worst on a national scale since the depths of the 1982 recession. According to the National Conference of State Legislatures, eight states are running major deficits, and 19 others are collecting revenues substantially below expectations.

The current problems evince an economic slowdown far more serious than that suggested by standard indicators. For example, Northeastern states officially show an unemployment level that is stable at just under the 5.3% national average. Yet, just two weeks after proposing his \$51 billion budget in January, New York's Governor Cuomo announced that tax receipts were grossly overestimated, and a \$1.5 billion gap had to be filled. In Massachusetts, 1989 sales taxes were \$200 million below estimates, Connecticut's were \$300 million under projections, New Jersey's \$200 million short. And the trend is worsening. In at least three states, 1990 sales tax receipts are expected to run *lower* than last year's, in Massachusetts by 5%. Income tax revenues also lagged expectations, by over \$1 billion in New York, by \$200 million in Massachusetts.

There is clearly a slump in industries like defense produc-

tion, computers, construction, and financial services. The fall-off in home construction in turn affects purchases of building materials, furniture, and appliances—all taxable big-ticket items.

Other factors are likely at work. Many workers in the service sector are self-employed or work on commission, and may experience falling incomes without showing up in jobless statistics. The slump in sales tax receipts may reflect a saturation level in consumer debt, and falling corporate profits further crimp revenues.

Shift to the states

While the Reagan and Bush administrations have rhapsodized about “lower federal deficits” as proof of their policies’ success, careful scrutiny shows that a portion of the mission of government has simply been shunted to states and localities. In 1986, for example, federal revenue sharing was terminated. Typically, where New York City received 16% of its budget from the federal government in 1981, such aid accounts for only 9.6% today.

But although financial flows from Washington have abated, new federal policies have mandated higher expenditures by state and municipal administrations. Environmental regulations regarding solid waste disposal and new directives in the Medicaid program have required heavy additional outlays, only a fraction of which the feds have provided.

Thus, between 1980 and 1987, while federal income taxes on individuals fell from 8.9% of Gross Domestic Product to 7.9%, and federal corporate income taxes dropped from 2.3% to 1.7% of GDP, the revenues upon which states, counties, and cities depend rose relative to GDP: property taxes, from 2.6 to 2.8%; sales taxes, from 2.0 to 2.2%; and personal income taxes, from 1.5 to 1.7%.

This shift was cheerfully promoted by the Reagan administration as “The New Federalism.” But to countless public officials, stuck with additional responsibilities but even fewer resources, it was a betrayal of the traditional federal-state partnership, and another bit of deception by which the actual magnitude of the federal deficit is disguised. One lobbyist for the National League of Cities termed it “a kinder and gentler shaft.”

The resulting pattern is stark. State and municipal budgets taken aggregately have gone from a surplus of \$20 billion in 1984, to a \$7 billion surplus in 1986, to a \$15 billion deficit by 1988. Now, the Commerce Department projects a staggering \$35 billion shortfall for 1990.

Bookkeeping shenanigans

Because 49 of 50 states are constitutionally required to balance their budgets, spending cuts and tax increases, not deficit financing, are the rule. Counties and municipalities are forced to rely heavily on property taxes, and such revenues have increased over 10% annually in the 1980s. Especially as the bubble in real estate values inflated, assessed

values and/or millage rates went up. But now, especially where property values have leveled off, if not fallen, homeowners are in revolt. So, taxes on alcohol and tobacco, user fees, real estate transfer taxes, and registration and licensing fees of every sort are on the rise.

Like the federal government, which has become notorious for its perennial “smoke and mirrors” games to conceal the deficit, state officials are trying a little sleight-of-hand of their own. New York, for example, has gone to a system of two-year automobile registrations, allowing the state to count half of next year’s fees as this year’s income.

Governor Cuomo, who has conspicuously embraced the plan of the Democratic U.S. senator from New York, Daniel Moynihan, to stop diversion of the Social Security surplus, apparently has no such compunctions about looting schemes conducted within the confines of one’s own state: His 1991 budget would transfer \$230 million from the state workers’ compensation fund to the general fund, and he proposes to save another easy \$400 million by withholding scheduled contributions to the state’s retirement system.

And just to prove that nothing is sacred—or too morbid—for him who is short of cash, New York has increased the cost of a death certificate from \$5 to \$15.

A bitter irony

The situation has a particularly ironic twist for the legacy of the civil rights movement. Over half of America’s 10 largest cities have black or Hispanic mayors. These mayors, like their counterparts in the state houses, are left to preside over the further destruction of their jurisdictions. Having established symbolic precedents in a period of worsening material conditions, their achievements turn out to be largely pyrrhic.

Consider the case of New York’s Dinkins. Dinkins’s election as the city’s first black mayor, coming after a period of highly-publicized racial incidents, was taken by many as a hopeful sign of minority progress and reconciliation. Now, he is announcing budget reductions that he confesses will “cut services to the marrow,” insisting they are crucial to “preserve the city’s fiscal integrity.” As several have noted, Dinkins’s approach to the financial emergency is essentially indistinguishable from that taken by Ed Koch, who especially antagonized the black and Hispanic population of New York by his brazen dismissal of the impact of his cuts on the poor.

Virginia’s Douglas Wilder, the first elected black governor in American history, has also proposed an austerity budget to close his state’s \$181 million shortfall. Wilder is now touted as a “new breed” of fiscal-conservative Democrat.

Although elected officials tend simply to manage the crises they inherit, many are not altogether ignorant how the economics of disinvestment and speculation has caused their current, worsening plight. Tragically, few have said or done much about it, although—especially as a group—they are as well-situated as anyone to do so.

Debate over collectives or family farms rages in East Germany

by Rosa Tennenbaum

Editor's note: While Western headlines focused on the personalities and parties involved in the historic March 18 elections in the German Democratic Republic, debate has been raging in hundreds of local G.D.R. communities over economic policy, specifically over whether and how to shift from the collective system that was forced on East Germany after World War II, into a system of freehold, family farms.

On one level, deals are being offered to the collectives that would merely perpetuate current farm productivity problems. Representatives of Western-based food cartel companies (Cargill, Archer Daniels Midland/Toepfer, and others) are swarming over East German farm districts trying to woo collectives into sweetheart arrangements to produce food for the world market which the cartel expects to exclusively market for their own financial and political purposes.

In addition, these cartel companies are hoping to get in on any largesse that may come from West German credits extended for use in the East German economy. For example, the agriculture commissioner of Iowa and officials from the John Deere farm implements company recently toured East Germany hoping to sell equipment financed through new Western deutschemark loans.

On a deeper level, there is hope for a full-scale agricultural reform program in which the collectives could be dissolved, and independent, privately owned family farms could be restored—without the domination of the Western food cartel. Opinion among East German farmers ranges from the view that the collectives are completely bankrupt and should pay reparations to member farmers, to those who think that collectives could play an interim “advisory” role for newly established private farms, to those such as the directors of collectives, who, since the communist party has been forced to retreat, have become small feudal princes and are wary of any change.

On March 3, more than 220 farmers from East Germany crowded into a seminar on the “Perspectives for Agriculture in the G.D.R.,” held by the Schiller Institute, near Fulda in Hesse. There was a day-long rough-and-tumble session, in which agricultural reform was debated among East and West German farmers and Schiller Institute policy spokesmen. Earlier this year, the Schiller Institute released a program for agricultural reform based on reestablishing the family farm unit.

Helga Zepp-LaRouche, who founded the Schiller Insti-

tute in 1983, spoke on the importance of the individual in the economy. She invited people to recall the spirit of the Wars of Liberation of 1813. The central idea of the Prussian economic reformers led by Freiherr vom Stein, was that what’s called “common sense,” should be motivated in such a way that both the individual and state can develop at the same time. Stein advocated civic responsibility, which for the farmer presumed that he was a freeholder and not a tenant farmer.

At the March 3 event, Schiller Institute agriculture spokesman Rosa Tennenbaum presented a point-by-point plan by which the transformation from collectives to family farms could be made. As she explains below, much of the intensity of today’s debate over these alternatives can be explained by the history of the collectivization process in East Germany.

* * *

After 1945, the economic system in the Soviet Occupied Zone (SOZ) of Germany was turned upside-down in accordance with the principles of Marxism-Leninism. For agriculture, that meant that Marxist agricultural theory became obligatory. The two leading elements of this theory are the postulate put forward by Karl Marx on the superiority, in principle, of large-scale operations and Lenin’s plan for co-operatives, both of which were ruthlessly implemented by the Communist Party of Germany (KPD) and the Socialist Unity Party (SED) in the G.D.R.

In September 1945, the state and provincial administrations of the SOZ published the “Decrees on Land Reform,” which had been ordered by the Soviet Military Administration in Germany (SMAD) and were translated from the Russian. The decree required that 1) all property of more than 250 acres with all buildings and livestock and other inventory, and 2) all agricultural assets, including farmsteads, on property of less than 250 acres whose owners or leaseholders were accused of being war criminals or Nazis, were to be expropriated without compensation. The acreage of the expropriated farms, together with the former state-owned properties and the land of public institutions, with the exception of churches, was to form a land reserve bank. The expropriated machinery and equipment was collected at Machine Issuance Stations (MAS), which in 1946 were under the Union of



"Never again socialism!" read the banners at this 300,000-strong electoral rally on March 16, addressed by West German Chancellor Helmut Kohl in Leipzig, two days before the East Germans voted the Marxists out of power. One of the first socialist measures that must be undone, is rural collectivization.

Mutual Farm Assistance (VdgB).

Resistance, which arose particularly in the Christian Democratic Union (CDU) and the Liberal Democratic Party (LDPD), was eliminated by removing foot-draggers from office. Collectivization was carried out by fraud, as expounded by Lenin. The KPD/SED stubbornly denied that they were acting on the basis of a socialist conception of agriculture, even gave formal guarantees for the continued existence of farmers' operations, and established penalties for any remarks about their real motives as propaganda sympathetic to the enemy.

Land reform, as intended by the Communist Party of the Soviet Union (CPSU), was to be applied to all of Germany. The Potsdam Agreement required that Germany be treated as a unit during the time of occupation, and common guidelines for land, forest, and fishing industries were to be worked out. The principal emphasis on economic development was

to be placed on agriculture and the consumer-goods industry, and immediate measures were to be taken for the most rapid increase in farm production.

The land of active fascists was expropriated right along with that of even active anti-fascist, large land-holders, and land reform must therefore be considered the prelude to confiscation and socialization of all land as well as industry. A unified development of the four occupied zones would then only occur if the SMAD measures in the SOZ were carried out in the other occupied zones. That was the CPSU's plan, which they had to abandon after the Americans drew back from the Morgenthau Plan, which called for the dismantling of all German industry.

Approximately 8.25 million acres of expropriated land went to the land reserve bank. Of that, 2.75 million acres were used to establish nationalized farms and 5.5 million acres distributed to private individuals. Thus, 210,276 new farm jobs were established for refugees, exiles, and former farm workers, and existing small farms were enlarged. Land reform was class war, carried out administratively. As a counterpole to the large land-holders, the KPD/SED created the Land Commissions, whose task was to seize and distribute large land holdings. Half of each committee was composed of industrial workers, agricultural laborers, small farmers, and expellees.

Land reform was based on the principle of fraud. Resistance from the powerful "large farmers" was eliminated by expropriation. The public was told property was created for the new farmers, but this was bogus, since the KPD had control over these areas. Small farmers received a right-of-use that was tied to the person who received it. If he wanted to bequeath the land, he needed permission from the state land bank. By law, there was no heir, but rather a new use assignment by the land bank. The acreage could be neither sold, subdivided, nor mortgaged, and if the farm were abandoned, the land would automatically revert to the land bank. Thus, by the fall of 1945, the party and the state governed almost one-third of farm land and, indirectly, the total land market.

In 1947, the SMAD arranged for a support program for the small and new farmers. With state subsidies of 1.35 billion marks, 95,000 residences, 104,000 small stables, and 39,000 barns were built through 1953, a considerable investment for, in most cases, unviable small farms. In 1949, "class war in the countryside" began. Farmers with more than 45 acres were socially discredited. The result was that, through 1953, approximately 128,000 farms, constituting more than 3.58 million acres of land, were abandoned, deserted because of flight to the Federal Republic of Germany, or confiscated since their owners had not surrendered their property to the party.

Six times as many small farms were abandoned with more total acreage than those belonging to large farmers. Also, the best trained and most proficient farmers were lost. Land re-

form was thus directed against farmers in general, and was aimed at making room for the first collective farms. Collectivization began in earnest—as in the Soviet Union—with expulsion of part of the farmers. Acreage was first distributed to peoples' farms (VEBs) or were worked by communes.

The first steps

In July 1952, the Second Party Congress of the SED decided on “voluntary preparation of socialism in the countryside.” To ease farmers into agricultural production communes (LPGs), three types were created: Type I, in which only the arable land was included, with pasture, machines, and livestock remaining in private use; Type II, where arable land, machines, and work animals were brought in while acreage and domestic cattle remained in private use; and Type III, where all acreage, machines, and domestic animals were included. Members only had the right to work one-half acre of land and to keep only a small stock of domestic animals for “personal housekeeping.”

Pressure on independent farmers was upped so that farmers would use this system. Delivery of production materials to private farms (machines, replacement parts, fertilizer, fuel) was continually reduced in favor of the LPGs, and delivery costs were increased. In 1952, Machine-Tractor Stations (MTS) were created out of the MAS. These set their operational charges according to the size of farms; for farms over 20 hectares, the rates were four times what the LPGs had to pay. Despite these tactics, only a few farmers over 20 hectares were pushed into joining the LPGs. By the end of 1957, the LPG membership consisted of 42.5% agricultural workers, 11.3% industrial workers, 5.1% party functionaries, 28.5% former new farmers, and the rest former small farmers.

The MAS/MTS system led to harvest losses and, despite overpriced operational charges, had to be subsidized with over 2 billion marks per year by their conclusion in 1961. Machines were employed according to social-political goals; the second priority was maximum use of machines, which led to neglect of biological inputs. Discrimination against large farms boomeranged. Because of the MAS/MTS's chronic lack of financing, the large farms, which had to pay high rates, were served first; the collective farms, which were assigned their work, had to wait. In 1958, the MTS were stepwise integrated into the LPGs.

Full collectivization

Whereas the years from 1952 through 1957 were defined as “collectivization with farmers,” the years from 1958 through 1960 were “collectivization including the farmers.” East German dictator Walter Ulbricht prohibited use of newly developed harvest machines for grain and root crops on private farms to promote the “learning process”; farmers were forbidden to buy such machines. After 1947, it was practically impossible for private farmers to acquire new machines

and equipment for their farms.

Ulbricht accelerated the “industrialization” of agriculture, the SED's real goal. In the fall of 1957, he called for collective farms to set a principal production goal. In 1959, the “fully collectivized village,” which extended many localities and contained elements of regional organization, was pushed. In that context, farm buildings were to be integrated, fields and road networks rearranged, the location of processing facilities set, and the supply for villages for social and cultural services identified. All farmers were required to participate in village planning meetings. Ulbricht thus wanted to force opponents to publicly oppose the SED. Farmers were supposed to publicly oppose these plans, and thus declare themselves “enemies of socialism,” or suffer the elimination of their farms in silence.

In 1959, the SED declared war on the 450,000 independent operators of private farms who still had not given in. Within only three months, a period characterized as “the socialist leap,” 2.5 million hectares were brought into the LPGs. The SED deployed thousands of their cadres, members of its coalition parties, the Free Democratic Youth (FDJ), the Democratic Women's Union, and their total administrative apparatus, to occupy villages and visit farms until farmers finally “voluntarily” joined the LPG.

Fraud likewise dominated socialization of the land. The LPG laws of 1959 and 1982 stated that the land that farmers brought in remained the property of the member. Yet the G.D.R. constitution defined the concept of property otherwise. Whereas farmers in 1949 were still “guaranteed their private property on their land,” this was stricken in the new editions of 1968 and 1974. Instead, it was postulated that the G.D.R.'s nationalized economy rested totally on “socialist ownership of the means of production.” Since land was considered to be “natural wealth,” it was considered “national property.”

The financial distribution of operational profit was also fraudulent. As “interest,” it was supposed to symbolize the continued existence of private property. But first, the interest was tied to membership, and had nothing to do with the number of acres that a member brought into the collective farm. Then, it was tied to a minimum efficiency of the member for the collective. To create a unified “collective farmer class,” each member was next credited with an average number of land shares, and thus interest finally lost all relation to land ownership. Finally, the ground shares of the former “large farmers” were devalued so that they had just as many land shares as the industrial workers, who had brought no land into the collective.

With these tactics, the SED pursued the single goal of forcing the industrialization of agriculture, which, in defiance of all economic realities, represented the ideal in the socialist value system. Many of these measures were outside the law. After collectivization was concluded, and fundamentally feudal relations restored, agricultural production

would be industrially organized, as was demanded by pure Marxism-Leninism.

Industrialization of production

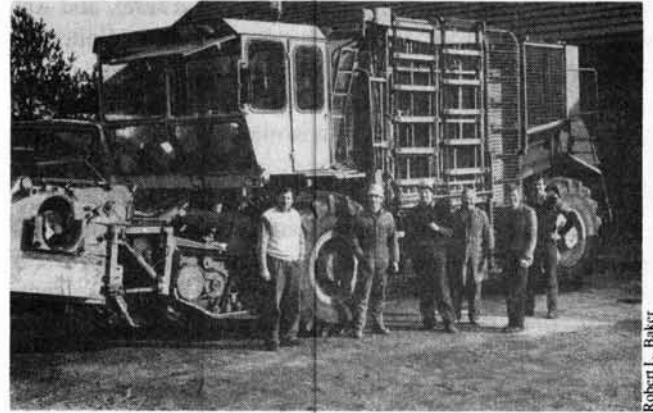
After 1960, the SED was intent on transforming LPG Type I, in which the members only brought in their arable land, but in which pasture and livestock would still be used privately and which more resembled a collection of individual farms than a single large concern, into fully collectivized units of LPG Type III. Industrially organized agriculture demanded rigorously organized large concerns. Thus, on the basis of the land reform of 1945-48 and the collectivization of 1952-61, the third agricultural reform was introduced at the Eighth German Farmers Congress in 1964. The methodical transition to industrial production practices in agriculture began.

At first, farms were directed by the SED to consolidate their vegetable production in Cooperative Vegetable (KAP) and Animal Production Sections (KAT). But the large machines which they received could not be efficiently used. They were not to be employed individually, but rather in "complexes," in which 5 to 10 machines worked on one "field" (adjacent arable areas of same use). Tasks such as fertilization, plant protection, and artificial drying were taken away from farm operations and assigned to special units that later were built up into "agrochemical centers" (ACZs).

Larger work units were quickly formed. In 1960, the LPG and VEG had an average size of 500 hectares; by the end of the 1960s, they were already between 1,500 and 2,000 hectares, and by 1981, between 4,000 and 6,000 hectares. Already existing collectives forced into existence by the SED were continually broken up and subordinated to larger units. These sizes were prescribed to the LPG-VEG, and they were forced to incorporate new, often devastated areas into their farms. Any form of operational planning was thus made impossible for the collective farms; any organic operational development was prevented. The industrialization of agriculture operated without plan, and, for three decades, continual changes in operational structure was the only constant in the SED's agricultural policy.

Beginning in 1972, plant and animal production were strictly separated. What previously had, to a certain extent, worked on the basis of internal operational cycles (food, straw, fertilizer), was now organized and controlled through delivery and production contracts and accounting procedures. Also, 1) crop types were decreased and concentrated; 2) acreage for the decreased crop types was increased; 3) crop rotation was decreased; 4) work brigades were formed; and 5) shift work was introduced.

In 1984, 92% of the agricultural acreage in the G.D.R., 6.24 million hectares, was farmed by 1,437 production units. Before the war, there had been 580,000 farms in the same area. Vegetable farms had an average size of 4,700 hectares with 260 employees, and on the average included around



Modern sugar-beet machinery on this Bavarian family-owned farm, photographed in 1989 by an American "Food for Peace" visitor, shows the kind of productive agriculture which high investment has made possible in the Federal Republic of Germany.

seven independent communes. There were 3,368 companies in animal raising that contained 91% of the total livestock inventory, and averaged 1,680 cattle and horses and 120 employees. Nine hundred farms were industrially producing facilities with high inventory, and were completely mechanized and specialized. The majority of collective farms, however, still consist today of often obsolete barns spread over many localities and in which manual labor predominates. Additionally, there are 31 nationalized collectives for industrial animal fattening that have especially high numbers of animals (up to 30,000 cattle or 150,000 pigs).

To be able to employ the machinery, extensive improvements were necessary. Hedges, fences, and roads were razed, and fields were created that were often larger than 100 hectares. Internal transportation routes became longer and longer, and often reached 30 kilometers or more. These long routes and the industrialization quickly doubled energy use. By 1980, it was 60% higher per grain unit than the energy use in West Germany.

Specialized use of employees went hand in hand with these developments. Brigades were formed for field work that resembled those employed on large farms before the war. They included approximately 100 employees, each of whom was used for specific tasks, and they were in charge of the entire area of the LPG. Travel time to and from work became longer, and the number of buses needed for transportation was a considerable cost and energy-use factor. The same specialization predominated in stable work. A given worker was responsible for only cattle or pigs, for example. Additionally, there were extensive administrative or supervisory jobs that the collective took care of and which tied up approximately 20% of the employees. Ten percent were responsible for repair and maintenance work, and, of the remaining 70%, almost one-half were responsible for transportation and shipping.

The number of workers per 100 hectares of farm acreage was 60% higher than in the Federal Republic—despite, or because of, large-scale production methods. “If we compare only the larger farms with more than 50 hectares of arable land in West German agriculture, which manage with 3.2 workers, then the number attained in the G.D.R. (12.3) is not even understandable if we consider the social conditions in G.D.R. agriculture (regulated work and vacation times),” according to a 1987 report published by the Federal Ministry for Domestic German Relations in Bonn. Additionally, tens of thousands of “voluntary helpers” from industrial enterprises, schools, and the National Peoples’ Army had to be provided during cultivation and harvest campaigns. In total, the number of workers in industrialized agriculture in the G.D.R. was four times as high as on the family farms in the Federal Republic.

Additionally, there were very high investments. The use of insecticides (active ingredients) is 40% higher than in the Federal Republic, and the use of fertilizers “was in no proportion to the results gained,” according to the same report. In animal production, backlogs could only be compensated for by dramatically increasing the introduction of feed grain and protein feed. High animal and harvest losses were another feature of this system. The oversized machines could not be used on some cultivated parcels and required large spaces in which to turn, resulting in unused and neglected land.

The use of capital goods and subsidies increased steadily. In 1980, one thousand marks from the state budget had to be contributed for each hectare of arable land. Productivity in the G.D.R. was one-third lower than in the Federal Republic, which is even more shocking considering that productivity before 1939 was significantly higher than in the present federal region and that there is almost twice as much agricultural land in the G.D.R. per capita.

In 1978, it was obvious even to the SED that the socialist system of farm production, which was consuming more and more energy, had completely failed. In May 1980, the SED changed agricultural policy. In the price reform of Jan. 1, 1984, subsidies for investments were drastically reduced, and producer prices sharply increased in order to pressure collectives to be more economical.

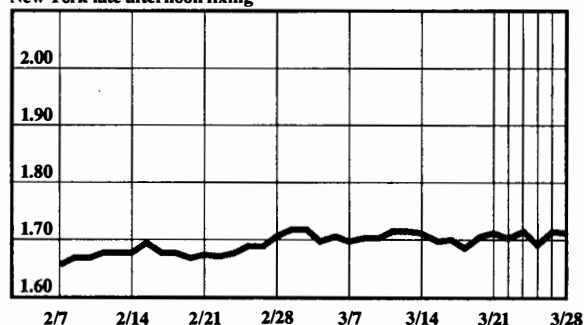
The separation between vegetable and animal production was recognized as the worst mistake; but it was not abandoned. Cooperative councils, which mediated between the two branches, were merely supposed to meet more often and cooperation more closely arranged. The work brigades were supposed to be employed for many jobs as close as possible to their residences. Private farms and small gardens were now tolerated.

With these measures, the worst could be avoided. Yet the attempt to transfer industrialized production methods to agriculture must be considered as a complete failure because the simplest agricultural principles were ignored.

Currency Rates

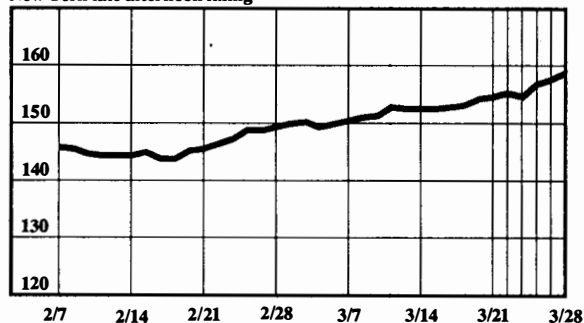
The dollar in deutschemarks

New York late afternoon fixing



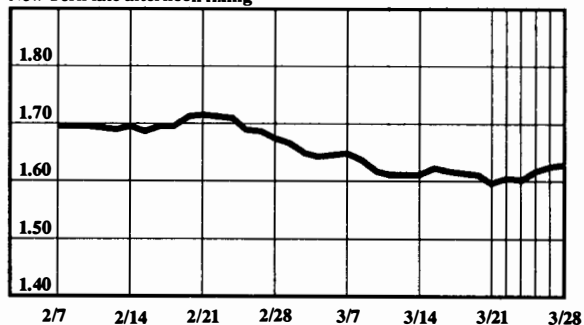
The dollar in yen

New York late afternoon fixing



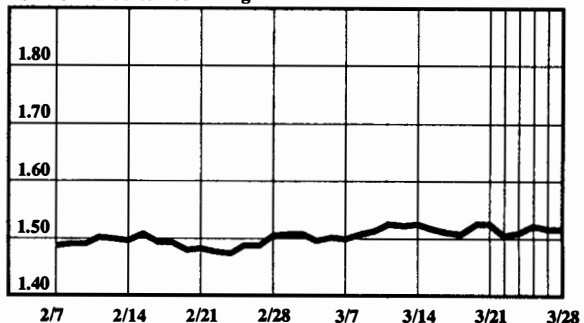
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Wall Street plays with fire in Japan

U.S. speculators hope that the crisis on the Nikkei stock exchange will force Japan to keep financing U.S. deficits.

When U.S. Treasury Secretary Nicholas Brady told his Japanese counterpart, Finance Minister Ryutaro Hashimoto, during their March 24 consultations in California, that the United States regarded the current Japanese monetary and financial crisis as a Japanese "domestic problem," he may well have detonated the financial equivalent of Pearl Harbor.

On Dec. 29, 1989, Tokyo's Nikkei Dow stock index hit its all-time high of 38,916 yen. It had soared 12% since mid-November alone. But certain people in Wall Street were preparing for the fall even then. According to banking sources in London and Paris, Salomon Brothers helped the last burst of the Nikkei late in 1989. It had introduced an exotic Wall Street innovation into the Japanese financial markets: "index arbitrage" or "computer program trading." The practice was implemented by Goldman Sachs, Salomon, Morgan Stanley, and other big Wall Street players in the weeks leading up to the spectacular Oct. 19, 1987 Wall Street crash.

A few months ago, Salomon and Morgan Stanley and friends brought their new toy to Tokyo to play with, and helped trigger the worst prolonged stock market crisis in postwar Japanese history.

Beginning last May, the Bank of Japan, like its counterparts in Europe, began to become alarmed about inflation, especially the prices of Japanese real estate, the highest in the world. They began to raise interest rates to dampen speculative frenzy. This did little. Then, on Dec. 26, the Bank of

Japan raised the discount rate 1% to 4.25%, still the lowest of any industrial country in the world.

At this point, Salomon Brothers went to work.

Index arbitrage is speculation in which the trader buys a basket of stocks of the few companies which make up the Dow Jones Industrials or the Nikkei Dow. Then he sets up a "futures" contract where, for a tiny margin of the cost of the actual stock, a player can gamble on the future price of the stock. If the spread between the futures price (usually a three-month contract) and the actual stock rises above, say, the three-month differential in cost of borrowed money plus some formula constant, a computer "arbitrage" goes into play. Huge players like Salomon or Goldman Sachs can whipsaw between the two prices and manipulate the market in short-term moves.

What it did in Tokyo, is to turn a controlled deflation by the authorities into a financial avalanche. As of March 29, the Nikkei had lost 23% of its value since Jan. 1. For the first time since April 1987, the value of all shares traded on Tokyo's Stock Exchange fell below those of Wall Street, Tokyo being pegged at some \$1.7 trillion, compared with New York's \$1.8 trillion.

"Salomon triggered a deliberate panic sell-off in what was to have been a controlled deflation process," said one French banker with intimate knowledge of the Tokyo market. "They're playing with fire. They helped push the Nikkei up to its highs at the end of last year. Then, begin-

ning in February, when they knew the large Japanese stock brokerages traditionally wind down their trading to realize profits before closing their fiscal year-end books March 31, they triggered the panic through their control of the index arbitrage." Some 80% of Tokyo "index arbitrage" is run by U.S. houses.

No doubt the aggressive traders at Salomon, et al. turned a profit on the trade, but there are hints it wasn't only Wall Street greed involved. It's rumored in London to have been done in concert with Mr. Brady's friends in Washington. Why? As one central bank source said, "They clearly thought this could 'soften up' Tokyo to finance the next phase of American deficits." If so, it may be the miscalculation of the century.

Unlike any other major stock market, Tokyo's market is inseparable from its banks. Banks raise huge sums of low-cost capital on the stock market by floating new issues. Japanese banks, the world's biggest in asset size since about 1985, accounting for 13 of the world's largest 25 banks and all of the top 10, are allowed to count as "current income" a portion of the appreciation of the market value of stocks they own in the year, even if they never plan to sell that stock.

As a result of the collapse of Tokyo stock prices, Japan's 13 largest city banks have lost nearly \$100 billion in value. In addition, they have tens of billions in bond trading losses yet to be calculated. Japanese financial houses have been selling gold in order to cut losses, and the Eurodollar markets in London are dead as only a first result.

Ironically, this may mean that Japanese capital to finance U.S. budget deficits and real estate will come to an abrupt contraction, once lending strategies are evident in the second quarter of this year.

Farm protests rock Europe

Tens of thousands take to the streets after the European Community cut farm prices to prevent "overproduction."

A wave of demonstrations and protest actions of farmers, unprecedented for three decades, is sweeping the European Community (EC), especially Germany, the Netherlands, and Denmark. This has been caused by the repeated actions by the European Community Agriculture Commission in Brussels, to impose hardship on farmers in the name of preventing "overproduction," and of "protecting the environment."

The protests are particularly directed against the latest EC grain price proposals, which mean a 3% cut of grain prices and an overall cut of farm income by at least 6%. The farmers are also protesting the international trade negotiations of the GATT (U.N. General Agreement on Tariffs and Trade) which also aim to lower farm income in the name of increased EC "competitiveness" on the world market.

The EC dictates an arbitrary upper limit on annual 12-nation total grain output, of about 165 million metric tons. If the EC Agriculture Commission's statistics say that the grain harvests exceeded the limit, grain growers are ordered to accept lower prices the next season, on the rationalization of preventing "overproduction."

Since January, tens of thousands of farmers in hundreds of cities have staged demonstrations of all kinds. They have blocked dozens of border crossings along the German-French, German-Dutch and German-Danish borders for weeks in a row. There are frequent protest actions in front of agriculture ministries in many countries and states. Crowds of farm dem-

onstrators have invaded political party headquarters and offices, such as the Konrad Adenauer House, the center of the ruling Christian Democratic Union in Bonn.

On March 5, Dutch farmers blocked selected border sites for an entire day. At least 1,000 farmers were involved in this action, which follows the simultaneous demonstrations of 10,000 in Aachen and 15,000 in Strasbourg in February, and other actions in Greece, Spain, and Portugal.

In the Netherlands—which, along with Germany, has seen the most massive demonstrations and disruptions of traffic—a "commission of good faith" has been formed between the former Agriculture Secretary König and the two current EC commissioners, Wiegel and Meijer.

The commission is charged with determining how the Dutch government can compensate farmers for the price cuts imposed by Brussels EC bureaucrats. Because of the intensity of the farmers' protest actions, one of the new commission officials publicly confessed that "trust between agriculture and policy is deeply disturbed," and that there are "enormous tensions between the farmers and their most important organizations."

Dutch Prime Minister Lubbers has recently announced, "Additional financial support for grain farmers is possible and should be done. I think the income situation of farmers has become so bad, that one has to say that it is no longer tenable."

Similar national measures to balance EC farm income cuts are under

discussion in Bonn. German Agriculture Ministry official George Gallus has reported to the parliament on the crisis, though no decisions have yet been taken.

The protest actions to date are regarded as just the beginning of even bigger demonstrations, unless remedial measures are forthcoming. Despite this being the planting season in Europe, farmers have kept up their mobilization against the EC.

The German national farmers organization—whose leaders are under ferocious pressure from the membership—announced nationwide rallies for the last week in March. Again and again, farmers are quoted saying, "If people in the totalitarian countries dare to stand up, why should we swallow all kinds of injustice and thievery committed by the politicians? We know how to fight too."

Since the mid-1980s, a series of EC-wide "quotas" have been imposed on farmers to limit the amount of milk, grain, wine, and other products they are permitted to produce—on penalty of stiff fines and lowered prices for their output.

In the Rhineland wine district, for example, there is a rebellion going on against the newly imposed quota system, and against the EC agriculture programs in general. At some places, tactics are being recalled from the Great German Peasant War of the 1520s.

Fine growers have threatened government bureaucrats that they will burn their harvesting books this fall, if their demands are not met. These records are the most important documentation for marketing quality wines. This is exactly what their ancestors did 515 years ago. It signals that they are no longer willing to accept even the most essential regimentation any longer, even if it means great hardship for them.

Business Briefs

Trade

Japanese suggest improvements to U.S.

Japanese trade negotiators have submitted over 80 suggestions to the United States, including suggestions to outlaw junk bonds and build infrastructure, to solve the chronic trade deficit the U.S. runs with Japan. The proposals were leaked to the press after over 200 U.S. suggestions—along the lines that Japan increase its consumer spending—were leaked to the press.

The Japanese suggested that the U.S. should limit the amount of credit cards any single individual is issued, eliminate the tax credit for home ownership, and impose a steep tax on gasoline, in order to rein in rampant consumerism and boost savings. They suggested that high-speed trains be built to replace travel by individual automobiles, that the U.S. educational system be rehabilitated, and that business colleges stress production management, not finances.

A senior Japanese official responded to U.S. criticism of the Japanese suggestions by telling the *New York Times*, "Is this a recipe for political suicide? Maybe it is. But you should see America's ideas for Japan."

War On Drugs

Scientist demands more R&D funds for drug war

Los Alamos National Laboratory scientist Dr. John Immele, director of the Conventional Defense Technology division, told a hearing of the Senate Judiciary Committee on March 20 that the national weapons laboratories' technology base is underutilized in developing war on drugs technology and that more R&D funding is needed.

Of \$6.7 billion anti-drug funds, only about .66% will be devoted to research and development, while in areas such as national defense, economic competitiveness, and environment, 5-10% of the overall resource is customarily

spent on R&D. "The drug war should be no exception, because science and technology can make an important difference," Immele stressed.

Immele said an unmanned, inexpensive radar to fill the gaps in coverage by other systems, such as the aerostats, or blimps used by the Customs Service, could be completed by Los Alamos within a year; a laser radar (LIDAR) to detect drug laboratories from aircraft, and biochemical methods to detect trace quantities of cocaine, heroin, and other illegal drugs in cargo containers, could be developed within one to three years; and detection techniques for use at longer ranges and adapted to the next generation of drugs, antibodies specific to coca and opiates to detect and neutralize psychoactive products, and increased productivity of legitimate Third World crops through higher legume production and nitrogen efficiency, could be developed in the long-term.

Immele said that long-term R&D "carries the dual burden of less immediate utility, and greater total project cost than that for near- and mid-term efforts," but that proposed long-term efforts create new infrastructure and are necessary to "create and maintain the capability to respond to tough technological challenges in the future."

Health

Gap between blacks and whites in U.S. widens

The health gap between blacks and whites in the United States is widening, according to the 14th annual report of health conditions in the U.S. entitled "Health United States 1989," issued by the Department of Health and Human Services.

The life expectancy of whites is 75.5 years and rising, that of blacks is 69.5 and declining. While infant mortality is still declining, the rate of decline has dropped off in recent years. In 1987, there were 8.6 deaths per 1,000 live births of white children, while the black infant mortality rate was over twice as high, at 17.9 per 1,000.

Health and Human Services Secretary Dr.

Louis Sullivan, who presented the figures on March 22, emphasized the role of changing "patterns of life" like smoking, seat belt use, curbing violence, and good nutrition.

The importance of socio-economic conditions such as the cost or availability of medical care and diet was suggested by the report: Regardless of age, education, or marital status of the mother and whether or not she had prenatal care in early pregnancy, black mothers were twice as likely to have babies of low birth-weight.

Space Technology

Scientists: Use space technology for economy

Dr. Valery Barsakov, of the Vernadsky Institute of Geochemistry and Analytical Chemistry in the Soviet Union who has worked on planetary exploration, recommended that the entire Soviet economy be upgraded to a par with the Soviet space program, on Radio Moscow March 21.

Dr. Barsakov stressed that it should be kept in mind that space is "one of the few areas in which Soviet technological standards are among the highest in the world." By comparison, the "general standards" of the Soviet economy are quite low, Barsakov noted. "We should not bring the space program down to the general standards of the overall economy, but should bring the general standards up to those of our aerospace."

A scientist from the Space Research Institute backed this assessment, and stressed the "future dividends of space activity." Boris Rauschenbach of the Moscow Physical-Technical Institute said that critics of the space program ignore the fact that the Soviets lead in many areas of space work, particularly in duration of space flights. It would be harder to regain leadership than to simply maintaining it, he said. He noted the irony that weakening the Soviet space program could undermine disarmament talks and jeopardize peace, since space satellites are needed to verify the INF accord.

Political Economy

French President scores free-market economics

French President François Mitterrand attacked the liberal free market policies which dominate Margaret Thatcher's Britain and the United States.

In an interview with French television March 25, Mitterrand pointed to the disastrous consequences of these policies in both countries. "Laissez-faire liberalism has exhausted itself," he said. "I don't want to upset the British government, but it is clear how the ultra-free market experiment of Great Britain is falling apart. In addition, look at the United States. There are 50 million poor people. It is obvious that the difference has become too great within these societies between rich and poor, such that you have a rich society and a poor society within the same country. This all justifies my conviction that while communism is collapsing, economic liberalism is fully exhausted. It is therefore urgent to correct the effects of free market economics. We are talking about mixed economies."

Research and Development

U.S. may have to import key future technologies

The United States may have to import crucial future technology such as superconducting technology, according to the Council on Superconductivity for American Competitiveness, *Washington Technology* reported based on a council media briefing held on March 19.

Former White House Science Adviser George Keyworth warned that by the year 2000 the U.S. is likely to have superconducting magnetically levitated trains, but "The problem is, are we going to buy it all from abroad?"

On March 21, the council testified before the Senate Commerce Committee in support of a bill by Sen. Ernest Hollings (D-S.C.) which would provide \$50 million in 1991 and 1992

for matching government-private research funds, and set up a federal high-speed ground transportation office. The West German technology under consideration for a "maglev" system and manufacturing facility in Pittsburgh is a first-generation system using conventional copper magnets. The technology under development in Japan, pioneered in the 1970s in the U.S., uses more efficient superconducting magnets, and should be commercial in about ten years.

Environment

Biomass burning worse than industrial pollution

Industry is the answer to pollution in Africa where over 5 million square kilometers of grassland is burnt every year, releasing more than 6.9 billion tons of CO₂ into the atmosphere, 2 billion tons more than all industrial sources of CO₂, according to Robert Delmas, professor at the University Paul Sabatier in France, and leader of the French expedition that has been studying biomass burning in Africa for the past three years.

Delmas's conclusions were presented at the American Geophysical Union conference on biomass burning in Williamsburg, Virginia on March 20.

Delmas said that when his team arrived in Africa three years ago, they were expecting to find a "pristine" environment, and instead found a continent covered with dense smoke clouds. The major source of the smoke, the expedition documented, was from the burning of grasslands due to primitive slash and burn agriculture and the burning of biomass as fuel.

Delmas explained that with the exception of Nigeria, an oil producer, most countries in Africa consume 90% of their energy from biomass burning. The average African consumes about 800 kilograms of wood a year, the equivalent of 83 kilograms of charcoal, a completely insignificant amount compared to advanced sector standards. Delmas said that the financial condition of African countries has made it impossible for them to import oil or tractors, the obvious solution to the problem.

● **SOVIET** oil and coal production fell dramatically in 1989, the U.S. Department of Energy reported. Petroleum production dropped 300,000 barrels per day, and coal production fell 32 million metric tons below 1988 levels, despite investment in fossil fuels more than 2.25 times higher than investments in science, art and culture, and education combined.

● **LARGE BRITISH** holdings in the United States are being dumped, including almost \$6 billion in 1989, reported the March 22 *London Times*. "Part of this pull-out from the expensive American market [is] to concentrate in Europe," and the trend is expected to accelerate in 1990.

● **A SOVIET** delegation will visit Japan from April 15-28 to study the role of the Japanese government in spurring scientific research and fine-tuning the economy, a Soviet embassy official in Tokyo announced March 22. "We are very interested in Japan's postwar economic experience," he said. "That we are sending a high-level mission should speak for itself."

● **NEW MACHINE** tool orders for February in the U.S. were down 31.0% from 1989, the Association for Manufacturing Technology reported. The order backlog now stands at \$1.705 billion, compared to \$2.323 billion a year ago.

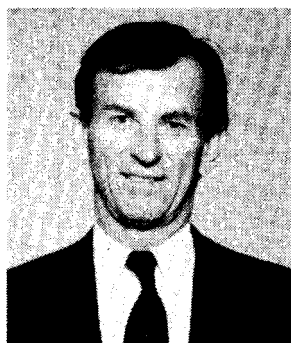
● **THE PHILIPPINE** government of Cory Aquino is stalling on price increases on oil, gasoline, and other commodities as demanded by the International Monetary Fund because of coup rumors, according to Philippine sources.

● **THE SOVIET UNION** wants to cut energy exports to Hungary by one-third, while also reducing imports of mechanical engineering products, the *London Times* reported March 21. The squeeze would force a 60% decline in that sector, leaving 200,000 unemployed.

Nuclear power to help the developing world

Linden S. Blue, vice chairman of General Atomics, talks to Marjorie Mazel Hecht about the relatively cheap, very safe, and versatile modular helium nuclear reactor.

General Atomics, in San Diego, California, is ready to start building its modular helium nuclear reactor (MHR) worldwide. This second-generation nuclear reactor (which is also called high-temperature gas-cooled nuclear reactor—MHTGR—or HTR in Germany) is relatively inexpensive and extremely versatile, providing electricity as well as process heat for cogeneration and industrial processing. It also features unique safety features, in that the reactor can shut down and cool down by itself, even if all its cooling systems fail. Marjorie Mazel Hecht, the managing editor of 21st Century Science & Technology, talked with General Atomics vice chairman Linden Blue on March 9, 1990. Blue was formerly CEO of Beech Aircraft and general manager of Lear Jet, both in Wichita, Kansas.



Linden S. Blue, vice chairman, General Atomics

Q: What led you from the aerospace industry to your involvement with General Atomics and nuclear energy?

Blue: As a student of world economics and energy resources, I cannot but conclude that nuclear has a place in the energy equation of the future. This has been my conclusion going back, I suppose, as far as the introduction of nuclear power itself during Eisenhower's Atoms for Peace program.

My brother and I got involved with General Atomics essentially four years ago, because of our belief that nuclear is both inevitable and very desirable for the energy equation.

The General Atomics opportunity came up when Chevron decided they wanted to raise some money to offset the debt they accumulated when they bought Gulf. GA had been a subsidiary of Gulf and became a part of Chevron when Chevron acquired Gulf.

So here was a company that had the technical ingredients in an area that had always been interesting to my brother and me. (My brother's interest has been just as great or greater than mine in these technical areas, for a comparable amount of time.) Here was a company that had enormous technical resources. They had worked on nuclear technology for 30 years and had pumped a billion dollars of their cash into this technology. The company had been founded on, and was dedicated to, the peaceful uses of nuclear energy, and over that 30-year period it had also managed to accumulate some of the best brains in the world in these areas.

Although I'm not a physicist, and neither is my brother, we believe that the thrust for bringing back the nuclear option has to be much greater levels of safety, both perceived and actual, than had been possible in the early generations of nuclear. GA appeared to have a totally different level of safety—safety that essentially precludes the possibility of a meltdown, of a "China Syndrome." We believed that the safety ingredient was there, and that because the MHR emphasizes standardization, the ability to build these reactors in factories and control the quality, the cost, and the schedules through proven factory production capabilities, that these were all the right ingredients.

Also, we thought that GA started with the right technical parts of the nuclear equation. For example, there are three key elements to a reactor: the fuel, the moderator, and the coolant—and maybe I'll add a fourth, the size, because the size relates to complexity and therefore safety.

Let's talk about the fuel first. If you have a ceramic fuel that can take extremely high temperatures, you no longer are tied to the requirement of always having coolant present, no matter what. The conventional solution to the problem of having to keep coolant present has worked well in water-cooled reactors with two major exceptions, TMI [Three Mile Island] and Chernobyl. So it would be very nice if you could have a fuel that was so resilient to high temperature that the absence of coolant was not a problem.

The size factor comes in here too. Size limits the temperature to which a reactor can go under any circumstance that's reasonably foreseeable. The fuel in the MHR can go to 2,000°C, compared to less than a 1,000°C for typical light water reactor fuel. Given its size limit, our reactor can only get to about 1,600°C even under severe accident conditions. So this gives us the right characteristics of fuel and size to ensure safety and preclude—virtually, preclude—a meltdown.

Next, you need a moderator that cannot change state. In other words, a moderator that is not a liquid under one set of temperatures and pressures and a gas under another set of temperatures and pressures. Water can change state, and if you happen to be relying on water for your moderation and cooling and it suddenly becomes steam, you've "bought the farm," so to speak. Graphite is a great moderator; it's a solid block. The graphite we use is very highly refined, not ordinary graphite, but "nuclear grade" graphite. It's extremely pure and has excellent high-temperature characteristics; it gets stronger as it gets hotter.

You also want to pick a coolant that will not change state, for the same reasons. Water, for example, will take away a great deal more heat than steam will. Also, you want a coolant that won't be corrosive. My guess is that probably 50% of the problems in terms of reliability and operability of light water reactors are due to the corrosion caused by water in steam generators and other primary system compounds. Well, if you could have a coolant that was inert, that would be non-corrosive, that's the ideal. Helium is just that: It doesn't change state, it is always a gas.

So, you have to start with the right basics, and if you start with the right basics in the moderator, coolant, fuel, and size, then everything becomes simple and relatively inexpensive because of its simplicity. This is the key to safety as well. When we're talking safety, we mean the kind of safety that precludes a "China Syndrome" meltdown accident under any reasonably foreseeable circumstance. . . . Jane Fonda couldn't touch this one. . . . The MHR is understandable and totally predictable. Other reactor designs are extremely complicated systems that must have their coolant present at all times. If they lose that coolant present is danger of a meltdown. It's as simple as that. In light water reactors, if the water goes away, you've had it! The light water nuclear industry has done a very good job in providing reactors with tremendous redundant systems to back up a coolant loss, but

these are complicated and expensive. Even so, I believe those reactors are safe. They have had a tremendous record with the two exceptions of TMI and Chernobyl. But there is no way they can get to the ultimate inherent safety characteristics that MHR has, because they don't start from the same basics. That's why we think the MHR is so great.

Because we believed fundamentally in the need for nuclear energy in the world energy equation, when we saw a company that seemed to have the technological characteristics we thought that the world needs for its next generation of nuclear reactors, namely, inherent safety, we thought that company would be a darn good thing to acquire. . . .

Q: General Atomics has shown some welcome boldness in promoting the MHR as an ideal next-generation reactor for developing nations, as well as the advanced sector. What would it take to begin to build reactors in those countries that are desperately in need of reliable energy?

Blue: Well, whatever is true about its applicability to the United States is multiplied several times over in the developing countries and in the newly liberated countries like Poland. Let's talk about Poland for a second. Poland has a terrible sort of "Catch 22." They need more energy consumption if they are going to make their economy work; it's an absolute shambles now. The problem is that their present energy consumption has them in a desperate situation environmentally, with almost instant health problems. They really don't have any solution but to seek a different source of energy other than the ghastly low-grade coal that they burn not only for electricity, but also for industrial process heat and for district heating of homes, offices, and factories.

The MHR just happens to be not only a better source of electricity but, unlike the conventional nuclear technologies, it can also provide process heat, which is at least as big an energy need as electricity. In the U.S. the amount of energy consumed for electricity is about the same as the amount of energy consumed for process heat. Because of the MHR's high temperature, we're uniquely able to provide process heat, and we are the only technology that can provide district heating for homes, offices, and factories. Currently in Poland there are siting restrictions for a big light water reactor to keep the reactor 100 kilometers from a population center. An MHR could be sited right up close. Also, for district heating, you cannot transport heat over great distances; either you're close by or you can't use the heat.

In the event of even the worst case accident with an MHR, you could stand at the boundary of the site, which would be only about 400 meters from the center where the accident was occurring. Even if you stood there for a month, the dose of radiation you would receive would be similar to what I receive every time I fly from San Diego to Washington, which is frequently. In other words, an MHR accident is just a non-event, a non-problem.

Unlike the other reactors that can produce only electrici-

ty, the MHR can provide all three: electricity, process heat, and district heat. This advantage is more urgent in countries like Poland, because they don't have any alternatives. Here in the U.S., for example, we use natural gas for heating, almost entirely.

Although we truly should be making more use of nuclear for industrial process heat, the real problem in expanding uses of energy isn't in the developed countries as much as it is in the newly liberated countries and the Third World. The point is that the MHR fits the rest of the world even better than it fits the United States.

Q: What would it take to build an MHR in Poland?

Blue: Well, really, you have to build your lead plant here in the U.S., because we have all the infrastructure. You could build it elsewhere, but inevitably foreign governments, before they buy anything, want to see one that is working in the U.S., one that has passed muster with the Nuclear Regulatory Commission. That isn't to say that it would be impossible to put the lead plant someplace else, but it would be a lot easier if we have already built one here.

Q: So, we really need a prototype here.

Blue: I hate to call it a prototype, because we have really already built our experimental prototype plants. We need a *lead* plant. There's nothing new in the technology of the MHR; it takes the best parts of all the prototypes that have been built before. Peach Bottom in Pennsylvania operated with an 86% availability, which is outstanding. Fort St. Vrain, in Colorado, had a very low availability because of one system (circulator bearing lubrication). The physics worked very well.

Because of these two and other prototypes, all the technical questions are really behind us: It's a matter of building a plant and showing it is economical. There are two ways we can do that; one is to have a commercial demonstration project. We believe there are several potential commercial sites for this. Also, the new defense production reactor, an MHR, will show the efficiency of the modular helium reactor, which should satisfy people that this is really the right combination of size and everything else.

I've used here the term modular helium reactor (MHR), but it's synonymous with modular HTGR. I like MHR a little better, because it has fewer letters, is more descriptive, and is more friendly. Helium is a very wonderful gas. There are other gas-cooled reactors using carbon dioxide. We like to differentiate ourselves from those, because helium is inert and carbon dioxide is not.

Q: What are the major obstacles to a crash program for mass production?

Blue: Demand for the product. The need is there and the need is becoming aggravated, but the utilities must see one working. That why the New Production Reactor is such an impor-

tant project. We expect to have that one operating in 1998.

Q: But does that mean that any large-scale development program elsewhere would not go until after 1998?

Blue: It shouldn't, because every month that we refine and get closer to completion of our design, people should become more comfortable with it. We'll be testing all the components and we'll be building our case for why this thing is going to run better than anything that has ever run before. We are willing, along with the other suppliers, to make certain guarantees of operation. Then there is the question of regulations; it is terribly important that the NRC work quickly though the licensing process.

The need is already there, but is anybody ready to step up and pay money for it? I believe they would in Poland, if they had the money, because their need is so desperate.

It does take time to finish the design; that's roughly a four-year proposition. And then it takes about five years to build one.

Q: Would it take five years to build the first one? I thought that once you had a factory going that could mass produce them it would take less time.

Blue: Sure, then it would take only two to three years. If you can pull components off the shelf, your actual site time could be a lot less than that.

Q: The French company Framatome has said that right now it could produce 18 MHR vessels per year. How long would it take the United States to gear up to do this?

Blue: Framatome could do it because they have great capacity. We could do it in this country as well. If there was a will to do it, it could be done as rapidly as you could finish the design. What you are talking about is steel fabrication capacity, and the capacity is there, for example, in Chattanooga, Tennessee, where Combustion Engineering produced 70% of the reactor vessels that are currently in operation in the United States. They could easily produce MHR reactor vessels. The vessels themselves are very similar to water reactor vessels.

Q: Do they still have that capacity up and running?

Blue: It's not up and running because there isn't any demand. It's still there and it would take some modernization, but it could be done. I believe that Babcock and Wilcox has some capability and there is Chicago Bridge and Iron, which has some capability. I'm most familiar with Combustion Engineering. . . . The French have good capacity but there's capacity here also. But don't let me confuse you, it's not up and running now. I can assure you that the people in Tennessee would be delighted to have it regenerated.

Q: The MHR with its high-temperature cogeneration advantages seems especially suited to East bloc countries that now

depend on coal. Do you have any specific plans for involvement there?

Blue: We could convert their low-grade coal to gas and solve the environmental problems and still unlock the wealth of that natural resource. If Poland made the decision to go with MHR, that would not mean they were consigning their coal to the ground forever; rather it would mean that we could pull that coal out, gasify it, and avoid the environmental problems. We hope to get a full-blown study under way that will prove the feasibility of the MHR in Poland, and we would like to move ahead. We think it is the right technology for that part of the world. Where the money will come from is another question.

Q: That was going to be my next question. How would the financing work? What would it take actually to get something going there, at least one set of modules?

Blue: This is a very rough estimate, but the first four modules will take \$2 billion. Each set of four modules after that will take \$1 billion. And that is roughly \$2,000 per kilowatt, which is a very feasible price for a new plant, a very good price. One billion dollars is about what we in the U.S. spend each week on imported oil.

Q: That's really not a lot of money when you consider that you are talking about developing the potential for an entire country, including turning its skilled labor into a resource, instead of unemployed.

Blue: That's an important point. One of the other advantages is that because our steam condition is the same as that for fossil—same pressure, same temperature—we can use a lot of the componentry that the Poles are already building, and know how to build. Other nuclear plants use a less efficient steam condition that is incompatible with what they have been doing before. So MHR's steam condition should be a big advantage to the Poles. Inevitably, because money is a problem, the more you can use of an indigenous industrial capability the better off you are and the better off they are.

Q: So they could actually make the steam generation parts of the plant?

Blue: They could make the turbine generator and a lot of the componentry. One of the things that our detailed study would do is a survey of their industrial capacity, just what parts they could produce themselves and what we would have to supply. In terms of cost, we're competitive with coal and the best projections for the big water-cooled nuclear plants. And I emphasize projections, because we both know that projections haven't been realized recently; they've been three and four and five times what they projected.

Q: Right now, the West Germans, French, and Japanese seem to have a much better understanding of the importance of infrastructure development for creating world stability

than does most of the U.S. administration. What do you think it will take to change this situation here?

Blue: Well, I go crazy when I go to a big conference and the subject is, "What should the U.S. energy policy be?" because that implies that we are only looking at the United States. Usually my statement starts out that we are asking the wrong question, and we may get the wrong answer because of it. The real question should be, "What should U.S. policy be in the context of the world energy environment?" because that is exactly what it is. You can't separate the price of oil or the demand for fossil fuels in the United States from world markets. You can't separate U.S. air from world air, environment, atmosphere. You can't separate the problem that the Chinese have, who would very much like to build their prosperity. When they hear the highly developed countries, who became productive and prosperous largely by burning coal, pontificating about the need for the Chinese *not* burning coal, that's not very convincing to the people who must have electricity for their industry, heat for their apartments, and fuel for cooking.

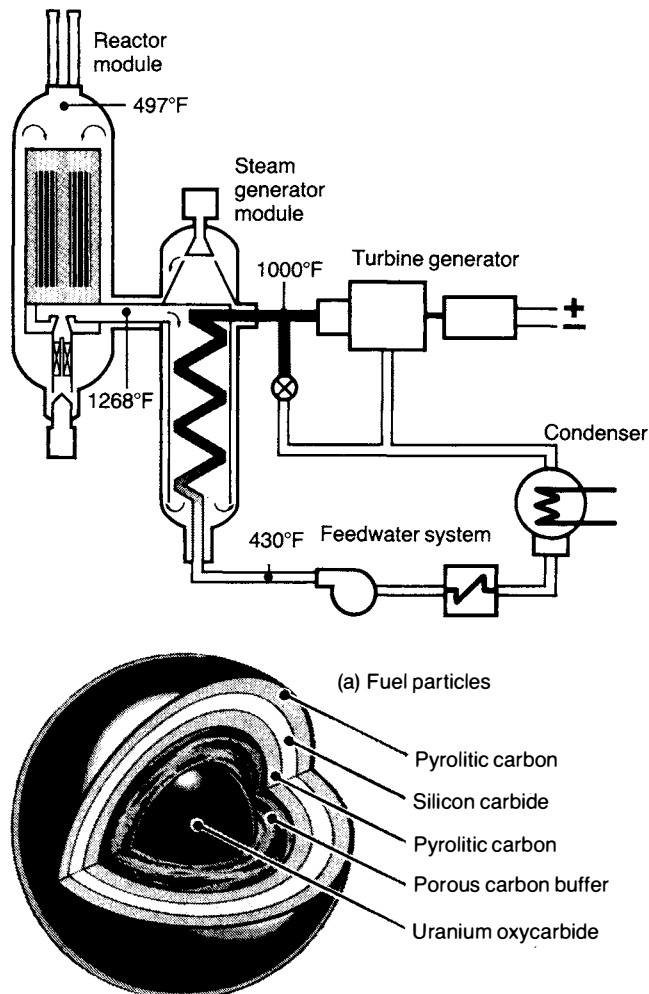
Q: That's basic middle-class, U.S. environmentalism. It's nice to think about clean air in your warm house, but it doesn't do much for the people who are starving, or struggling just to stay alive in the real world.

Blue: And truly, you know, that is a U.S. problem. We, as a nation, are very parochial. The Japanese are not; they can't afford to be. They were decimated in a war. The same is true of the Germans. They're living in close proximity to the Eastern sector. They know those problems. Everybody in Europe is affected by the environment created in the East bloc. The French, of course, are into nuclear, and are well aware of these problems, because like other European powers they recognize the importance of world commerce, the world market, and they don't have any other energy alternative but nuclear. As you know, they're 70% nuclear now. The French also have figured out that if they don't ensure that the cost of energy is low, then they can't expect to have high wage costs. Said in another way, you can have high wage costs only when you have low energy costs—or, wages can be high only when energy costs are low. The U.S. needs to come to that realization as well. I think this attitude is gradually being felt in the United States, although it seems that it takes gasoline lines to get people to understand the problem.

I was looking at a survey of opinions in Europe just the other day, and 55% are anti-nuclear, but 71% say that the priority overall is the environment. So they haven't made the connection yet that nuclear is the cleanest fuel, other than solar. The world population is increasingly sophisticated, and they will come to those realizations, but they haven't yet.

Q: If you look at what people are fed for information on television, and what our President, "the environmentalist,"

The modular high-temperature gas-cooled reactor



The most visible difference between conventional nuclear reactors and the MHTGR is its fuel and containment design. The fission power of the MHTGR comes from tiny fuel particles, the size of grains of sand. Each tiny sphere, about 0.03 inch in diameter, consists of a particle of enriched uranium coated with a graphite buffer and then encapsulated by three successive layers of pyrolytic carbon, silicon carbide, and pyrolytic carbon (below). These ceramic layers are the "containment" buildings for the nuclear reaction.

The design of the MHTGR is such that if something goes wrong, even in the highly unlikely worst case where all the coolant and control systems fail, the MHTGR fuel pellets can withstand the maximum temperatures that could be generated. Because of this inherent safety feature, the MHTGR will not have to have an additional containment building.

The schematic flow diagram shows the reactor module and the steam generator module. Helium coolant moves downward through the reactor core and is heated by the nuclear reactions. The hot helium then flows through the connecting duct to the steam generator, where its heat is transferred to the water to make steam. Cooled helium then is recompressed by the circulator and reenters the reactor. Inside the reactor core are graphite fuel blocks, hexagonal in cross-section. Fuel elements (composed of fuel pellets mixed with graphite and formed into rods) are stacked in columns in the hexagonal blocks.

The proposed power plant design of General Atomics groups four reactor modules, each at 135 MWe, for a total power output of about 540 MW. Each reactor module is housed in a below-ground concrete silo and is completely separate from the electric power generating system.

Source: General Atomics

is saying, you see that there is a great deal of unreality. I think that the situation really changed in Europe as a result of the wall coming down. It opened up the question of development not just Europe but also Asia and Africa. Poor, starving people don't make a good environment.

Blue: . . . You've got to be sure that you do things that are responsible, environmentally, but you shouldn't wreck economies in the process. The truth is that you can do both—you can have energy and you can have a good environment.

If you want energy you've got to understand you're going to have waste, and that includes the energy that comes from the human body. You've got to decide whether you want to use the atmosphere, which happens to be the only atmosphere we have, as a sewer, or whether you want to put very small amounts of waste in the ground where it is secure. You can do that with nuclear.

Q: What do you think it will take to change the situation here?

Blue: Articles like yours, and other media attention. We as an industry have to tell the story better. I think one of the reasons that the industry hasn't told it better is because the utilities don't want to close down their generating capacities. Most all of them have both coal and nuclear plants. They have to somehow explain the fact that there is a new, much safer type of technology, like the MHR, doesn't mean that their old reactors are dangerous. . . .

Q: The problem is really we haven't built anything new.

Blue: Precisely. What will change the situation here? Well, if we had gasoline lines, that would change it, but I hope we don't have to go to that extreme. If you had massive brown-outs and blackouts that would change the situation. Mean-

while, what we'll do is build a lot of our new capacity, almost in desperation, based on gas turbines, and that's using one of our best sources of energy, natural gas, for stationary power when it should be preserved for transportation. Unless we change our attitudes, we'll keep ourselves away from blackouts by burning valuable natural gas, while it lasts.

Q: Virginia has just contracted with the Japanese to build a gas turbine, because there is such an electricity shortfall, and that seems like lunacy to me.

Blue: That's right, and I'm sorry to say it's very widespread—to make gas turbines the source of added power. Everybody's doing it.

Q: What is the goal of the Department of Energy civilian fission R&D program on the MHR, and how does it mesh with the plan to make the military New Production Reactor an MHR?

Blue: It is very important that they both proceed. If we only did the defense part, we would just be delayed that much more in doing the civilian. The civilian looks the same from the outside, uses the same kinds of pipes and valves and all that, but the core itself is totally different. The civilian reactor uses a low-enriched fuel and the defense core uses a high-enriched fuel. That is a huge difference. Basically, if you have high-enriched uranium you can make weapons. It's important that we keep on with the effort of designing the low-enriched core so we will be ready to go with commercial version quickly behind the defense version. No one will be able to make weapons materials from the commercial version.

Q: What is the timetable for the MHR under the civilian R&D program of DOE, and what is the budget?

Blue: There have been several budgets. Without getting into them in detail, if the civilian program will proceed at a rate of about \$25 million this year, then slightly increase each year for the next eight years, and then have private sector involvement added, I think we could get a project going that would mean a civilian reactor could come on stream perhaps a year or two after the New Production Reactor came on stream. . . . It's too bad it can't be sooner, but the NRC is very deliberate. And rightfully so, because people want the safest possible technology they can get. The NRC is used to taking a long time because the light water reactor is very complicated; it takes a long time to review. I think they could do the helium reactor in a shorter time, but at least the first time around they will want to be very deliberate. What we hope and trust is that they will come up with a certification process where once the reactor is certified it can essentially be built exactly the same in other locations.

Now, to get back to how do the civilian and military programs mesh? They mesh extremely well. There's virtually no overlap in terms of duplicated effort; the discrete parts and componentry are virtually all interchangeable. But I has-

ten to add that doesn't mean that you can get weapons material from a civilian reactor. In fact, the opposite is true.

Q: The point is that doing the one—MHR—will help give you the necessary experience with the other.

Blue: It's a way that we as a nation can spend the money once and get two benefits. It's analogous to the way we developed the KC-135 for the Air Force. It became the prototype for the Boeing 707, which put Boeing and the United States in the leadership of jet transport for the next 40 years. Thank God for that. That's been a lot of positive foreign exchange for the U.S.

Q: In general, we have promoted this idea of science as the "driver" for the economy. We need a space or a Strategic Defense Initiative program to give a mission sense to the economy and move it forward. And then we use the spinoffs from those technologies, whether for defense or for space exploration, to upgrade productivity in the rest of the economy. That works. That's the only thing that's given our country prosperity.

Blue: Defense budgets have done that, and this can be every bit as important to the U.S. balance of payments as the KC-135 was.

Q: Next, I have a question that has come up from several people in the nuclear industry about economy of scale—the bigger the reactor, the less expensive. From what I see of General Atomics' studies, the economics for your smaller-size reactor is very competitive with larger reactors because of mass production.

Blue: That's right. Factory quality control and factory production. You could almost say that everything we have that is good, efficient, and low cost in our world, is because it is mass produced. Anything that is hand built one at a time is very expensive. The economy of scale sort of grew. People said, "Well, if we could just up the megawatts, it won't cost that much more to operate and won't cost that much more to build, but we'll be amortizing our cost over a much larger base," and that's what economy of scale is all about. Well, it works in theory, but in fact, for the nuclear plants above about 600 MWe, the opposite may have been true. The bigger plants got, the more complicated and more expensive they became, because that's the nature of the beast from a design standpoint. To a large extent the increased expense came, because the larger the plants became, the more resistance they met in the communities where they were to be placed, and so the longer it took to get one done.

I'm not saying that economy of scale isn't a valid approach and can't work in the future. It has, in fact, worked in the past, but it hasn't worked in many nuclear projects. In too many the reverse has been true.

Well, another way to get the cost down is to build things efficiently using modern industrial processes, automation,

and all those good things. To a great extent we sort of borrow the kind of technology that has made it economical for us to build airplanes, the learning curve. That's just as good, and in fact maybe even a better proven way of reducing costs than "economy of scale," because the learning curve is well known in industry.

When I was in the aerospace business, we either conformed to the learning curve of about 80%, or we would be looking for somebody who could. Industrial production using the learning curve is well understood, and it is something that it's time the nuclear industry took advantage of.

By contrast, think of building a [Boeing] 747 the way we build nuclear plants. That would involve calling up Seattle and saying, "All right, you guys send me the parts for a 747, and we'll sort of do the finished engineering on them here in San Diego. Then we'll hire a bunch of mechanics to put it all together." Guess what? It would cost probably 20 times as much as buying a finished product from Seattle, and it would be a pretty dangerous thing to get into, as far as I'm concerned, because you would have people building it who weren't experienced, hadn't had the advantages of tools and factory setup, and all that implies. This is the direction in which the nuclear industry must evolve if we are to be competitive, and the modular helium reactor is perfectly suited to that kind of a building process. That's why I said at the start that the small size and the modularity are also the key to economy.

Q: Is the question on economy of scale one of what has happened in the United States over the past 20 years to the nuclear industry? Is it the environmentalist movement's objections to nuclear that have made it uneconomical to do a large-scale reactor? Is that what is factored in your economics?

Blue: Those are among the problems. I'll give you an example. In an average light water reactor there are something like 40,000 valves. When you look at the nuclear-grade piping and valving, which is very expensive, the MHR has, we believe, 100 times less nuclear-grade piping and valving per reactor. That is a heck of a lot of leverage to get cost down. I'm mixing a little bit apples and oranges here, because the 40,000 includes non-nuclear-grade stuff, so I'm giving you two numbers. I don't have an exact valve count for a whole plant, but the best estimate on nuclear-grade piping and valving, by weight, which is important, is that the MHR has 100 times less.

Things generally cost by weight and by number. The fewer parts you have, the less something is going to cost. The less it weighs, the less something is going to cost, generally speaking. That gives us a huge amount of leverage. The MHR may take eight modules to make 1,000 megawatts, but we still have fewer parts, perhaps by a factor of 10. And it's that simplicity, again, that is the key to the cost and the safety.

The thing that we say, as far as the economics go, is that we are competitive with coal, and we're about the same as

the large, "economy-of-scale" nuclear plants are supposed to be, but don't normally achieve. I think we will be economical, because we are able to operate much more reliably and efficiently, and have much greater capacity factors.

Q: Your plan is for four 135 MW modules at one site?

Blue: Yes, but the pressure vessel itself is a large piece of steel. It's small in the sense of its output, but it is large physically because it has a low power density. That's one of the things that leads to its safety characteristics.

Q: What do you think it will take to get nuclear energy moving worldwide as it was envisioned in the Atoms for Peace days?

Blue: Need, which we have; and understanding, which we're lacking. I think we must develop a great degree of cooperation worldwide where the United States understands that one of the responsibilities of the developed world is to help the developing world. We can't expect them not to utilize energy. If we don't want them to wreck the environment, then we have to help with our technology. We have to help them solve their problems in an environmentally sound way, namely, with technology.

Interview: Isidor A. Weisbrodt

Let's build a joint East-West HTR plant

Isidor A. Weisbrodt is the general manager of the West German joint venture company to develop and market the high-temperature gas-cooled reactor, Gesellschaft für Hochtemperaturreaktoren (HTR-GmbH). The joint venture was formed in May 1988 by ABB-Germany/Hochtemperaturreaktorbau GmbH—formerly 51% Brown Boveri Company and 49% General Atomics, and now 100% Asea Brown Boveri—and Siemens-KWU/Interatom, a wholly owned subsidiary of Siemens, for the future HTR development marketing, planning, and construction of HTR power plants, namely, the HTR-500 and HTR-Module.

The German design differs from that of General Atomics in the way the fuel is configured. The HTR uses a pebble-bed design, with 6-centimeter balls of fuel instead of a ring-shaped core. Mr. Weisbrodt was interviewed by Marjorie Mazel Hecht on March 9.

Q: What is Interatom's plan to develop the HTR and what kind of investment is necessary from the private sector?

Weisbrodt: Siemens-KWU/Interatom (a 100% subsidiary of Siemens) entered the HTR field in 1972. The modular

HTR design was invented by Interatom in 1979. . . .

The ABB group as well as the Siemens group have already spent in the last 20 years on the order of 500 million deutschemarks of their own funds for HTR development. This development has been supported by additional public funds from the federal government and the state of North Rhine-Westphalia.

The strategic goal is to develop the HTR-500 and the HTR-Module to such a status by 1992-93, that a construction project could be initiated. In case of the HTR-Module, its development has already reached a status where a site-independent licensing procedure on the safety concept has been conducted. The final statement of the German Reactor Safety Committee on the license-worthiness was published in February 1990.

As for the further development costs (first-of-a-kind costs), approximately DM300 million have to be spent for both HTR-500 and HTR-Module. Approximately 50% of this sum has to be paid by the private sector. . . .

Q: We are looking at the HTR as ideal for the East bloc, because of its higher temperatures for cogeneration that can be used for industrial applications and district heating. Are you looking at this market?

What about the Soviet Union itself? You mentioned that you have been assessing their need to repair and replace many of their nuclear reactors. Is the HTGR an option for them?

Weisbrodt: We share your opinion about the applicability of the HTR as an ideal power and heat source for the East bloc and especially for the U.S.S.R. We are already working on this market! In the U.S.S.R. there is a need especially for the upgrading of coal in Siberia, that is, gasification and transport of the upgraded coal as gas in pipelines, for the tertiary oil recovery or recovery of heavy oil by steam injection, for the cogeneration of steam and electricity in the chemical industry, or for electricity generation, district heating, etc. As for the nuclear process heat application or the cogeneration, only the HTR with its high temperature can be applied as a nuclear source.

Besides these applications, however, the HTR can be used for electricity production, too. In the U.S.S.R. the distances are far, and small-sized power plants are needed for distant towns, industries, etc.

In the other East bloc countries, the grids are rather with an uncomplicated periphery need and insensitive to operator errors due to its inherent design and safety characteristics. Therefore, it is the ideal machine for sites close to cities or in industrial complexes.

Q: How fast could you supply modular units?

Weisbrodt: The construction time of a HTR power plant that consists of four module units (each 320 MWe) is on the order of 48 months, counted from the receipt of the construction permit.

Q: How many do you think you could produce in a year? Professor Schulten, one of the West German pioneers in high-temperature reactors, has suggested that West Germany could produce dozens per year.

Weisbrodt: The number of HTR-Modules which can be supplied in a year is largely unlimited. That is, Framatome in France could manufacture in their vessel facility 36 vessels per year—sufficient vessels for 18 HTR-Modules. However, there are other manufacturing capacities in Germany, Spain, Japan, etc. Other limitations cannot be seen.

Q: What is your view of economy of scale versus the savings from mass production? What size plants are you looking to produce?

Weisbrodt: We have been working intensely on these economics. The criteria for judging the economic considerations are very complex. I would like to give you the following information:

In case of series production (10 modules per year), a cost reduction of the overall power plant of about 22-25% can be reached as against the production of a "second power plant." The specific investment costs or electricity production costs of light water reactors with a power for 1,300 MWe cannot be reached by the HTR-Module. If, however, a light water 1,300 MWe reactor can only be loaded with 50% for a period of three to four years, an HTR-Module power plant with 640 MWe would be more economical.

Besides these considerations for electricity production, the HTR has no competition from the light water reactor in the case of the need for cogeneration or process heat plants. In such cases the competition is coal, gas, and oil. For German conditions, the HTR-Module is competitive with these energy carriers. Moreover, there is no environmental pollution. From our point of view, a carbon dioxide penalty and pollution penalty for fossil fuel-powered plants should be taken into account in the future. The main obstacles for the HTR-Module introduction are: the ongoing public hostility against nuclear energy; the financing of the non-commercial, first-of-a-kind costs; and the willingness of customers to take the first power plant and to have the commercial risks for such a plant. . . .

Q: What would you like to see the United States contribute to commercializing HTR technology?

Weisbrodt: In order to overcome the described financial and commercial difficulties, it is worthwhile to consider a joining of forces by developing, planning, constructing, and operating a joint Federal Republic of Germany-U.S.-Japan-U.S.S.R. HTR demonstration plant. The site might be in the East bloc (Poland or the U.S.S.R.), or Bangladesh—as a prototype of a Third World country which urgently needs electricity without having any noteworthy fossil resources of its own—or Peru, or the United States.

The choice before Ibero-America: dark age or renaissance

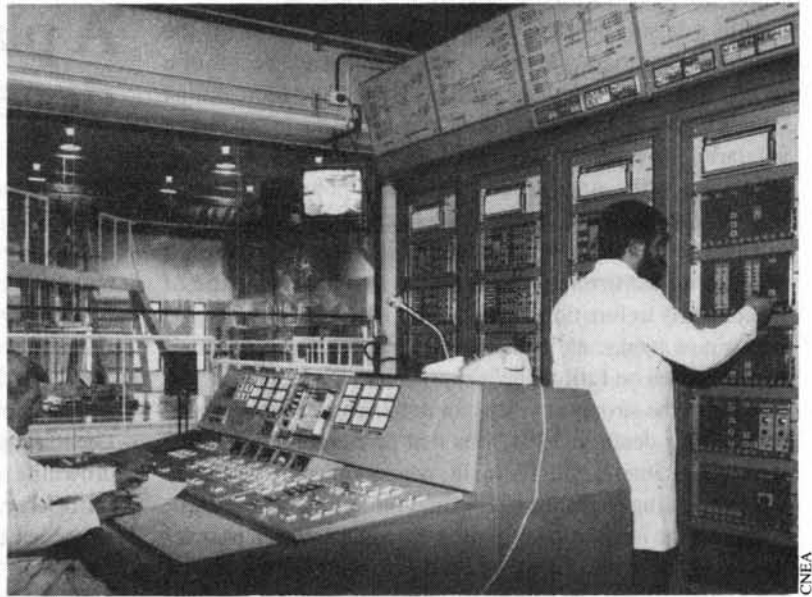
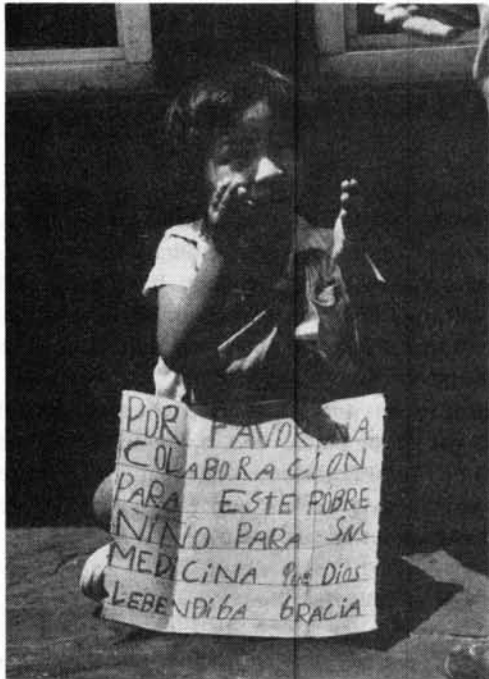
by Peter Rush

More than 400 million people—the populations of the Western Hemisphere south of the Rio Grande River—have been condemned to live, and die, under murderous conditions of poverty, social chaos, and starvation, during the decade that has just begun. The policies of past and present U.S. administrations, of the World Bank and the International Monetary Fund, and of the international banking establishment that has cut the Spanish and Portuguese-speaking portion of the Western Hemisphere off from any prospect of development, make clear that the intent is to “Africanize” the region.

The 1980s was called the “Decade of Democracy,” but the very coiners of that epithet have been instrumental in ensuring that it has been in fact the “decade of disaster.” Since 1982, the agencies mentioned above have visited on the continent eight years of savage debt collection efforts many times more severe than those that sank Weimar Germany and led to the triumph of Adolf Hitler and Nazism. Now, with living standards in most countries of the region half or less what they were when the decade of the '80s opened, abject poverty approaching the worst levels in black Africa, and social chaos on the verge of exploding in country after country, so-called “experts” and think tank analysts in the United States have begun “predicting” a “new dark age” for Ibero-America, as if it were some unavoidable consequence of natural causes. In fact, it is their policy.

As long ago as the late 1970s, the New York Council on Foreign Relations' “Project 1980s” series of policy books anticipated what were called “malthusian” pressures on the populations of the region, which were forecast to lead to disasters, epidemics, and civil wars. In 1975, genocidalist author William Paddock made the specific prediction that “30 million Mexicans will have to die to bring the population into alignment with its natural resources.” When asked how, he replied, “The usual means: plague, hunger, and war.” Then-president of the World Bank, Robert McNamara, in the 1970s identified “overpopulation” in Mexico as a supposed threat to U.S. national security, while the Carter administration's *Global 2000* policy document demanded population reduction as well.

Since then, an economic collapse has been induced which is now cited as



The think tank "experts" have consigned Ibero-America to the scrap heap; but even now, it is not too late for a successful development strategy. Shown here is a child on the streets of Lima, Peru, and the control room at a nuclear plant in Argentina.

justifying despair for the region.

"Latin America seems to be sliding into a new dark age, and there doesn't appear to be much the U.S. can do about it," David Ronfeldt, a political scientist with the Rand Corporation, wrote in the fall 1989 issue of *Hemisphere*, the magazine of the Latin American Center of Florida University. Howard Wiarda, a political science professor at the University of Massachusetts, quoted in a Feb. 15, 1990 Reuters wire, said that "as a long-time student of Latin America, I have never seen the prospects so dismal" for development. Washington views Latin America as a "black hole. The sense is strong among high officials that Latin America has become like sub-Saharan Africa—a hopeless region that . . . is very low on our priorities and has no intrinsic worth or value." These "experts" identified Argentina, Colombia, Peru, and El Salvador as countries which have "little hope" for the future.

Development perspective still viable

Ibero-America could have been experiencing a renaissance during the 1980s, had it followed the approach of U.S. economist and political leader Lyndon H. LaRouche, Jr. In his 1982 document *Operation Juárez*, which was written at the behest of Ibero-American patriots at the conclusion of the Malvinas War, LaRouche outlined the historic task of the nations south of the Rio Grande to unite in a Common Market in order to bring on rapid industrialization, establish sovereign banking and credit systems, construct mammoth transportation and energy infrastructure projects, and uplift their populations with the promise of economic and cultural growth.

Prior to the debt crisis of 1982, there was hope that this

course would be taken. Brazil, Mexico, and other countries were investing full throttle in large infrastructure projects. The Mexican government of José López Portillo had a vision of building four superports and industrial centers, creating a nuclear power industry, and maintaining 8% growth a year. Brazil had just started to develop the Gran Carajás iron ore project, as the centerpiece of a more than \$100 billion development project to create an enormous metallurgical and industrial pole in the north central region of the country.

Economic optimism was shared by U.S., European, and Japanese investors, excited by the prospect of hundreds of billions of dollars worth of export orders for capital goods and even entire factories.

Then, the plug was pulled.

At that point, Ibero-America's leaders chose to ignore LaRouche's advice, and the disaster now manifest is the lawful result. Country after country toed the line, dutifully trying to pay usurious levels of debt service, which wrecked their internal finances, put their governments far into debt, and led to uncontrollable inflation. Suddenly, Brazil and Mexico started exporting twice what they imported, drying up the export orders for tens of billions of dollars from the United States and other countries; half a million Americans were out of work by 1985 who would have been employed fulfilling export orders to Ibero-America, according to congressional estimates. Argentina began the devolution of its economy that has led to its present catastrophe. Mexico under President Miguel de la Madrid began devoting two-thirds of its entire government budget to servicing internal and foreign debt. Peru, which in 1985 tried briefly to "go it alone," was brutally smashed, and

is now threatened with disintegration as a nation.

But it is still possible for the continent to throw off the yoke of monetarism and revive the projects and dreams of a decade ago. The following excerpts from "The Mercantilist Manifesto for an Industrial Peru," put out by the Independent Solidarity Movement of Peru for use by its 100 congressional candidates in the April 15 election, show how this country, one of the poorest, most devastated nations of South America, could in short order halt its inflation, start a series of major infrastructure projects required to permit the rest of the economy to function, and put down the drug and terrorist threats now menacing its national existence. The program is directly based on LaRouche's approach to development.

One of the strongest voices for nationalist economic policy, until his death in 1983, was that of the great Argentine patriot Gen. Juan E. Guglielmelli, whose views are discussed in the following pages. In 1977, Guglielmelli stood steadfastly against the imposition of British liberal economic policies on the Argentine economy by then-Finance Minister Martínez de Hoz, whose measures set into motion the crisis confronting the country today. He upheld in opposition the mercantilist position derived from the founder of German economic unity Friedrich List and from Abraham Lincoln's economic adviser Henry C. Carey, based on protection for infant industries and a commitment to use the state to direct private enterprise toward the tasks of developing the nation.

The present triumph of liberalism

The liberal, monetarist economist policies being imposed from Argentina to Mexico are intended to maintain the region as a provider of raw materials and agricultural exports, inhibiting industrial development. Tariff protection for domestic industries has been strongly attacked, permitting floods of foreign imports which are wiping out domestic industry, while sovereignty over national currencies and banking systems is being eroded.

The latest attack has come in the form of so-called "shock programs," such as that designed for Bolivia four years ago by the fanatical economist from Harvard, Jeffrey Sachs. Bolivia suffered calamitous declines in real wages, supposedly to kill inflation, but even four years later, it hasn't begun to regain pre-"shock treatment" levels of economic activity, the manufacturing sector has been destroyed, and the only booming sector of the economy is coca growing. Poland, which has adopted a similar program, is suffering equally disastrous consequences.

One part of the liberal project is to rope Ibero-America into a "common market" with the United States which would facilitate the looting. Vice President Dan Quayle has recently called for creating "America '92," based on neo-liberal principles, in which tariff barriers between Ibero-American nations and the United States and Canada would come down. This would open the nations south of the Rio Grande to a flood of U.S. exports and the final destruction of national industry.

A plan for industrial development of Peru

"The Mercantilist Manifesto for an Industrial Peru," excerpted below, is the program of 100 Peruvian civic leaders, businessmen, retired military officers, and ordinary citizens running for Congress in the April 15 elections. It was presented on Oct. 19, 1989, by Luis Ernesto Vásquez, who heads the slate for Senate from Lima, as the program of the Independent Solidarity Movement.

The Solidarity list has injected its perspective for national Great Projects for development into a country otherwise drowning in despair from a cancerous combination of cocaine trafficking, communist terrorism, and economic collapse worsened by harsh austerity, and the cynicism of the politicians. On March 15, the Federation of Miners and Metalworkers, Peru's most powerful non-communist labor union, declared its support for the Solidarity candidates and the principles of their program. Peru's poverty-stricken voting population is offended by the multimillion-dollar campaign of the "conservative" Fredemo coalition, whose candidate, economic libertarian Mario Vargas Llosa, offers nothing but a "shock" program to be administered by the International Monetary Fund. The ruling APRA party and other assorted leftist grouplets aren't much better.

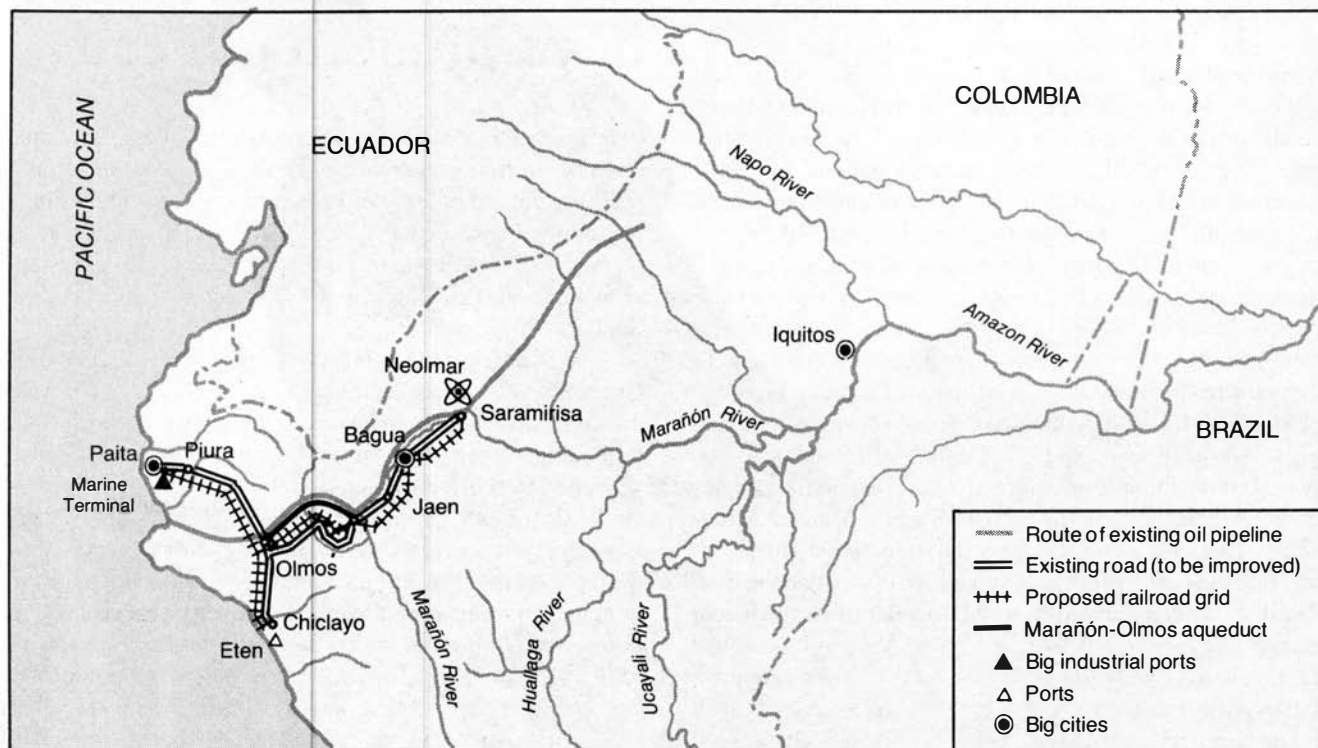
The "Mercantilist Manifesto" starts from Peru's strategic geopolitical position, not from magical nostrums for lowering inflation: "Peru is the keystone of the intersection between the Pacific Basin and South America, and that circumstance, fortunately, should be the starting point for designing the Peru we must build this coming decade." By comparing Peru to other rapidly developing countries, such as South Korea, which has 30 times Peru's population density, it shows that Peru is underpopulated. Peru's productivity is atrocious, with only 26% of the economically active population productively employed, and most of them working without modern technology.

Most of the population is so grossly underfed as to be below minimal subsistence levels. The program presents a \$20.5 billion package of great projects for the transport grids, water management, and energy infrastructure with which Peru could easily feed well double the number of people it is now feeding badly.

The fertile but isolated valleys now overrun by the cocaine traffickers would be transformed into a breadbasket with the building of efficient transport corridors linking them to Peru's coast. As the Manifesto states, "We have 12.7% of the economically active population, that is, nearly 900,000 people who directly or indirectly are working in narcotics, including growing, trafficking, or processing. Apart from being a moral problem, because it is a crime against humanity, in economic

FIGURE 1

Northern Peru development region



terms it is one of the major inflation-causing factors, since it not only pulls people out of production, but also takes away the best land and does not produce anything useful.”

The Mercantilist Manifesto

Nuclear power for the north

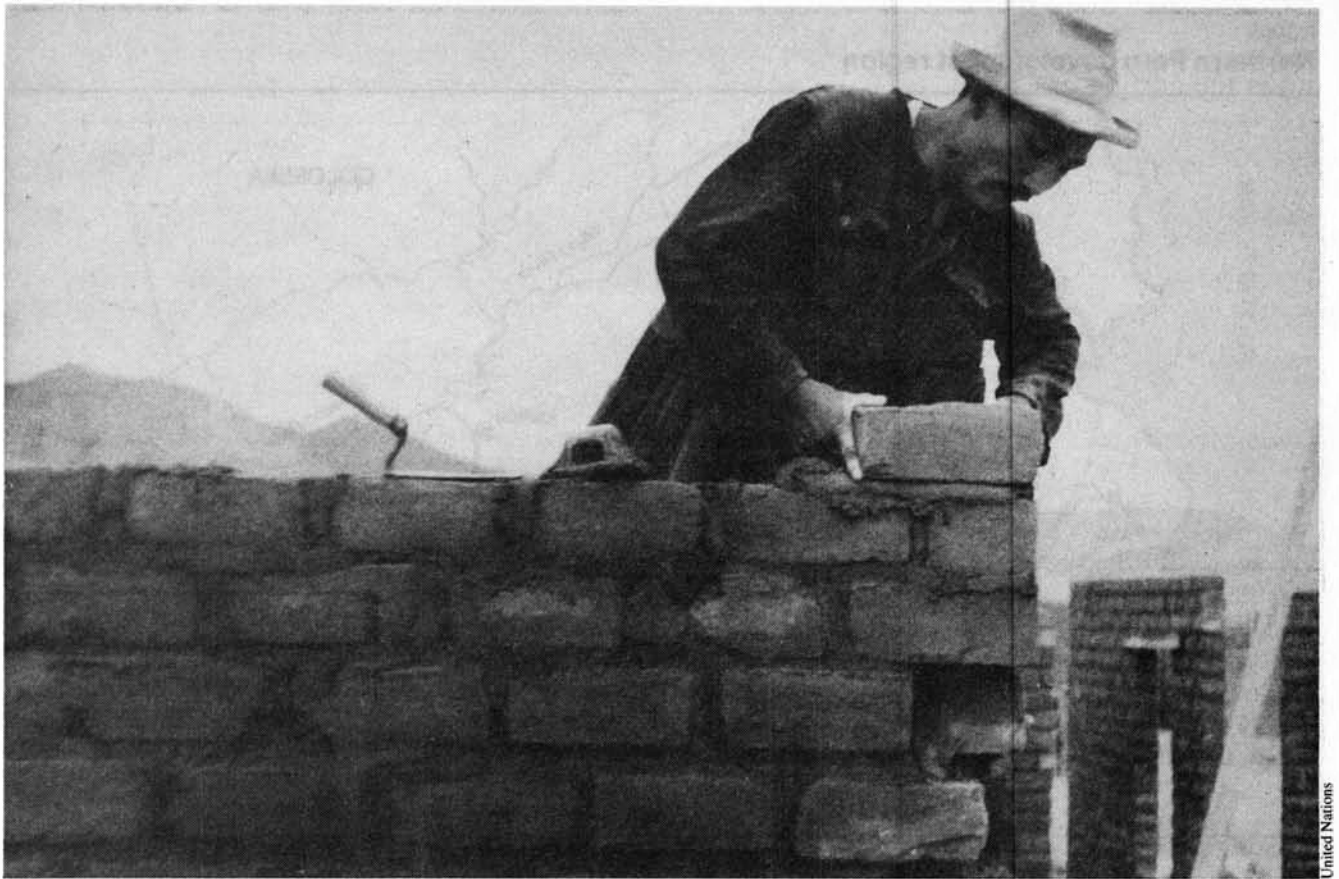
We have the following energy proposal for this decade. The location of great energy projects obviously should be related to the way we will occupy our territory. As we can see on the map, the three transcontinental corridors will require energy; hence, we need to provide these corridors with dense-energy sources with a sufficient number of millions of megawatts (MW).

In the north, we have a magnificent project recently proposed by retired Peruvian Army Col. Rodrigo Córdova, one of our candidates who has always been concerned with solutions of this kind for the country. Colonel Córdova proposes building a nuclear plant which could generate up to 1,200 MW in the north of the country. The Neolmar (Olmos-Marañón Nuclear Electric) project would provide enough energy to pump the waters of the Marañón River [which are now lost into the Amazon] to the coast, to irrigate the Olmos and Sechura deserts. Pumping water along the route of the north

Peruvian oil pipeline is the only sure way to bring water to the Peruvian northern coast, since geological faults make it very risky to try tunnels under the Andes Mountains.

This project includes building a railroad from an industrial port on the Pacific, such as Paita, to link the Pacific with the Amazon Basin. This transcontinental corridor is really the only viable way the Peruvian economy could have a door to the Atlantic. It is the optimal way to integrate the Amazon Basin, a rapidly industrializing region, to the Pacific Basin. One only need think of the Carajás, Manaus, and other projects in Brazil, to understand that this transcontinental trunk route is Peru's future. The railroad route would take advantage of the lowest pass in the entire Peruvian Andes chain, Porcuya Pass. It would open up the nation's largest potential agricultural expansion. Water is the only limit on irrigating Olmos, the Piura and Sechura deserts. If water is pumped from the Marañón to the coast, 850,000 hectares (more than 2 million acres) could be brought under cultivation.

On the other hand, linking the Amazon to the Pacific would automatically mean bringing into agricultural production Peru's richest valley, the Upper Huallaga Valley, now the world's largest coca producer. Building this corridor, adding the extremely rich lands of the northern jungle to national agriculture, should be a genuine counter to narcotics trafficking. When one calls for a serious war on drugs, one has to call for building projects of this kind. If the United States



United Nations

The program for development of Peru requires a \$20.5 billion package of great projects which will raise the productivity of the labor force and apply technology to provide adequate infrastructure, energy, and food for a growing population. Shown here is a brick-layer in Ciudad de Dios.

really wants to eradicate coca cultivation, it should help us build this project. The idea of growing annatto trees or other export crops instead of coca, is an unrealizable utopia. The only way to end coca production on the jungle rim is to provide these zones with transport infrastructure for food production and to develop great agro-industrial complexes right there.

Industrial ports, yes; free ports, no!

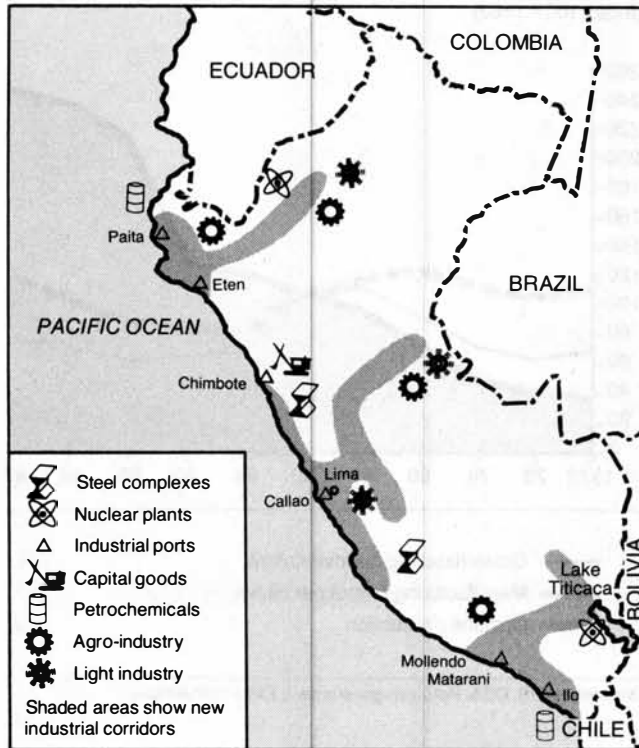
A final consideration is the plan to develop the northern transcontinental corridor. The railroad linking the Amazon and the Pacific Basin, which will become one of Peru's biggest urban industrial corridors in the 20th century, should end at a great industrial port, not a "free port." This perspective of industrial ports is crucial, and is diametrically opposed to Fredemo's and APRA's proposal for free ports. Free ports are for pure contraband, and although the awful law passed by the Aprista parliament speaks of "industrial free ports," the truth is that the way these free zones have been promoted, they will be good only for contraband, gambling, and drug trafficking. In-bond sweatshops, assembling [for export], will exploit cheap labor, and only an Aprista economist could call that industrialization.

The free port at Arica [just over the Chilean border], for example, has been the worst obstacle to the industrialization of Arequipa [in southern Peru.] This geostrategic design has been something which Chile's national leaders today haven't been able to figure out. Now, they want to create free zones all over the country, making us into a corridor for contraband and export-oriented sweatshops, a second class country. That's suicide. . . .

Industrial corridors, central and southern Peru

The south's energy deficit has not been solved even by the final stage of Charcani Dam going on stream. The industrialization of the south and Arequipa has been stagnating because of two factors: 1) contraband from Arica [Chile] and 2), the lack of electrical power. We must urgently build the Majes hydroelectric project, and undertake another large project by building a nuclear electric plant on Lake Titicaca, with capacity to generate between 600,000 and 1 million MW (Figure 2). This will also make possible irrigating the entire Titicaca plateau, where about 200,000 hectares (480,000 acres) could be won for agriculture, irrigating the

FIGURE 2
Industrial corridors



coasts of Moquegua and Tacna by pumping Titicaca's waters toward the coast. A total of more than 500,000 hectares (1.2 million acres) could be gained there.

In this zone, the industrial ports of Ilo and Matarani would be the starting points for railroad integration with Brazil, Bolivia, and Argentina, and would also be the starting point for the great urban industrial corridor of the south.

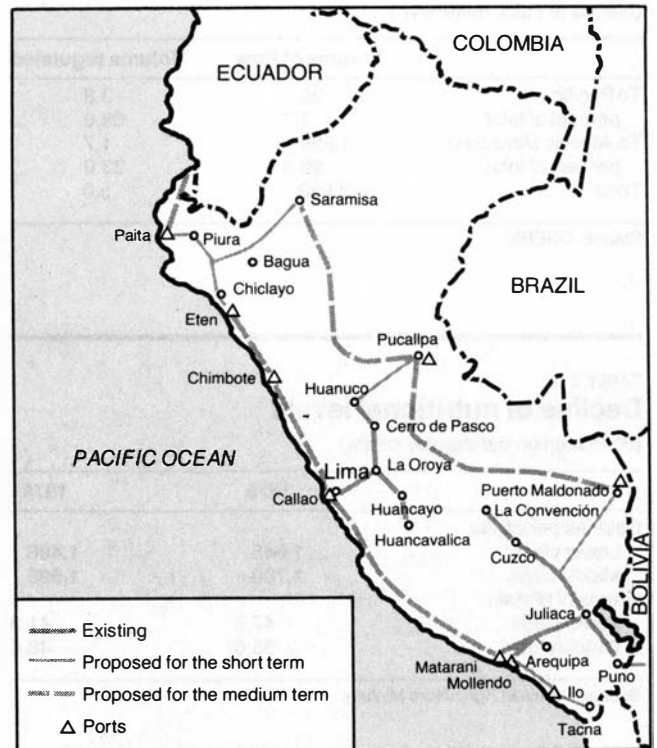
For the Lima region, we have to build the Sheque hydroelectric plant, using water diverted from the Mantaro River to the Sheque River. This would also solve the already dramatic water shortage in the great thirsty city of Lima.

The central corridor and the Mantaro Valley have traditionally been the axis around which the country has developed; but these are overutilized and have long since been exhausted. It is necessary not only to rebuild the central highway, but also to complete and modernize the rail line to Pucallpa, to provide the jungle and the central highlands with an efficient link with Lima and the industrial port of Callao.

Optimize productivity

As can be seen on **Figure 3**, this is the transport grid which we minimally must build this decade. First is the northern road and rail corridor, which we have referred to. It would leave the ports of Paita and Etén, pass through Olmos,

FIGURE 3
Proposed new railroads



then through Jaén and Bagua, until it reaches what will become the great industrial port of Saramirisa, where the ships arriving on the Marañón River, after having come all the way up the Amazon, will unload.

Then there is the transversal road and rail axis in the center of the country, [from Lima] to Pucallpa, which should be optimized as previously described. From Pucallpa, cargo would continue by boat down the Ucayali to the Amazon, or by the road junction to the highway the Brazilians have built almost up to Pucallpa.

In the south, the rail connection described has to be built to rapidly reach Madre de Dios [deep in the Peruvian jungle] and then Inapari in Brazil, where it will connect with the Acre trans-Amazonic highway being built by Brazil.

Complementing these transcontinental trunklines, we should rebuild the Pan American Highway (along the Pacific coast) and start thinking of building a railroad the length of the coast. During this decade, we also have to finish building the marginal highway [along the edge of the Amazon jungle], which today, frankly speaking, only serves drug trafficking.

More tractors, fewer buffalos!

It is not true that Peru lacks land; all that is missing is adequate water management. That is why this country must

TABLE 1
Availability of water
(billions of cubic meters/yr.)

	Volume of flow	Volume regulated
To Pacific	35	3.3
percent of total	1.7	66.0
To Atlantic (Amazon)	1,999	1.7
percent of total	98.3	33.0
Total	2,033	5.0

Source: ONERN

TABLE 2
Decline of nutritional levels
(consumption per day per capita)

	1976	1979
Calories per capita		
Lower class	1,645	1,486
Middle class	1,700	1,595
Grams of protein		
Lower class	47.6	41.3
Middle class	55.6	48.4

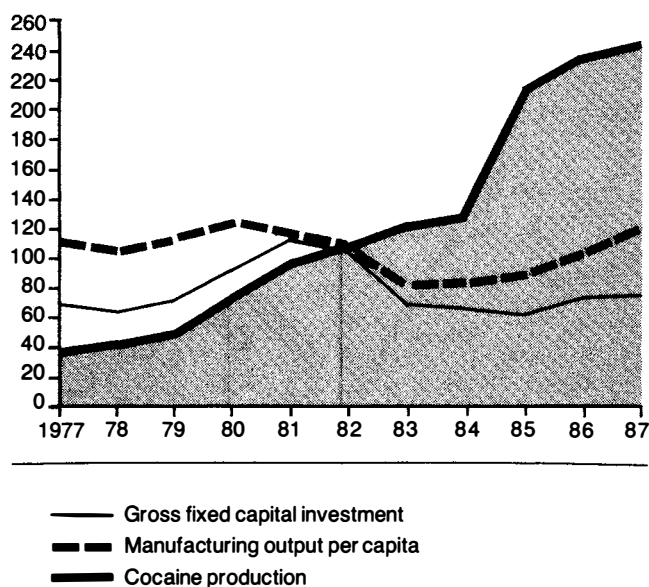
Source: Peruvian Agriculture Ministry

be a country of builders and engineers. Every day, we should be building tunnels, dams, canals; we have to cross the Andes. But we are not going to do this with pick and shovel; we have to use the most advanced technology. Therefore we must extirpate the pick-and-shovel ideological message from [ex-President Francisco Belaúnde's] Popular Cooperation and [President Alan García's] PAIT; that World Bank-sponsored ideology only brings misery.

Only 760,000 hectares of the coastal region are being used for agriculture today. The land used diminishes every day, instead of growing; croplands are lost faster through erosion than they are won by new irrigation projects. Considering the limits on available water, minimally more than 860,000 hectares of new lands could be gained on the coast, according to the Ministry of Agriculture. If our coast had water, there are easily 2 million hectares of land suitable for agriculture. This area, with modern technology, drip irrigation, and fertilizers, could easily feed more than 20 million people. Israel, with 250-300,000 hectares of land, feeds its population and even exports food to Europe.

On the other side [of the Andes], we have the upper jungle, where there is the most potential agricultural land. Today, 440,000 hectares are in use there; but there are about 4.5 million hectares of potential cropland. We don't even use 10%, and most of that is used to grow coca bushes! It is not possible to make optimal use of these lands if we do not

FIGURE 4
Drugs vs. the productive economy
(Index 100=1982)



Sources: IADB, DEA, Peruvian government, EIR's calculations

integrate them physically with the rest of the country, with highways and railroads.

Battalions of military engineers

A military-directed labor force is needed to build these projects. Therefore, we propose the formation of civic-military engineering battalions—battalions of engineers armed against terrorism, building the roads which would put an end to isolation and the narco-terrorists' sanctuaries. We should use the republican tradition of obligatory military service to this end; our youth should participate in the building of our Peru. If we fail to apply ourselves to this higher task, they will end up being recruited for the country's destruction. Every year, 500,000 youth reach the age of 18 in Peru; most of them will not go to university, nor have a job; unless we mobilize them, they will continue to be terrorism's quarry.

Let us not cry later over what we did not have the wisdom to defend now. The fate of the irregular warfare being fought in the country will not be decided in street fighting; it is being determined in the minds of the youth, in what they expect of this democratic system. Put yourself into the mind of a Peruvian boy: Is it worth fighting for a system that only offers misery? That boy must be incorporated into the building of the nation; he should build these great projects, and afterwards enjoy their benefits.

What Argentina's Menem could learn from Gen. Juan Guglielmelli

by Cynthia R. Rush

If Gen. Juan Enrique Guglielmelli (ret.) were alive today, he would be angry that the supposedly nationalist, Peronist government of President Carlos Menem had so willingly embraced the policies of Peronism's historic enemy: British economic liberalism.

There's no question that, if General Guglielmelli were witnessing the disaster of today's Argentina, he'd have a few choice words to direct to President Menem. A career officer who for years promoted the protectionist policies of American System economists Friedrich List and Henry Carey, Guglielmelli was a fighter. During some of the darker periods of Argentina's recent history, when unbridled monetarism wreaked havoc in the country's economy and its industry, the general's voice could always be heard. He demanded the adoption of dirigist economic policies, a defense of wages and living standards, and the protectionist approach needed to serve the national interest. His untimely death in June 1983 deprived Argentina of a great patriot, whose presence is missed, especially in today's crisis.

One of the general's fights was with the military junta which took power in March 1976, on behalf of the policies of Henry Kissinger and David Rockefeller. Some months after taking over, the junta's economics team imposed a decree substantially lowering protectionist tariff barriers, allegedly to make Argentine industry "more competitive" internationally. Finance Minister José Martínez de Hoz rammed through the tariff reduction plan as part of the international bankers' plan to transform Argentina into the "fourth leg" of the Trilateral Commission; that is, to destroy any capability for the development of national industry, creating the agriculture-based pastoral society so admired by Martínez de Hoz's British friends.

General Guglielmelli spoke his mind about the Martínez de Hoz policies. In an article published in the July 10, 1977 issue of the Buenos Aires daily *Clarín*, he characterized them as a plan to "insert Argentina into an external order based on Nelson Rockefeller's formula: that each country is singled out 'according to its greatest selective and relative efficiency.' "

He added: "The role of agro-exporter to which the lack of industrial protection ineluctably leads, condemns us to foreign dependency, cuts off national decision-making capability, and prohibits fulfillment of the needs of well-being

and prosperity to which our society is entitled. And, as for national security, it restricts freedom of strategic action, creates grave vulnerabilities in the relation of forces of the countries of the Southern Cone, and, domestically, confronts us with a scenario of permanent social dissatisfaction and agitation."

Protectionism vs. free trade

Lest anyone miss the historical issue here, the general's article, published in the March-April 1977 issue of his magazine *Estrategia*, got right to the point. Entitled "Carlos Pellegrini: Protectionism for National Industry," the work used the occasion of Martínez de Hoz's tariff reduction law, to review the late 19th-century battle in Argentina between the followers of List and Carey, on the one side, and the promoters of British free trade, who wished Argentina to remain a producer and exporter of agricultural goods. A member of the political grouping led by Vicente F. López, Carlos Pellegrini led the fight for a protectionist policy during the congressional debates of 1875-76. As President from 1890-92, he and his finance minister, Vicente López, tried with limited success to implement the protectionist policies advocated by List and Carey.

As General Guglielmelli noted in the *Estrategia* article, "Knowledge of a substantial portion of Pellegrini's thinking on the matter, not only has historical value, given his role in Argentine politics, but also because his ideas take on a particular timeliness, in view of the tariff reductions carried out at the end of last year [1976], which can have the gravest consequences for national industry and labor." The general emphasized that not only the example of the United States, "but also the new currents of economic thought," especially the ideas of Friedrich List, Henry C. Carey, and the traditional German school, greatly influenced the López and Pellegrini group.

Noting the influence on List of Alexander Hamilton's *Report on Manufactures*, Guglielmelli summarized List's thinking as follows: "Principles of economics shouldn't be applied in a general way, but rather according to particular situations; the nation, which is the link between man and humanity, is the object of political economy. Counterposed to free trade as an absolute value, are the interests of the nation, subordinating economic policy to general politics

. . . [List] establishes stages through which nations must pass successively. That is, savage, pastoral, agricultural, agricultural-manufacturing, manufacturing, commercial. . . . To attain these goals, and accelerate the stages, protection for new industries is indispensable, guarding them against foreign competition. This protection will be of a limited and selective nature.

“Depending on the degree to which it gains an ability to compete with foreign industry, the latter should never be prematurely unprotected. Rather, protective tariffs should be rigorously observed. Customs barriers are the best tool for industrial protection; the national market should be preserved for national producers.”

“A country which does not have basic industry is a castrated country, because basic industry—if you gentlemen will forgive me—is to nations what its virile elements are to a bull.”—General Guglielmelli

General Guglielmelli’s selection of Carlos Pellegrini’s arguments against free trade, covering the period from 1875 to 1904, was in fact directed at Martínez de Hoz and like-minded friends of Adam Smith. He took, for example, Pellegrini’s statements from the 1876 congressional debate: “It is evident . . . that today we are simply a pastoral people, and that our only resource is reduced to shepherding, and to a very small degree, agriculture. Where is the nation that has become great and powerful, being only a pastoral nation? I think it would be difficult to find. . . . Or the free trader, who wants us to continue being what we have been, and who says that industry is an exotic plant, and says that for the Republic of Argentina, there is only the cow or the sheep. [For him], there are only two sources of wealth which depend on a whim from the heavens. I say, that a nation whose sole and only wealth depends on this whim, is condemned, from one moment to the next, to be reduced to penury.”

And from the debate of 1875: “Every country should aspire to develop its national industry; that is the basis of its wealth, its power, and its prosperity; and to obtain it, it should encourage its development, removing as much as possible, any difficulties standing in its way. . . . Free trade is industry’s final aspiration, in which it can only attain its full development, just as the plant seeks fresh air so as to acquire great height and a luxuriant crown . . . but if free trade develops industry which has acquired a certain vigor, and permits it to obtain all possible splendor, free trade kills

nascent industry.”

In a letter written to F. Costa in 1902, Pellegrini says: “This idea of attacking protectionism and affecting principles of free trade is a mania of all dilettantes, of the aficionados of economic digressions, information, and adornments, and of all those among us who entertain themselves by discussing theories without the slightest concern for the results or their practical applications.”

And, as for the necessity of protecting the internal market, Pellegrini said in 1902 that “all nations protect their national labor; it cannot be otherwise, because labor is wealth, and wealth is power and greatness in every sense, and in universal competition it is lawful that each country would try, in the first place, to guarantee for its industry its own internal market before seeking a foreign market.”

How to save the nation

General Guglielmelli’s writings were no mere academic exercise. He knew in 1977 that Argentina’s future depended on throwing out the monetarist, free-trade policies which British financial interests had imposed on Argentina since before its independence from Spain, and on adopting a program that would serve the national interest and protect Argentine sovereignty. “In line with these ideas,” he said, “it is imperative that Argentina adopt an integral sectoral and spatial economic program which will forever break apart its current agro-export structure, which, in summary, condemns it to foreign dependency and permanent social agitation.” But “equally important,” he said, “in light of our experience, will be to definitively neutralize the intermediary interests and financial circles which do their big business by maintaining the status quo.”

Seven years earlier, as secretary of the National Development Council (CONADE) in the government of Gen. Roberto Levingston (1970-71), Guglielmelli had the opportunity to elaborate precisely the type of economic program required to “forever break apart” Argentina’s status as an agro-exporter. He held that post for only four months, from June until early November of 1970, during which time he confronted the monetarist approach of Finance Minister Moyano Llerena and his associate Adalbert Krieger Vasena—the same Krieger Vasena who has been hired as an economic adviser to the Menem government today. When it became clear that the military government intended to implement policies contrary to the national interest, Guglielmelli resigned.

On Aug. 4, 1970, the general outlined in a memorandum the key points he thought should be included in the 1970-74 national development plan. He proposed that the plan must “devise a coherent package of emergency economic measures tending to promote general economic activity, and in particular in the agricultural and industrial sectors, and which, at the same time, adjust wages affected by the deterioration of the real wage, *or complement the resolution adopted on this measure* for the purpose of creating the conditions for

the country's definitive sectoral and geo-economic integration at an accelerated rate."

As for monetary measures, Guglielmelli emphasized: "We're talking about concretizing those measures which will tend to wage an effective battle against usury; reduce business costs (both agricultural and industrial) and stimulate and increase productive investment."

Priorities for national development were as follows: "*Sectorally*, for basic areas (steel, cellulose and paper, mining, petrochemical, aluminum, heavy chemicals, etc.); *in infrastructure*, energy, a road construction and transportation plan, as well as the rapid construction of large projects. Finally, *regionally*, in particular, to make effective the economic expansion of the interior of the country."

In a second memorandum, in which the general elaborated emergency economic measures "for immediate application," he proposed the adoption of a dirigist credit system, to give priority to the development of basic industry. It is necessary, he said, "to guarantee the introduction of capital applied to development according to the priorities and conditions established by the national leadership." In a subsequent document, Guglielmelli proposed adopting the system first elaborated by Gen. Juan Perón, the "nationalization of bank deposits." Here, the central bank rather than the entire banking system was effectively nationalized, and measures taken "tending to redirect toward nationally capitalized companies the mass of bank deposits in national currency found in foreign banks; and immediate measures to obtain an effective reduction in real interest rates."

Other proposals included a 30% reduction in tax levels, suppression of special taxes on rural properties, and tax incentives for investment in national companies. As for protection of industry, Guglielmelli proposed to "raise all customs tariffs so as to eventually prohibit [the entry] of all products produced in the country, particularly taking into account the goeconomic point of view; . . . and readjustment of the system of unrestricted imports."

A national revolution

On June 15, 1970, General Guglielmelli participated in a roundtable discussion organized by the government with a group of economists, including a number of well-known monetarists, to thrash out proposals for Argentina's future. He told the group: "We have to seek the country's economic and sectoral integration, industrialize it, take advantage to the maximum of the internal market, and, furthermore, in the long term, fundamentally change—and I insist, underscore—the current foreign trade structure of the Argentine Republic.

"A country which does not have basic industry is a castrated country, because basic industry—if you gentlemen will forgive me—is to nations what its virile elements are to a bull. We cannot in the long term purport to resolve economic or security problems, or the problems of our relative value

in our natural environment here in the Southern Cone of Latin America, if we do not have that type of country."

General Guglielmelli understood what Britain's Margaret Thatcher will never understand: "We have to invest in the public sector; order that investment, as someone has said, but within the public sector never lose sight of which areas must, as a priority, be developed, so that our industry and our productive sectors have the best conditions, including so as to compete with international prices."

Guglielmelli also warned Argentina's rulers to take up the challenge issued by Pope Paul VI in his 1967 encyclical *Populorum Progressio*, whose principal theme was "Development Is the New Name of Peace." The government's economic policies, Guglielmelli said, "will have to be undertaken with new and imaginative criteria, as even the Holy Father indicates to those charged with the task of development, outlining the measures which can resolve those problems."

When it became clear that the program that he designed for the nation would not be adopted, General Guglielmelli resigned from CONADE. As a military officer and a patriot, however, he never stopped fighting to make a nationalist revolution in Argentina, and trying to ensure that the Armed Forces as an institution would play their proper role in that process. In his letter of resignation written to General Levingston on Nov. 3, 1970, he stated: "Making the Revolution is the task of all sectors, but particularly of the Armed Forces. But if these are not properly aligned, if they do not fulfill their historic mission, they may be responsible for the cruelest of confrontations. . . . The enemy of the developing nation is our lack of development; the monopolies devise their strategies based on this condition. As this is a case of trying to defeat an enemy, the vanguard role belongs to the armed forces. Its battle, which is the nation's battle, must be waged by building the material and spiritual bases of development and promoting a better distribution of wealth. . . . The historic role of the Armed Forces is to preside over and promote change. To do so, they must adjust to the country's own conditions, on the basis of an accelerated development program which gives priority to basic industry, to economic infrastructure, and to regional development."

The general ended his letter with this statement: "I arrived at this post, which I am leaving today, from the battlefield of the National Revolution, and I return to it fully identified with its principal protagonists: the Armed Forces, the workers, the Church, and the national businessmen and intellectuals."

It is precisely this alliance of forces which has been the target of today's monetarists, in Buenos Aires and in Washington, whose greatest fear is that, even with everything they have done to Argentina, a nationalist upsurge may still come into being. If he were alive today, General Guglielmelli would be fighting for that revolution, with toughness, a wonderful sense of humor, and total commitment, as he did up until the very moment he died, in the offices of *Estrategia*. He is sorely missed.

Betrayal! Lithuania and the Neville Chamberlain syndrome

by Konstantin George

The Lithuania crisis exists today, solely because the Kremlin has refused to recognize that country's Declaration of Independence, and thereby to annul the odious 1939 Hitler-Stalin Pact. The crisis has been allowed to develop through an appeasement policy by British Prime Minister Margaret Thatcher and President George Bush, a repeat of Neville Chamberlain's fatal Munich 1938 appeasement of Adolf Hitler.

There can be no road to European peace and prosperity without support for independent Lithuania, without firm actions to contain Moscow, coupled with offers to Russia to help to meet its legitimate economic security needs, while assisting the Captive Nations in securing independence.

Recognizing Lithuanian independence is the fundamental morality test for the West. Lithuania is not "leaving" the Soviet Union, because it never "joined." The independent Republic of Lithuania, along with the Baltic republics of Estonia and Latvia, were given by Adolf Hitler to Josef Stalin in 1939. In the summer of 1940, Lithuania was invaded by the Red Army, occupied, and annexed into the Soviet Union. With Lithuania's Declaration of Independence, the West can no longer play rhetorical games; not recognizing Lithuanian statehood means recognizing the Hitler-Stalin Pact.

The ghost of Neville Chamberlain

Western appeasement and the sellout of Lithuania were denounced in the strongest terms by the President of Lithuania, Vytautas Landsbergis, in March 27 interviews with French TV and the BBC: "Because of our history and because of the knowledge we have of those with whom we are dealing, we can suspect that the West is lying to us. . . . I have sensed this feeling of being abandoned by the West. . . . We raise this question to democratic nations: Is the West once again willing to sell Lithuania to the Soviet Union?" In a speech that same day to the Lithuanian Parliament, Lands-

bergis had cited a report that U.S. Secretary of State James Baker had sent a "secret telegram" to Soviet Foreign Minister Eduard Shevardnadze, concerning Lithuania. "We do not know if this is a *repeat of new secret protocols* in a scenario reminiscent of 1940," the Lithuanian President said.

Landsbergis's warning of "new secret protocols" was borne out just hours later, when Margaret Thatcher told the House of Commons that her overriding concern was "not to damage Gorbachov." She went on to insult Lithuania, which is committed to securing its independence through exclusively non-violent means, by attacking "the use of force" in general, and, in the next breath, calling on "both sides" to assume a "dialogue." The same policy was reaffirmed on March 27 by the U.S. administration, which called on "both sides" to settle the crisis "peacefully," and stressed that President Bush doesn't "wish to inflame" the situation.

The West's new "new Munich" did not begin March 11, when Lithuania declared independence. The sellout was already agreed to at the December 1989 Malta Summit between Gorbachov and Bush. Its first realization was evident already in January, when Gorbachov ordered the Red Army into Azerbaijan, an invasion which butchered thousands of Azerbaijanis, and which James Baker publicly pronounced "necessary."

Bush and Thatcher are treating Landsbergis and Lithuania as Chamberlain and Daladier once treated pre-war Czechoslovakia and its President, Eduard Benes. The parallels between the 1938 Czechoslovak crisis and the 1990 Lithuania crisis are most striking.

Hitler had claimed that he would respect Czechoslovak independence, that his goals were "only" to satisfy the demand of the Sudeten German minority to secede from the Czechoslovak state, and that Benes be removed as President. Gorbachov today has lied that he is willing to "concede" Lithuania independence over five years, under a different

regime, excluding Landsbergis, and once ethnically non-Lithuanian regions, including the Vilnius region and the militarily sensitive Klaipeda (Memel) port and coastal strip, are detached.

For Gorbachov in 1990, as with Hitler in 1938, the issue is not Lithuania (or Czechoslovakia) as such. Lithuania is only the first of a chain of Soviet republics which will be declaring independence. Gorbachov and the Soviet Military High Command are using every means possible to set a precedent for future cases.

Eastern Europe rallies behind Lithuania

In courageous contrast to the Anglo-American sellout, support for Lithuania has materialized from those nations of Eastern Europe who suffered immeasurable horrors under Hitler and Stalin, notably Czechoslovakia and Poland; from the other two Soviet-occupied Baltic republics of Estonia and Latvia; from Moscow's largest Captive Nation, the Ukraine; and from another Baltic country, Denmark. On March 29, several crucial moves took place:

- Czechoslovak President Vaclav Havel declared his nation's support for Lithuania's independence, and its right "to join Europe." Havel offered Czechoslovak soil as a neutral ground for talks between Moscow and Lithuania.

- Bronislav Geremek, heading a Polish Solidarnosc parliamentary delegation to the Lithuanian capital of Vilnius, addressed the Lithuanian Parliament: "We welcome the return of Lithuania to the community of free nations. We convey our greetings of friendship and solidarity at a moment of dramatic meaning for Lithuania."

- The new Estonian Parliament convened, and declared its intention to declare Estonia an independent state.

- On March 29, the leadership of the Ukrainian national movement, Rukh, announced that it will defy a ban by the Communist authorities, and stage mass demonstrations in Kiev and other cities on April 1, to support independent Lithuania.

- The Danish Parliament passed a resolution declaring its support for "Lithuania's courageous fight for freedom," and announced that a parliamentary delegation would be visiting Lithuania soon.

- Even Russian support for Lithuanian Independence is materializing, as shown March 29, when a bloc of 70 Russian deputies on the Moscow City Council signed a resolution supporting Lithuania.

An offer Moscow can't refuse

A sane Western policy, recognizing Lithuania and demanding that Moscow respect Lithuanian independence, will not only reverse the road to war, but will allow the creation of a true peace, based on the freedom, dignity, and sovereignty of nations.

At the same time, an independent Lithuania, and sound Western economic assistance for Lithuania and the U.S.S.R.

itself, will greatly contribute to meeting what Soviet leaders call their primary security need—economic security.

Immediately upon Moscow's recognition of Lithuania's independence, and the cessation of all intimidation, threats, and violations of Lithuanian sovereignty, the governments of the West should ensure that all legitimate Soviet economic interests which have been met by Lithuania, continue to be guaranteed. The guarantee would correspond to the pledge made by West German Chancellor Kohl in February to Gorbachov, that, in a united Germany, West Germany would guarantee all current trade accords between East Germany and the Soviet Union, and that future trade would be conducted in hard currency.

In the highly improbable case of a fall in Lithuanian exports to the U.S.S.R., the West should pledge to meet any Lithuanian export shortfalls in agricultural products, above all, meat, milk and dairy products, durable consumer goods, and electronics—i.e., those items for which Moscow absolutely depends on Lithuania.

But this "worst case scenario" is unlikely. The vital national interests of Lithuania dictate continued extensive trade ties with the Soviet Union, provided there are no political strings attached. It is in Lithuania's national interest to continue to purchase crude oil, natural gas, metals, cotton, and other raw materials from the U.S.S.R., as it does now at prices well below world market prices, and, until economic development and modernization programs are implemented, the Soviet Union will remain Lithuania's main export market for its consumer durables and electronics, which are below world standards, but well above Soviet standards.

The benefits of Lithuanian independence to Russia are not confined to goods as such. A nation's most important economic resource is its labor force. Lithuanian independence means, for agriculture, the end of collectivization, the transformation of Lithuania's culturally Western European rural population into highly productive independent farmers. A Western assistance program to modernize Lithuanian farming, and above all to modernize the transport and refrigeration capacity required for increased, hard currency, exports of meat and dairy products to the U.S.S.R., must occur parallel to this. This would be the first vital demonstration to Moscow, that an independent Lithuania, with a work force of free men, as opposed to collective farm serfs, contributes to Soviet economic security.

Western aid will also be required to modernize Lithuania's industry. The increase in production, and in quality of goods, will not be merely a function of new machinery. As industrial workers in their own country, Lithuanian workers will rapidly rise to productivity levels characteristic of Western work forces.

Should Moscow reject such an offer, and proceed to liquidate Lithuania's independence, then the West must end its "business as usual" with Gorbachov, and bury the ghost of Neville Chamberlain, once and for all.

World reactions to the Lithuania crisis

While most world governments followed the Bush-Thatcher line of "not rocking Gorbachov's boat," and refused to recognize the government of independent Lithuania, powerful statements to the contrary appeared from other groups and individuals around the world. We also publish below a provocative statement distributed by the Soviets in Lithuania.

Not even Russian tanks will stop the Baltic quest for freedom, declared **Mavriks Vulfsons**, member of the Lithuanian Parliament and of the Sajudis movement, in a commentary in the West German daily *Die Welt* on March 28.

"With its massing of tanks in Lithuania," he said, "its attacks carried out by paratroopers, and its sabre-rattling threats, the leaders in Moscow—putting aside the moral aspect of this brutal act of violence for a moment—fell victim to a dangerous mistake. They haven't looked at the calendar. We are living in 1990, not 1940. Or, 1956, or 1968.

"You can still suppress with tanks. But you can no longer intimidate. . . . The rattling of the tanks, the noise of the helicopters and transport aircraft, only have an acoustical effect. It cannot alter the course of events.

"Nobody can tell, for the time being, what will happen next, and what will be caused by it. The worst provocations, eventually even the storming of the parliamentary building in Vilnius—all of this is still possible. But what will be the price of such an experiment for the Kremlin? What profit, after all, do they think they can draw from that?

"The Kremlin leadership, as much as it strives to link up to the new times, is still living in the past, in this respect. In former times, an intervention and sabre-rattling sufficed to create fear and submission. That is because the commitment was behind it to launch mass deportation, mass murder. But today? Does Gorbachov seriously intend to threaten with the methods of Stalin? . . .

"The weapons of the Lithuanians are calm, restraint, self-control; they are avoiding responding with provocations to provocations. . . . The Lithuanians don't even have to call

for a general labor strike. They can do their work, proclaim and reaffirm their freedom. Does Gorbachov intend to roll over them with tanks? Does he intend to stand before the eyes of the world like the Chinese regime after the Beijing massacre of June 4, 1989? What effects would that have on the morals of his army, his party, his own population in Moscow?

"And, every moment, new crisis hot spots may be sparked off in the Caucasus, in Central Georgia, in very Russia itself. . . .

"The world is waiting for a clear word. It is waiting for clear action, for policy instead of cabinet diplomacy."

Elena Bonner, the widow of Soviet human rights activist, physicist Andrei Sakharov, called on President Bush on March 20 to immediately recognize Lithuania as an independent nation and establish diplomatic relations with it.

In a statement reported by Reuters, she said that Soviet mistakes "must not be paid for with the blood of the Lithuanian people, who at the hands of Stalin, have lost about a third of their population in the concentration camps and Siberian deportations."

She said the United States had for 50 years considered the Soviet Union's annexation of the Baltic states as unlawful. "That was in line with U.S. democratic traditions. It was a moral statement on the Molotov-Ribbentrop Pact, or to be exact, the bargain struck between Stalin and Hitler. Was such a statement just empty words that deceived the American people and the whole world?

"Only actions can answer this question—by immediate recognition of the Republic of Lithuania and the establishment of diplomatic ties with it. The U.S., because of its unique role in the world, and you, Mr. President, have a grave historic responsibility.

"I am addressing you, because I know that Andrei Sakharov would have done it."

Pope John Paul II appealed for a dialogue to ease the crisis, in his blessing to pilgrims in St. Peter's Square on March 25. "May the Lithuanian question find a just and peaceful solution through sincere dialogue in the framework of the international order," the Pope said. "Today Lithuania finds itself at the center of the attention of Europe and the world. . . . May God grant light and strength to all those upon whom this solution depends."

Gorbachov's ultimatum to Lithuania sounds as if the Molotov of 1939-40 were still alive, the West German daily *Frankfurter Allgemeine Zeitung* charged in its lead editorial on March 26.

The Lithuanians, rejecting membership in the Soviet Union on grounds that they have been occupied by the Red Army for the past 50 years, are right, the paper said. Gorbachov's claim over Lithuania and the other two Baltic states

is based on the policy of Stalin and Molotov.

Gorbachov recognized this when he visited Vilnius several weeks back, where he was confronted by a worker with the question whether he knew how many Lithuanians had fallen victim to the Soviet occupation. "I don't want to talk to this man any longer," said Gorbachov. "If the people in Lithuania take such positions and present such slogans, they'll be faced with hard times."

"The Lithuanians have taken such positions, indeed—are they faced with hard times, now?" asked the editorial.

"Realism is what many a politician in the West is demanding of the Lithuanians, now. [But] he who demands realism of others, should show it himself. This means also that those realities of a time, many eyewitnesses of which are still alive, be acknowledged and not wiped out or silenced.

"For the Lithuanians, dominating reality of the past five decades was that their nation was deprived of its freedom by the Soviets, tortured, that one-third of the nation died in Soviet mass-extinction operations.

"But words of good will from the West won't have much of an effect, sanctions must be threatened. Commitment to do so is still low. The statesmen of the democratically governed world want, and they are right, to help Gorbachov. But violence against Lithuania will lead back into tyranny."

A Kremlin hard line toward Lithuania is made all the more possible by an attitude in the West which is identical to that which "led democracies to appease undemocratic opponents a half-century ago," the *Times* of London editorialized on March 27. It warned that the West is completely unprepared for the possibility of a "Soviet putsch in Vilnius" over the coming days.

The paper noted that "British mandarins tried long and hard to make excuses for Stalin" decades ago. "Behind Mikhail Gorbachov, the ghost of Uncle Joe can still be seen stalking the Kremlin, and haunting some corridors in Whitehall." The paper stressed that Britain's attitude toward Lithuania would be very different, if the original arrangement in the Hitler-Stalin Pact had prevailed, and Lithuania were under German control today. If that is so, why is Britain so soft on Moscow?

Special responsibility lies with British Prime Minister Margaret Thatcher, since she has always boasted of her relationship to Gorbachov, the editorial charged. Beyond this, during her recent meeting with Czechoslovak President Vaclav Havel in London, she promised to "exorcise the spirit of Munich." Now, she must "dispose of the demon" of the Baltic and the Hitler-Stalin Pact, too.

Soviet helicopters distributed the following leaflet over the Lithuanian capital city of Vilnius on March 26. The helicopters' military markings had been painted over, and the leaflets were signed by **Interfront/Yedinstvo**, the fascist grouping led by retired Red Army officers.

"Citizens of Lithuania:

"Leaders of Sajudis, having seized the government in Lithuania in the name of the achievements of their arrogance and anti-people goals, are pushing the people of Lithuania into an abyss of the unknown. They are promising us a rapid national miracle, wealth and freedom.

"Let us think:

"Is it worth believing those promises that are based on naked declarations and political adventurism?

"Is it worth believing in a government that promises its people that the West will not let them starve?

"Let us ask the new leaders:

"Where is the world's recognition of the sovereignty of the republic that has been promised?

"Where are the promised credits and Western markets that were supposed to have welcomed Lithuania with open arms?

"Whose natural resources will Lithuania's economy use tomorrow? Against whom are we closing our borders?

"Why are defense platoons needed, to which our children, sons, and friends are being called to join?

"What are they supposed to defend? and against whom?

"Let us think:

"Will we be free in a 'free state' where the right to property will once again fall into foreign hands?

"Citizens of Lithuania:

"We must decide for ourselves whether we need this kind of freedom. We invite you to come to a rally at 4 p.m. on March 27th of this year."

"Popular Front of Latvia Fears Another Azerbaijan in Lithuania," was the headline of a March 23 press release put out by the **Popular Front of Latvia** Information Center in Riga.

"According to Dennis Ivans, chairman of the Popular Front of Latvia (LTF), the Soviet government is trying to artificially create a crisis atmosphere in Lithuania," the release said. "Speeches by Gorbachov and others in the Supreme Soviet of the U.S.S.R., as well as the speeches by leaders of the reactionary organization 'Yedinstvo' in a demonstration in Vilnius, paint a false situation in Lithuania. They create the impression that the Lithuanian declaration of independence has led to an unstable or even potentially violent situation there. In fact, the situation is calm. However, the possibility exists that the Soviet government will use its artificially created tensions as an excuse for armed intervention, thus making Lithuania a second Azerbaijan. The true goal of any such intervention would be the suppression of Lithuania's peaceful moves toward complete independence.

"The Popular Front of Latvia has sent a telegram to the chairman of the Supreme Council of the Republic of Lithuania, Vytautas Landsbergis, expressing its support for Lithuania in this difficult situation. It has also sent a telegram to the President of the Soviet Union, Mikhail Gorbachov, supporting Lithuania and appealing to him not to use force."

Denmark stands by Lithuania—alone

by Poul Rasmussen

Alone among Western nations, Denmark has come to the defense of Lithuania, denouncing the Soviet sabre-rattling there and taking steps toward diplomatic recognition of the new republic.

On March 23, the President of Lithuania, Vytautas Landsbergis, was asked by Danish television what he would say if he were talking directly to Danish Prime Minister Poul Schlüter. President Landsbergis answered: "I would ask him to go out in the forest alone, all by himself, and there in the silence look deeply into his own heart—and then make a decision."

The next day, as the Soviet military pressure against the small Lithuanian republic steadily increased, the Danish government took its first steps to render political and moral support for the embattled republic. Until then, Denmark had fully participated in the Western world's conspiracy of silence in the face of the desperate calls from the Lithuanian government to recognize the new sovereign state. Since Lithuania's Declaration of Independence on March 11, the Danish government, along with the other Western European countries, had repeatedly stated that "the time was not yet right" for full diplomatic recognition.

Long historical ties

But Denmark is a Baltic state, too. Lithuania is a close neighbor, only a few hundred miles across the sea from the Danish island of Bornholm. Historical ties between Denmark and Lithuania go back hundreds of years, and Denmark officially recognized the new Lithuanian state in 1921. Denmark never accepted the validity of the Hitler-Stalin Pact, nor the Soviet annexation of Lithuania in 1940.

Therefore, it was with great uneasiness, that the Danish government followed the Western world's line of "keeping a low profile," giving the Soviets "a chance for peaceful negotiations." Lithuanian disappointment about this was expressed openly, and the leading Danish conservative newspapers *Jyllandsposten* and *Berlingske Tidende* began to call for immediate establishment of diplomatic relations with free Lithuania. On March 23, *Jyllandsposten* published a letter from the Danish chapter of the Schiller Institute, calling for relations to be established before it is too late.

Then on March 24, Danish Minister of Foreign Affairs Uffe Ellemann-Jensen expressed "disappointment with the

Soviet failure to use the opportunity of negotiations toward peaceful establishment of Lithuanian sovereignty." He also announced that the Danish government would send two diplomats to Vilnius, the capital of Lithuania, to establish contacts with the new Lithuanian parliament. The chairman of the Danish Parliament, H. P. Clausen, announced that a cross-party parliamentary delegation would soon travel to all three Baltic states to establish official parliamentary relations.

On March 23, the Danish Navy positioned the corvette *Peder Tordenskjold* along the coast of Lithuania to closely monitor Soviet military communications and movements. The electronic surveillance command on the Danish island of Bornholm was put on alert.

The next day, when the news of the movement of Soviet tanks and armored cars onto the streets of Vilnius reached the world, and the Soviets began to expel foreign diplomats and journalists from Lithuania, Prime Minister Schlüter called for an international denunciation of the Soviet actions. Schlüter said: "Denmark is a small country, and most likely our influence is limited, but someone has to take the lead. No one should doubt where Denmark stands in this. Lithuania is our neighbor across the Baltic Sea, and we will not accept being disconnected from it. I call upon other countries to support us in this."

The same day, at the European Council's meeting of foreign ministers in Lisbon, Portugal, Ellemann-Jensen directly attacked the Soviet delegate, Deputy Minister of Foreign Affairs Yuri Kasyev, who had brazenly stated at the meeting that "use of military power belongs to history." The Danish foreign minister immediately took the floor to remind Kasyev, "This also goes for the threat of use of weapons and the kind of intimidation we now see in Lithuania." Ellemann-Jensen was backed up by Norway, Belgium, and Iceland. Earlier in the day, Denmark sent a letter to the other European Community countries calling for joint condemnation of the Soviet actions in Lithuania.

On March 25, Ellemann-Jensen summoned the Soviet ambassador to Copenhagen, Gennadi Vedernikov, to receive an official verbal protest concerning the Soviet threats against Lithuania.

Afterwards, at a press conference, the Danish foreign minister said, "It is annoying that the Soviets did not use the opportunity of reaching a solution when the West delivered a very soft reaction during the first days. They knew where we stood. Now we have to go public with our very strong protest." As for Danish efforts to organize a common European protest against the Soviet actions, he said, "We have been extremely active. Our attitude is more sharp and clear than the others. We are now seeing the first results coming. There is growing pressure on Moscow, and I am convinced that they will show restraint. I don't believe that the Soviet Union can live with the bill that will be written out. They risk a serious breakdown of East-West relations."

LaRouche warns Western governments: Stop appeasement, support Lithuania

As the Lithuanian crisis heated up, congressional candidate Lyndon LaRouche issued a series of statements from what he calls his "Eagle's Nest"—the federal prison in Rochester, Minnesota, where he is incarcerated as America's number-one political dissident. We publish several of these below.

Soviet instability heightens war threat

March 23—Some weeks ago, just prior to the Soviet military operations in Azerbaijan, I forecast an extreme likelihood of a Soviet action in or around Azerbaijan, and a lesser likelihood of a Soviet action in the Baltic states, specifically including Lithuania. I also talked of several other Soviet operations for aggressive action, including in East Germany. At that point, I indicated that there was a very high threshold of resistance or penalty against the Soviet regime should it move against the Baltic states, and, of course, a much, much higher threshold of penalty to the Soviet government, should it move in other parts of Eastern Europe, e.g., in East Germany.

Now the time has come that it is most likely that the Soviet government will move into Lithuania, with military force, largely acting with the Soviet troops already on the ground, inside Lithuania.

What this means, is that the Soviet regime has become extremely unstable since the beginning of the year. That is, at the time that the Soviet government moved into Azerbaijan, the time that Gorbachov moved in Azerbaijan with Soviet troops to shoot, it was unlikely that he would also take the risk of moving into Lithuania. Now he is ready to move into Lithuania. *He is willing to take that higher degree of risk.* What that means, is that despite the appearance of the consolidation of Gorbachov's personal power as President of the Soviet empire, he is prepared to take more risks *because his situation is more desperate*, and therefore he is willing to do now, what he would not have done six to eight weeks ago. That's the nature of the situation. If this continues, he will be prepared down the line, if he's still there, to take even higher risks.

These situations not only measure a threat to the Azerbaijanis, or to the Lithuanians or other Balts, and so forth: They represent a process of spiraling destabilization, internal destabilization, of the most powerful military force on this planet, the Soviet empire, whose military capabilities in terms of force capability have been increased, not reduced at all, during the past six months to a year and longer.



We are moving in the direction of a possible military confrontation, not necessarily immediately, but down the road. And now is the time to take the actions to prevent that military confrontation from occurring, maybe a year, two years, down the road. That's the way we must look at it.

What we must stop is this namby-pamby attitude toward the Soviet regime; we are acting toward Moscow as the British government acted toward Hitler in 1938. And we are headed toward the same results. We cannot play the game of being soft on Moscow in the hope of keeping some presumed British intelligence asset, Mikhail Sergeyevich Gorbachov, in power in Moscow. That is stupidity. We are now in a situation where Gorbachov will either act worse than Stalin, or he might even be overthrown because of the increased instability. We in the West have no control over that, and we should not attempt to control that. What we must do, is to deal with the realities that confront us and stop hiding our heads in the sand, stop pretending that everything is peaceful and nice, when it is far from peaceful and nice. The world is dangerous, and is becoming more dangerous by the day. We must wake up.

If the United States and other nations had taken a firm position in support of Lithuania's declaration of independence, the Soviets would not be moving troops inside Lithuania today. We acted toward Lithuania as Neville Chamberlain acted in 1938 toward Czechoslovakia. It may be five minutes before 12 o'clock, maybe it's two minutes before midnight, on the Lithuania situation. We must act immediately to correct the errors we have been making, increasingly, since October 1983, when President Reagan was slipped a fake report from a very dubious gentleman in London, Oleg

Gordievsky. We must stop this foolish road of belief that Gorbachov is a man of peace. Yes, we must avoid war with the Soviet Union, but we will not do it by playing the kinds of games that were played recently in risking Lithuania, as we did by failing to support her independence more actively.

One hopes that the President's recent statement, in a more positive direction, will be helpful. I fear it's too late, and too little, but I would encourage him to do more.

A warning to the governments of the West

March 23—We appear to be within hours, possibly, of a major Soviet military operation against the nation and people of Lithuania. The instinct of the U.S. government in this circumstance will be to recommend, in conjunction with the lame duck prime minister of Britain, Margaret Thatcher, that Western agencies do everything possible to suppress casualty reports and atrocity reports arising from Soviet atrocities perpetrated against the people of Lithuania.

This would be a very stupid policy on the part of the administration. If it were to condone such a military action, this would backfire immeasurably, and would lose the administration a great deal of credibility. This was done, successfully admittedly, to some degree in Panama, but the United States has not yet seen the bill to be paid on account of suppression of the extent of the casualties in the Panama operation. To cover up for the casualty levels in the Soviet operations against Lithuania, to try to play down the magnitude, the horror of Soviet actions there, would be something which would catch up with the relevant Western governments responsible, and news agencies responsible, very, very, quickly.

So, I wish to publicly urge all news agencies and our government to do nothing to suppress any evidence of Soviet atrocities or other related operations in Lithuania during the coming period, but to report these things immediately, for the edification of the observing peoples of the world.

When will we learn the lessons of appeasement?

March 24—I was born in the year 1922, and therefore, was approximately 16 years old at the time that Adolf Hitler obtained Czechoslovakia with the blessing of Britain's Prime Minister Neville Chamberlain.

Now, during that period, I happened to hear a portion of one of the first speeches of Adolf Hitler which was re-broadcast into the United States; I heard Hitler, in his own voice, saying that the conflict involving Czechoslovakia was not about Czechoslovakia as a nation, but only about Eduard Benes, then the elected leader of Czechoslovakia.

Now we're getting today the same kind of garbage out of Moscow. We're hearing that the problem is not the sovereign nation of Lithuania—Lithuania can have its sovereignty in due course, in five years, perhaps, if the referendum goes the way the Soviets approve it might go; the problem is Sa judis

and the President, Landsbergis, and the elected parliament of Lithuania—they're illegitimate. Why? Because they didn't follow exact Soviet orders according to formula.

And we have today, as we had among the liberal sympathizers and fellow travelers of Prime Minister Neville Chamberlain, back in 1938, those who pick up the aggressors' line, in the *New York Times* and the *Washington Post*, and accuse the tiny nation of Lithuania of making mistakes which provoke aggressive actions by the monster of Moscow.

Don't we ever learn? Don't we ever learn the game of appeasement does not work? How many millions of Baltic people and others are the American liberals prepared to sacrifice for the sake of appeasing Moscow? What was the lesson of appeasing Hitler? It was World War II. The lesson of appeasing Moscow, as the *New York Times* and *Washington Post* do today, could be World War III. Are they peace-lovers? Or are they just confused people who refuse to learn the lessons of history? Well, the thing to remember in this, is the *Times* and the *Post*, in doing what they did today, did nothing but carry out orders of the Bush administration, and that bunch of liberals in the Congress, who refuse to recognize the sovereignty of Lithuania, a thing we've recognized for most of the postwar period, until just recently.

Is this the case of a press following the dictates of an administration which has ordered that the U.S. news media cover up evidence of Soviet atrocities, to make the thing seem milder than it is? Don't we ever learn? Have you learned? Or do we have to go through World War III before you learn that it is a mistake to follow the course the Bush administration has been following recently, of appeasing the dictators in Moscow?

'We fight for Lithuania; we fight for ourselves'

March 25—About 18 months ago, I presented internationally a series of announcements, forecasting, in effect, a worldwide anti-bolshevik insurgency against communist tyranny and related matters around the world. It now appears, of course, that each of these nations, in which this anti-communist insurgency has come to the surface, is somewhat imperiled. That is true, and yet it is misleading. It is true, in the sense that a grave peril exists, as it exists in Lithuania now, where we face the prospect of a Muscovite bloodbath.

But the danger was already there: This point is made more clearly, if we look at the courage of the Lithuania patriots, who are standing up, unarmed, in peaceful resistance, non-violent resistance, against Soviet military might. These patriots knew what they were doing; they knew they were putting their lives on the line as a potential sacrifice, in order to save the nation from the greater horror which must result, if they did not stand up. They face the prospect of the extermination of the nation; they face a situation demanding the utmost heroism (and, sometimes, non-violent resistance is the utmost heroism; it not only is mobilized against one's enemy, but it's mobilized against one's own legitimate, just-

fied rage against the oppressors; it takes special courage to do that, as I know from experience).

That is the situation: The horror did not begin today, the horror did not begin yesterday; the horror began, for Lithuania, back with the Hitler-Stalin Pact of 1939—a Hitler-Stalin Pact, which, right now, Mrs. Margaret Thatcher, the outgoing prime minister of England, is supporting, in the spirit of Prime Minister Neville Chamberlain before her. It is a pact which the U.S. government, at least to a large degree, has been tolerating, as we saw in the defeat of the Helms motion in the U.S. Congress, and as we saw, in a similar vein, in the overturning in the U.S. Senate of the attempt at denunciation of the horrors perpetrated by the Communist Chinese regime.

The horror goes back to the roots of the horror; it goes back to the watering of the roots of the horror; it goes back to the fertilizing of the roots of the horror, the tolerating of the roots of the horror, over all these years.

Look in our own country; look in the black and Hispanic ghettos; look over the past 25 years; look, particularly, since the assassination of Martin Luther King. Look at the changes. It was terrible then; it's worse today. How is it possible, after the great political victory of civil rights during the 1960s, that things should have become worse, for the majority of black and Hispanic minorities in the United States, rather than better? How is it, that all these efforts for Affirmative Action, and so forth, have ended up a net failure? It happened, because we tolerated a trend, in this case, in the economy, and in economic, social ideas, which abandoned more and more and more of the poor to this kind of gruesome, grisly, monstrously cruel poverty, impoverishment, neglect, and to drugs. We said, "Oh, drugs are a matter of choice, just say no." And so, the babies of the ghetto were murdered, to and from their way to school, because of our tolerance of drugs, and so forth and so on.

The problem goes back a long way. The fight did not begin today; the fight was forced upon us today, when we should have fought it a long time ago. What we must do, is do everything possible to deter the Moscow monster from what it will tend to do: Impose a Tiananmen Square upon Lithuania, and elsewhere. We must do that, for the sake of the Lithuanians, for the sake of our conscience, and, also, to create a barrier to protect others, and to protect those in the United States, in the black and Hispanic ghettos, who may soon suffer the same kind of oppression, brutish oppression, in the United States, as the Soviets impose upon Lithuania.

If we capitulate to a condominium, to a common rule over this planet with the monsters in Moscow, who perpetrate this bloodshed in Azerbaijan, and, now, in Lithuania, then we shall find we are bringing that home. When we fight for the life of one person in Lithuania, as a defense against this horror, we're fighting for us all, everywhere. If the fight is bitter, if the fight is brutal, if the fight is difficult, if the fight is frightening, it is only so, because we have awakened so

late. We should have been fighting this 20 or 25 years ago. We should have been fighting it, when the roots were planted. Now, the evil weed has grown; the roots have gone deep. The weed has been tolerated a long time, and now it strikes, and now, it moves to kill. We must join together, because this evil we fight, is not a threat to merely one of us; it's a threat to us all. It strikes down one of us at a time, and, if the rest of us stand around, and let us be struck down, one at a time, then we shall all die.

The U.S. government must understand, that there is a growing mood in this country which will not tolerate Tiananmen Squares, in China or elsewhere, and which will not tolerate governments in power that tolerate Tiananmen Squares, in China, or elsewhere.

We fight for Lithuania; we fight for ourselves. The U.S. government must understand, that there is a growing mood in this country which will not tolerate Tiananmen Squares, in China or elsewhere, and which will not tolerate governments in power that tolerate Tiananmen Squares, in China or elsewhere. The sooner, and louder, that message is delivered to Washington, and to other capitals, and the sooner Washington and others relay that message, that warning, to Moscow and to Beijing, the sooner we begin to save lives, and whole nations, from death, murder, and other forms of oppression.

Let us unite in awareness that all human beings are cast in the image of the living God, and are sacred on that account, and are one on that count; let us stand knowing that we are one; let us stand together, so that we can no longer be divided, so that we're no longer killed, one by one by one. Let us resist this beast, as recent months have shown it can be resisted, and resisted successfully. Let us resist it more strongly; let no one turn his back on the fight, and then we shall win sooner, and then lives shall be saved.

The Lithuanian government, which has declared its independence and stood in non-violent resistance, with that great courage, against the Soviet beast—they are fighting not just for themselves; they are fighting for us all. They are fighting to assert their dignity as a people, their importance as a people, to humanity as a whole. And, let us, therefore, acknowledge that Lithuanians are important to humanity as a whole; and let us fight for them accordingly, because we are really, each, fighting for ourselves.

New Soviet 'Presidential Council' aims to consolidate Russian core

by Luba George

The U.S.S.R. Presidential Council, the new executive ruling body which replaced the now-defunct Politburo, is now functioning under the Czar of all the Russias, Mikhail Gorbachov, following his election as President on March 15. Its membership list was announced on March 25 by the Soviet news agency TASS.

Reflecting the security requirements of a Russian empire in a survival crisis and the demise of the Bolshevik party as a ruling institution, the majority of the new "Politburo," and above all that part of it which will convene in Moscow every week to deliberate on and make all policy decisions, is drawn from representatives of the military, military-industrial complex, KGB and internal security organs, and extreme Russian nationalists.

Consolidating Russia

The composition of the council also reflects Gorbachov's number-one priority and concern: the holding and consolidation of the empire's Slavic core as the basis for keeping the overall realm intact and to prepare for future expansion. In this regard, the military now will play a far greater and more crucial policymaking role in this process.

Through the vehicle of the Presidential Council, the uniformed military now hold full, voting membership on the new "Politburo." Defense Minister Dmitri Yazov has been appointed to the council, as well as members of the old Politburo, **Yuri Maslyukov**, chairman of State Planning (Gosplan), and Prime Minister **Nikolai Ryzhkov**, the two leading figures overseeing the U.S.S.R.'s vast military-industrial complex. This is the first time under Gorbachov that an Army General is on the "Politburo" as a voting member. Yazov's tenure on the council, however, is transitional. According to high-level defense analysts, Yazov will be replaced before the year is over by the extreme Russian nationalist Gen. Col. **Boris Gromov**, the tough, last commander of Soviet Forces in Afghanistan and currently Kiev Military District Commander, with whom Gorbachov has been recently cultivating close ties.

When the Presidential Council meets every week, the core members who will make the decisions concerning the fate of Mother Russia and the empire and who are drawn from the military and the military-industrial complex, in addition to the above, are:

Anatoli Lukyanov, U.S.S.R. Vice President and KGB

appendage. Lukyanov's major responsibility on the council includes drafting a "new treaty of Union" among the Republics which contains Moscow's present "carrot" of an ostensible five-year independence perspective for any republic choosing to secede from the empire.

In the capacity of foreign policy advisers, Politburo members **Alexander Yakovlev**, Foreign Minister **Eduard Shevardnadze**, and **Valeri Boldin** will serve on the Presidential Council. Boldin is Gorbachov's personal adviser and head of Gorbachov's personal cabinet, a Kremlin version of a "White House chief of staff." Boldin's rising prominence was first evident last December, when he was part of the team of close advisers who accompanied Gorbachov to Rome and the Malta summit.

KGB and Internal Security appointees include the chairman of the KGB **Vladimir Kryuchkov** and U.S.S.R. Interior Minister **Vadim Bakatin**, who oversees the ongoing expansion of the U.S.S.R. Interior Troops—recruited from the *Afgantsy* veterans of the Afghanistan war into Moscow's "Praetorian Guard," used to suppress outbreaks among the captive nations.

The list also contains the names of several non-Russians who fall into the category of liberal globalists. However, these members are window dressing. While they are formally full council members, in reality they will only attend Presidential Council meetings irregularly and on invitation from the Russian members, and thus will exercise no real power. Real power will be strictly in the hands of the all-Russian core group that meets every week. These non-Russian members include: Ukrainian Grigori Revenko, First Secretary of the Kiev regional Communist Party organization; the Kirghiz writer Chinghiz Aitmatov, a radical ecologist and a co-founder of the Soviet branch of the malthusian Club of Rome; the Armenian Vice President of the U.S.S.R. Academy of Sciences, Yuri Osipyan; and the Latvian liberal agricultural economist Albert Kauls.

Pamyat supporters appointed

Two figures who have been coopted into the inner circle as permanent advisers are: Siberian writer **Valentin Rasputin**, and **Venyamin Yarin**, co-chairman of the United Front of Workers of Russia (UFWR). Gorbachov's appointment of these two extreme Russian chauvinists and Pamyat supporters comes in the context of the deep systemic crisis threaten-

ing the dissolution of the Russian empire along ethnic-national lines and even the possibility of some level of civil war conditions within Russia itself.

Valentin Rasputin's writings have, for decades, instilled Russians with the most raving anti-Western fundamentalism: xenophobia, an anti-technology bias, anti-Semitism, and an extreme love for the *Rodina* (Motherland). It was Valentin Rasputin who launched the eco-fascist campaign in the Russian Federated Republic to stop a Siberian river diversion project vitally needed by the arid Muslim republics of Central Asia, claiming that it would cause an ecological calamity in Russian territory. The Politburo's decision to stop the project has resulted in the deaths of thousands of non-Russian peoples of Central Asia because of severe water shortages and water contamination, and more face the same fate.

Valentin Rasputin's speech at the People's Deputies Congress, televised for millions last May, depicted the hatred many Russians feel towards the pro-Western Lithuanian and other non-Russian captive nations: "The chauvinism and blind arrogance of Russians is the fabrication of those who are playing on your national feelings. . . . Russophobia has spread in the Baltics and Georgia. . . . Anti-Soviet slogans are being combined with anti-Russian ones, and emissaries from Lithuania and Estonia travel with them to Georgia, creating a united front, and from there, local agitators set off Armenia and Azerbaijan. This is not a struggle against the bureaucratic mechanism; it is something else."

Venyamin Yarin, as co-chairman of the United Front of Workers of Russia, joined last September with Russian chauvinist anti-independent movements Yedinstvo (Unity) in Lithuania, Interdvizhenia (Interfront) in Latvia and Estonia, and other Russian populist-fascist groups, to form a new umbrella organization entitled "United Council of Russia," among whose main tasks is to rebuild a Russian Republic and coordinate anti-Popular Front activities in the other republics. Last year they started organizing strikes to protest against new laws aimed at strengthening the sovereignty of non-Russian republics. Today they support the use of military force in the Baltics and are threatening the Baltic states with an economic boycott, hoping to break their will and drive to become fully independent and sovereign nation-states.

Gorbachov draws on military

The institution of the Presidential Council, with leading Russian nationalist extremists on it, something unthinkable several months ago, is proof that the Bolshevik period is drawing to an end and a search for new forms of imperial rule is under way. However, whatever post-Bolshevik path Moscow chooses now cannot succeed unless control in Russia is consolidated.

How strong are Gorbachov's top priorities of consolidating Russia and the core empire, and upgrading the role of the military in these times of grave internal crisis, was demonstrated by his first act after being elected President of the

U.S.S.R.: He met with the entire bloc of over 100 top generals and officers, including the entire leadership of the Armed Forces who are deputies in the Congress of People's Deputies. *Krasnaya Zvezda*, the newspaper of the Defense Ministry, prominently displayed Gorbachov together with the officer corps on its front page. Standing next to a beaming Gorbachov was none other than Gen. Boris Gromov, the last commander of Soviet Forces in Afghanistan, and, as noted above, slated soon for big promotions.

The following day, on March 16, the next sign of the military's upgrading was displayed. Soviet television that evening announced that Marshal **Nikolai Ogarkov** had been named chairman of the All-Union Organization of War and Labor Veterans. The appointment is more than symbolic since this post—while he will nominally be in retirement—will give the 72-year-old Ogarkov the platform to make speeches for both military and civilian press.

The new imperial ruling body, the Presidential Council, lost no time in getting into action. Its first lengthy business meeting was held in Moscow on March 27, at the height of the crisis over Lithuania, a mere 48 hours after its membership was made public. Timed with that meeting, Venyamin Yarin, prominently interviewed by *Krasnaya Zvezda*, sounded a call for Russians to stand behind Czar Mikhail. He declared that perestroika must and will represent "the interests of the Army," and that he, "representing the Russian workers . . . stands by . . . President Gorbachov." The new direction of Czar, Army, and Russia could not be clearer.

Russian nationalism: playing with fire

by Herbert Quinde

Sometime in April in Virginia, the Central Intelligence Agency is scheduled to host a high-level seminar on "the future of the Russian Republic." The invited seminar leader is to be Dr. John B. Dunlop, a Sovietologist specializing in "ethnic Russian nationalism." He will lead a broad-ranging discussion, according to one source, examining the policy option of the United States cultivating firmer relations with a bunch of raving anti-American, anti-Western, anti-Semitic, blood-and-soil lunatics, better known as the "Russian party," whose representatives Mikhail Gorbachov recently inducted into his Presidential Council.

Dr. Dunlop is a well-published analyst and advocate of playing the Russian nationalism card. His date with the CIA therefore raises concern, since, with the CIA already suffering from Gorbomania, it is as dangerous as letting children play with matches.

The incompetent thesis now current among intelligence community circles with influence at the White House, State

Department, and the Pentagon, is that Russian nationalists generally are against the Communist Party apparatus, which the more thuggish Pamyat faction claims is infested with "Jews" and "Masons." The "center," so the ideology goes, has brought a great superpower to the brink of political, military, and economic chaos. The *Rodina* (Motherland) has had its sacred soil raped, its pristine rivers polluted, its cultural traditions, distinctiveness, and its simple way of life perverted by the importation of Western modernity. Yes, Russia has a great universal and religious mission to fulfill; but first it must get its house in order.

If the restive border republics want out of the U.S.S.R., let them go for now, says Russian nationalist Eduard Volodin in an article in the Jan. 24 *Literaturnaya Rossiya* titled "The New Russia in a Changing World," which Dr. Dunlop has characterized as "pathbreaking." After a Russian renaissance, Volodin argued, they'll come back on their hands and knees, anyway.

Ergo, this is all beneficial to U.S. and Western alliance security, and justifies U.S. non-intervention in the Lithuania crisis. Moscow is going to let Lithuania and the other Baltic states go, anyway, but on its own timetable. So, the argument goes, United States should not rock the boat.

Since the Russian nationalists are more concerned about getting their economy going à la perestroika, restocking empty store shelves, and dealing with environmental issues such as cleaning up their rivers and refurbishing their monuments, they won't have the energy or resources to maintain an imperialist empire. The "center," Moscow, has already let Eastern Europe go. An inward-looking Russia will be isolationist, and therefore no longer a military threat to the West. Finally, the United States can cash in on the "peace dividend" which congressional Democrats have been trying to cut out of the defense budget.

Riddled with fallacies

The first obvious fallacy in the analysis is that Russian nationalists are a distinct entity from Gorbachov reformers and military hardliners. In fact, Gorbachov's new Presidential Council demonstrates that they are all in bed together. Although it is true that the extremist-wing views Gorbachov as a "Westernizing Jew," Pamyat's grassroots base could not be unhappy with having two co-thinkers such as Valentin Rasputin and Venyamin Yarin appointed to Gorbachov's inner circle.

"Gorbachov is trying to 'make a very big tent,' to use a Lee Atwater term," commented former CIA official Donald Jameson. "Gorbachov is trying to create a group that represents all the significant shades of opinion. . . . [The inclusion of Pamyat supporters on the Presidential Council] is a concession to the Russian nationalists. . . . This body may evolve into a focus of policy in all matters. It is going to replace the Politburo. . . . It is a gesture calculated . . . to focus the power of this movement which over the years has been very

strong in the Red Army and KGB," explained Jameson.

The second potentially deadly axiomatic assumption of those advocating the "Russian nationalism card" is that Russia no longer poses a threat to the West. Prof. Charles Fairbanks, on the other hand, a leading Sovietologist with the Johns Hopkins University School for Advanced International Studies, has monitored the "upswing" in Russian nationalism which he believes is a "potential threat to the West." His educated speculation is that Gorbachov will not survive politically, since the Soviet economy is in a "severe crisis." As things disintegrate, not only will central authority break down, resulting in "internal civil war" as seen recently in Azerbaijan, but the likelihood of a Soviet military strike westward "is a real threat."

Advocacy for playing the "Russian nationalism card" is more fuel to the fire of self-delusion rampant among Anglo-American strategic policy influentials about their deal with Gorbachov, whether he stays or departs. It is this kind of Neville Chamberlain-style miscalculation that leads to world wars. Although Dr. Dunlop and others sympathetic to "enlightened" Russian nationalism express interest in purging or moderating its fascist-chauvinist wing, the momentum for making deals with the Devil is reflected in a report that Valentin Rasputin will be visiting the United States in the near future, with State Department clearance.

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China's double game with India

Susan Maitra and Ramtanu Maitra report on Beijing's friendship bid and the recent visit of the Chinese foreign minister to New Delhi.

The March 20-24 visit of Chinese Foreign Minister Qian Qichen to India was meant, according to Indian Foreign Office spokesmen, to bring about "a higher level of political understanding" between the two countries. Qian, a former Moscow hand who reportedly dines with Henry Kissinger when in the U.S., made it a point to stop in Delhi on his way back from a six-nation tour of the Persian Gulf. Indian Foreign Minister I.K. Gujral had earlier declined an invitation to visit Beijing at the present time, pleading overwork.

On the face of it, Qian's visit was an effort to build upon the relations restored when former Prime Minister Rajiv Gandhi visited Beijing in December 1988. Liu Shuqing, head of the Chinese State Council's foreign affairs bureau, reportedly told a high-level visitor from India recently that China hopes not only to restore Sino-Indian relations to the level of the 1950s (the heyday of the Sino-Indian lovefest which culminated in the border clash of 1962), but to take it beyond that to the "logical level of friendship between two great countries of the world." China has also withdrawn half its divisions along the border with India's northeast.

However, China continues to undermine India's authority in the region, to build up its own assets within and around the country, and to keep alive the potential to re-ignite anti-Indian sentiments among India's neighbors. China still refuses to give up the northeast territory seized before the 1962 war; the Chinese military is continuing its nuclear arsenal buildup despite the easing of tensions with Moscow; and, China continues to provide military assistance and training to India's neighbors.

China's Janus-faced stance toward India reflects both ancient rivalry and immediate geopolitical compulsions. It is not simply that China needs friends desperately in the wake of the Tiananmen Square butchery. China's ambiguous equation with the two superpowers, coupled with its precarious internal situation, has made it all the more important to handle rival Asian power India with care.

There are at least three considerations which compel China's leaders to inject a heavy dose of "friendship" into the 40-year-old rivalry with India at the present moment. They are: Xianjiang, Tibet, and dope.

The inclusion of Kashmir on the agenda as a talking point is an indication of the first. China's strategically situated Xianjiang province stretches from Tibet and Kashmir northward and eastward along the border of the Soviet Union's

Muslim-populated Central Asian republics. At least half of China's estimated approximately 15 million Muslims live in Xianjiang, and the province, whose capital Urumqi was on the old "Silk Route," has had extensive contact with the Arab world and the Indian subcontinent since at least A.D. 650.

With the late-1970s repudiation of the Cultural Revolution, mosques were reopened and restored, and Islamic services and teaching brought out from underground. Considered to be the best-organized religion in China, Islam's resurgence coincided with the Khomeini revolution and rise of fundamentalism. Naturally, this has caused concern in Beijing, which has strictly controlled Chinese Muslims' contacts with the rest of the Muslim world, prohibited conversions, limited public broadcast of Muslim prayers, and so forth.

The upsurge in the Soviet Muslim republics bordering Xianjiang, and whose peoples straddle the border in many parts, and the eruption of Muslim militancy in Kashmir, are of serious concern to Beijing. Since the Sino-Soviet rapprochement is by no means a *fait accompli*, China cannot count on Soviet assistance in the event of Muslim rebellion spilling over the border. Under these conditions, an understanding with India on how to handle a Muslim majority could be a big help. Therefore, on the Kashmir issue, China endorsed the usage of the Indo-Pakistan bilateral Shimla Agreement and negotiations as the appropriate means to settle the issue—despite China's alliance with Pakistan. For its part, India is confident of being able to convince China to alter the wording of its statements on Kashmir so as not to include reference to the U.N. resolution which mandates a plebiscite in Kashmir and is rejected by India.

Tibet and dope

An increasing number of statements issuing from Beijing on how well the Tibetan economy is doing and how well the Chinese government has done in "abolishing" poverty in Tibet, alongside reports from Western agencies that revolt is again brewing in Lhasa and spreading beyond the capital, point to China's concern to prevent the spread of the "East European virus" to that occupied country. China recognizes that although India has officially accepted Tibet as part of China, many in India would support such an uprising. A champion of Tibetan independence, Railways Minister George Fernandes, is now in the Indian cabinet. The Tibetan



government-in-exile, led by the Dalai Lama, is in India. In the event of an uprising, material support would have to flow through India, Nepal, or both.

In Nepal, the pro-Beijing King Birendra is under pressure from the pro-democracy movement now gaining muscle there, and may not be able to hold on to absolute power for long. China knows that if the King loses control, it is the Nepali Congress, a pro-India group, that will come to power. The pro-China, leftist King Birendra's "partyless *panchayat*" charade, has now moved into the democracy movement, and is attempting to establish a dominant position while Nepali Congress leaders are imprisoned or under house arrest.

The other consideration in China's overtures has to do with China's decision to step up dope exports as a foreign exchange earner. This year the Golden Triangle of southwestern China, Burma, and Laos has produced a bumper harvest of opium, perhaps as high as 2,500 tons. Already, Chinese heroin has been located and seized in the U.S.; China would like to keep the Sino-Indian border as little militarized as possible, keeping the door open to push drugs through India.

India has already become a major transit route for the heroin manufactured in the Golden Crescent area that comes through Rajasthan and Punjab in the west. But India's northeast, bordering Burma and Nepal, and with Calcutta as a nearby outlet, is a potentially important conduit for China's dope dealers. The area is already established as a smuggling

zone for electronic gadgets and other high-priced consumer goods as well as drugs.

The enemy of my enemy. . .

The Chinese posture is a pragmatic shift in the framework of rivalry and one-upmanship vis-à-vis India that began with the birth of the communist regime in 1949, India's pathbreaking recognition of Red China notwithstanding. As the 1962 war made clear, *Hindi-Chini bhai bhai* (Hindu-Chinese friendship) was only one side of the picture during the 1950s. The other side was the frantic efforts of the Chinese communist regime to establish its geopolitical priorities over and against India—e.g., seizure of Aksai China—and to outflank Nehru for control of the emerging Non-Aligned Movement (which latter failed completely in spite of Chou En-lai's reputed brilliance and John Foster Dulles's myopia).

China's first move, after the British left the subcontinent, was to ally itself with Pakistan. The China-Pakistan relationship, which began with economic and political understandings in the 1950s, was deepened by the Sino-Soviet split and China's fear of India's growing influence among the developing nations. Pakistan, militarily dependent on the United States at that time, considered India and the Soviet Union—in that order—the principal threats to its survival. Meanwhile, Pakistan became the link in the U.S. "China card." In 1971 then U.S. Secretary of State Henry Kissinger

sought Pakistan Prime Minister Zulfikar Ali Bhutto's help to open the "heavenly gates" in Beijing.

Today, more than ever, Pakistan is a key link for Beijing—to Washington, and to the Islamic world. In the wake of the Tiananmen bloodbath, Beijing used Pakistan, which did not criticize the Deng leadership, to help maintain the economic relationship with the United States. And Pakistan continues to act as China's link to the Islamic world, most recently in helping to strengthen China's relationship with both Iran and Saudi Arabia. China's interest in the competing camps of Iran and Saudi Arabia is presently centered around sales of military hardware, which China wants to push to \$500 million this year. With the INF Treaty between the U.S. and U.S.S.R., China has emerged as the only supplier of IRBMs capable of carrying nuclear warheads and with a strike range of 2000 miles.

Nepal and Bangladesh

Of more immediate concern to India is the growing military relationship between China and Pakistan, and China's aggressive efforts to corral Bangladesh and Nepal into the arms nexus. Though Nepal's monarchy has long been a Chinese camp follower, as late as 1975 Bangladesh ignored the China card. The murder that year of Sheikh Mujibur Rahman, who with India's help, won Bangladesh's independence in 1971, opened the door for China.

Chinese Premier Li Peng and Foreign Minister Qian Qichen chose a high-profile tour of Pakistan, Nepal and Bangladesh—circling around India—as their first foray after the June uprising in China in October 1989. Li Peng kept up the rhetoric on China's desire for improved relations with India throughout, but at the same time found no contradiction in backing the Nepali King's proposal to make his country a "zone of peace"—a proposal which, in effect, nullifies the 1950 treaty governing relations between India and Nepal.

Though no military sales took place when Li Peng was in Dhaka, according to the Pakistan daily, *The Dawn*, Chinese arms assistance to Bangladesh was the top item of talks between President Ershad and Premier Li Peng. In an interview with the *Gulf News* of Dubai, Ershad later acknowledged that though Bangladesh had close defense collaboration with Pakistan, most of its arms come from China. Bangladeshi military officers are regularly trained in China, and Bangladesh's light arms are either supplied by China or manufactured at the Chinese-built Ghazipur Ordnance Factory. Frequent visits by both Pakistani and Bangladeshi military delegations to Beijing were capped recently with a visit by no less than Chinese Defense Minister Qin Jiwei to both countries.

India may not begrudge China's desire to earn foreign exchange by selling weapons. But, exhortations by Premier Li Peng, while visiting Nepal and Bangladesh, that China will always stand by these nations in their struggle to protect national sovereignty, does ring alarm bells. Who does he believe is threatening these countries?

Setback in Colombia

Anti-drug fighter ousted from cabinet

by Andrea Olivieri

"Dope, Inc.," the international narcotics cartel, has knocked out the most prominent anti-drug fighter in the government of Colombian President Virgilio Barco, and inserted one of its own in his place. Interior Minister Carlos Lemos Simmonds was forced to resign March 23, after President Barco refused to take his side in what the minister termed a "moral ambush" by the drug traffickers and their political front-men. Immediately named as his replacement was former Attorney General Horacio Serpa Uribe, a mouthpiece for pro-drug legalization circles centered around former President Alfonso López Michelsen.

"In certain areas of the government," wrote Lemos in his letter of resignation, "the attitude toward the drug trade has been changing almost imperceptibly and it is no longer as decisive, intransigent, and firm as it was last December, when it fell to me to do battle against the attempt to create a constitutional law that would fully and irreversibly favor the drug traffickers. . . . I fear that with my departure from the ministry, the drug traffickers and those who aid them, speak for them, and protect them, have won the victory that I snatched from their hands three months ago."

In a front-page commentary March 27, the anti-drug daily *El Espectador* sardonically observed that there has been a "notable silence" regarding Lemos's charges against such prominent individuals as ex-Presidents López Michelsen and Turbay Ayala and Cardinal Mario Revollo Bravo, all members of the self-styled "Notables" who have attempted to pressure the Barco government into abandoning its war on drugs for a "negotiated settlement" with the cocaine cartels. On March 30, the daily devoted its lead editorial to accusing those same individuals of "dishonoring the country." Wrote *El Espectador*, "It is the least one can say, upon learning that the front-men for criminals entered the presidential palace itself, to detail—insult of insults—their conditions for the State's surrender."

The 'moral ambush'

On March 20, Lemos Simmonds denounced a bloody attack on a military patrol by the Moscow-linked FARC narco-terrorists, the same ones who have insistently sued for

peace with the government through the mediation efforts of the “Notables.” Lemos congratulated the Colombian electorate for voting against violence in the March 11 congressional elections by defeating “the political arm of that armed group, which is the Patriotic Union” (UP) party. The mafia assassination 24 hours later of UP presidential candidate Bernardo Jaramillo Ossa triggered a cry among the left for Lemos’s scalp, which President Barco promptly delivered.

Lemos’s charges (see *Documentation*) prompted a letter of rebuttal the next day, allegedly over the signatures of the cabinet—plus general secretary of the presidency German Montoya, who has often been described as President Barco’s “Rasputin.” However, Justice Minister Roberto Salazar admitted in a March 28 statement that the government had in fact authorized two Medellín “businessmen,” López intimate Santiago Londoño White and J. Mario Aristizabal, to negotiate the release of mafia hostage Alvaro Diego Montoya, the son of Barco’s secretary—for “humanitarian reasons.”

One day later, a communiqué was released under the Medellín Cartel’s alias—the “Extraditables”—claiming that those “businessmen” had represented themselves as official government emissaries in negotiations with the cartel, and had agreed to a deal whereby Alvaro Montoya and other kidnap victims would be released *in exchange for a suspension of extraditions*. The two emissaries had reportedly drawn their authority from meetings with the Colombian National Security Council, members of the cabinet, and with President Barco himself. Extraditions have in fact been on hold for several months.

Despite denials by the presidency of the Extraditables’ charges, Colombians were stunned by the possibility that the Barco government might have been conducting clandestine negotiations with the cocaine mafia even while claiming to pursue a war on those same criminals. Lemos Simmonds released a public letter as the former government minister, denying any personal knowledge of the arrangement described by the cartel, but concluded suggestively that they could well have been held behind his back: “Either the Extraditables are lying to the country, or . . . it was the interior minister [himself] who was lied to.”

Surrounding the presidency

While the veracity of the Extraditables’ claims remains unconfirmed, it is clear that pro-drug legalization forces in Colombia and in Washington have mounted an offensive intended to halt the Barco government’s anti-drug war and impose a conciliatory policy which would give Dope, Inc. a free hand inside the country. The design is to make such a policy official *before* Liberal Party presidential candidate César Gaviria Trujillo—overwhelmingly nominated by voters, for his hard-line anti-drug stance—wins the presidency and takes office.

The Colombian side of the offensive has been run through the López Michelsen political machine. López is the ac-

knowledged *éminence grise* behind the “Notables.” His machine has succeeded in imposing drug legalization advocate, and defeated presidential candidate, Ernesto Samper Pizano as one of Gaviria’s two campaign managers.

The appointment of Horacio Serpa Uribe as Lemos Simmonds’s replacement is another López coup. Serpa Uribe was the campaign manager of Samper Pizano’s failed candidacy and has reportedly been a devoted follower of López Michelsen from his youth. President Barco had named Serpa Uribe attorney general after the mafia assassination of his anti-drug predecessor Carlos Mauro Hoyos in January 1988. Serpa Uribe refused to pursue the drug mafia, and instead dedicated his stint as attorney general to pursuing communist charges that the Armed Forces was running a “dirty war” against them.

López’s treasonous “dialogue” proposal—proffered repeatedly to successive governments ever since the mafia assassination of Justice Minister Rodrigo Lara Bonilla in 1984—finally won a “foot in the door” when President Barco yielded to pressures from the “Notables” and offered a political/legal amnesty to the M-19 narco-terrorists earlier this year, under the convention that they had reformed and eschewed the path of violence. Barco’s argument that a distinction could somehow be drawn between “guerrilla” terrorism and narco-terrorism, has led to the disastrous result of the cocaine cartel assassins now demanding the same “benevolent” treatment their M-19 foot-soldiers received.

U.S. pressures

The pro-drug legalization newspaper the *Washington Times* has been aiding the orchestrated demand for negotiations with the traffickers. A March 28 article presents Medellín Cartel czar Pablo Escobar as the sensible fellow who genuinely wants to negotiate an end to the drug war through a deal with the government. He is played up against supposed hard-liner Fidel Castaño, the “right-wing,” “anti-communist” successor to cartel military czar Gonzalo Rodríguez Gacha, killed in a shoot-out with police last December. Castaño, according to the *Times*, will do everything in his power to sabotage a deal with the Barco government.

On March 29, another *Washington Times* article inadvertently revealed why a war on drugs under U.S. government tutelage is doomed to fail. David Wilson, the head of financial investigations for the Drug Enforcement Administration, explained to the *Times* that U.S. policy is to urge Colombia’s Barco *not* to concentrate on closing money-laundering operations, for fear it would detract from efforts to capture drug traffickers and destroy their infrastructure.

Anyone familiar with the drug-trafficking “industry” knows that it is the laundering of “hot money,” and not easily replaceable laboratories, airplanes, chemicals, and criminal enforcers, which make “Dope, Inc.” the \$500 billion-a-year cartel it has become. Thus, the “logic” of the U.S. position stems not out of a concern with shutting down trafficking,

but rather with perpetuating the flow of capital—*any* capital—into Third World countries otherwise incapable of paying off their foreign debts.

The DEA official's comment coincides with a report that the drug lords, confident of a more amenable environment, are bringing their "flight capital" back into Colombia. This is, not accidentally, a central goal of the debt plan of U.S. Treasury Secretary Nicholas Brady.

Documentation

The Lemos Simmonds resignation letter

Translated excerpts of the March 23 letter of resignation by Colombian Interior Minister Carlos Lemos Simmonds to President Virgilio Barco, which was widely printed in the Colombian press:

It has not been easy for me to interpret what you and your advisers truly believe regarding my continued presence at the head of the *Interior* Ministry. Their and your thoughts on the matter have been so many and so contradictory that it is only natural that my first reaction has been one of perplexity. Now, I am fully convinced that I must resign. But not for reasons of political convenience, nor because in the matter of the links between the Patriotic Union and the opposing factions of the FARC—of which you and the entire country know—there emerged some disagreement between President and Minister, especially in light of *El Tiempo's* report last Friday of your denial to journalists that your letter to [UP president] Dr. Montana Cuellar contained any disauthorization of me. Rather, I resigned out of indignation over the fact that, in the face of ill-intentioned and clearly absurd charges of my supposed connection to the assassination of Dr. Jaramillo Ossa, that neither you nor the government made your voices heard to reject such imputations, to repudiate them and to defend a man of good will.

In truth, when something like this occurs, it is clear that moral timidity has already reached the heart of government. If there is no other means of placating those angry individuals who mount such a fraud than the frankly inappropriate one of delivering the head of an honorable man who has only told the truth, there can no longer be any doubt that the only appropriate thing to do is to withdraw from the government.

I don't know, Mr. President, whether you and your col-

laborators have finally realized that a moral ambush was mounted against me. The villains whom I have denounced, criticized, and openly combatted—nearly always alone—in Congress, before the media, in my public interventions and from the government, wanted to assault my personal and political honor with the same perverse intention with which they assaulted Dr. Jaramillo Ossa. They sought to produce a dual effect: eliminate a citizen who had been sentenced a long time ago, as proven by the fact that he [Jaramillo] had to appeal to Pablo Escobar Gaviria for Rodríguez Gacha to respect his life, and to cause the removal of an official whose strong efforts have blocked the formalization of treaties and pacts through which they sought a more "flexible" and "less rigorous" treatment of their crimes from the authorities. Naturally, I could not also ask for special consideration, firstly for elementary ethical reasons and secondly, because I have never been Pablo Escobar's friend. We have never held two ideas or criteria in common, and do not feel any mutual admiration for each other.

But there can remain no doubt that I had become a bothersome official some time ago. In certain areas of the government itself, the attitude toward the drug trade has been changing almost imperceptibly and it is no longer the same decisive, intransigent, and firm attitude of last December, when it fell to me to do battle against the attempt to create a constitutional law that would fully and irreversibly favor the drug traffickers. It proved a victorious battle for the government, which was what led the traffickers to seek by means of skillful proposals formulated by the Notables what could not be achieved by intimidation, by force, or by other well-known means.

At the same time, Mr. President, I should say without ambiguity that the fact that it is I who must resign the Interior Ministry in the aftermath of these last few days' events, demonstrates that those who, the day after the elections, rushed to declare happily that all was changed in Colombia and that the country had undergone a healthy revolution, sinned in their flippancy. Because the truth is that, in light of what has occurred, one must conclude that the Nation is submerged, today more than ever, in the tremendous moral depression that I described in my Cali speech. . . . Further, I fear that with my departure from the Ministry, the drug traffickers and those who aid them, speak for them, and protect them, have won the victory that I snatched from them three months ago. I pray that I am wrong, but I believe that they have finally achieved a situation in which no one will hinder them in their intention of winning the benevolent and compliant treatment they have sought for so long.

All that remains is for me to thank you, Mr. President, for having given me the opportunity to serve the country at the head of the Communications and Interior Ministries, in a moment of grave danger and profound crisis, as acting Justice Minister. I hope I have fulfilled my duty and wish you the best success for the future.

Turnaround on nuclear?

A timid and much-flawed sortie by Italy's major political party has at least reopened the debate.

On Feb. 24, in a Milan hotel, the Christian Democrats (DC) carried out a timid and silent reversal, returning to discuss the need for nuclear plants, two and a half years after the referendum that brought Italy's minimal nuclear power construction program to an abrupt end.

Before a crowded hall of 400, technicians, managers, and many noted politicians took turns on the podium, among them the president of ENEL, the state electrical power agency; Bruno Musso, the managing director of Ansaldo, the major Italian producer of nuclear reactors; Carlo Eugenio Rossi, the president of Fiat Research; and several members of the Italian Senate and Chamber of Deputies.

Outside the hotel, activists from the Schiller Institute, the leading pro-technology political movement in the nation, won strong assent with signs praising nuclear energy.

The first broadside was fired by Sen. Giovanni Granelli, who declared himself favorable to a return to nuclear, asking ironically whether the Christian Democrats were going to wait until Bettino Craxi, the former Socialist prime minister, changed his mind even on nuclear energy before admitting that they had made a mistake in permitting the shutdown of nuclear. (The DC has allowed the much smaller Socialist Party to lead the way on many issues.)

Even more incisive was the intervention of the elderly but combative Senator Luigi Noè, vice president of ENEA, the state-run alternative energy agency. He showed some slides of the latest statistics on world nuclear

energy use: France produces 75% of its electrical energy with nuclear plants; Germany, 36%; Japan, 30%; Switzerland, 47%, Britain, 20%; the United States, 18%. And Italy? But 0%, naturally!

Original and creative as we Italians are, we have cleverly believed—we alone—that we can live very well without nuclear power. But the report of Viezzoli, president of ENEL, destroyed every illusion: In the last year, our consumption of electrical energy has grown by 5% over 1988.

Given that electrical energy imports from abroad cannot increase (for both technical and non-technical reasons), we must produce more energy at home, and given that we cannot rely on more oil or methane, we must turn to nuclear. Viezzoli did draw this conclusion, but left it to others to draw their own.

Professor Cumo, a noted nuclear scientist from the University of Rome, proposed recourse to "intrinsically safe" reactors. Today the safety systems of a nuclear power plant can be of two types, active or passive: active when human intervention is necessary to activate pumps and similar devices, passive when spring-activated security valves or membranes break automatically as a given pressure level is reached.

Finally, there are safety systems under study based on physical principles, which are called "intrinsically safe." Cumo has proposed small reactors, of about 300 MW, produced entirely in Italy, with modular solutions which allow quality control to take place directly in the factory, thus eliminating the huge yards, and assuring

maximum security.

Cumo's position, and hence that of the Christian Democracy, like so many who tail behind the Greens, is wrong even from the standpoint of energy policy: Italy ought to decisively adopt the French model, and the Christian Democrats know this, but when it comes to having the courage to say so, "you can't do it by yourself," as the fictional village priest Don Abbondio would say.

However, better Cumo's mini-reactors than nothing; if nothing else, this serves to revive the debate on nuclear power. Vincenzo Scotti, chairman of the Christian Democratic deputies in Parliament, concluded the Milan meeting saying that the Christian Democracy has prepared a motion to permit the ENEL to participate with the U.S. in the development of "intrinsically safe" reactors.

For the record, Scotti has also stated that the plants in Caorso and Trino should meanwhile be closed, which is another big mistake, above all politically, since the anti-nuclear referendum did not apply at all to the closure of existing power plants.

In any case, discussions have reopened. The Christian Democrats' sorties coincided, significantly, with statements in Parliament and in the press by the minister of industry, Italian Republican Party member Adolfo Battaglia. Battaglia has said, "Continuing to burn fossil fuels will bring about a dreadful worsening of the greenhouse effect. To what can we have recourse, then, if not to nuclear? Naturally, to a different nuclear energy than that which we have abandoned: new types of models, plants with passive security, without problems of population evacuation and with guaranteed waste disposal. Look, if we produce this new type of nuclear power, it is possible that the old resistances will be greatly reduced."

Too much inertia among politicians

The first 10,000 West German tractors should have already arrived in Poland by now.

The escalation of the Lithuanian crisis and the brutal intervention of Soviet paratroopers in Vilnius have caused pessimism in Germany, that one may have to reckon with longer time frames for German reunification and the reconstruction of the economies in the East; there are fears in Bonn of a new, chill wind in relations between East and West, and that any public move in favor of Lithuania would provoke a negative Soviet posture on the German issue.

Reality is, however, that even before the outbreak of the Lithuanian conflict, Moscow showed little commitment to breathe life into the Feb. 10 Moscow accords between Soviet President Mikhail Gorbachov and West German Chancellor Helmut Kohl. The prospect of rapidly extending economic cooperation between Germans and Soviets is again buried in the middle of the Kremlin's typical political tactics.

One day there is a statement by one of Gorbachov's advisers in favor of German unity; another day the same adviser, or usually Foreign Minister Eduard Shevardnadze, raises new conditions that have to be met by the West Germans before reunification gets the go-ahead. This classic Kremlin method of spreading confusion worked mostly because there was still a communist-led transition regime in East Germany. The elections for parliament in East Germany on March 18, resulting in a solid conservative-liberal majority of 53%, have changed the game. The new, freely elected government, which might begin work before Easter, will improve things for the Germans.

But there is also dangerous inertia

on Bonn's part. A lot of time and potential has been wasted in respect to Poland. Under the combined pressure of domestic communist and international media propaganda in the East and West, the Poles were manipulated into unfounded fear that German reunification could put into question their current border with the Germans running along the Oder and Neisse rivers. The potential of massively increased cooperation that seemed to result from the talks Prime Minister Tadeusz Mazowiecki and Chancellor Kohl held in Warsaw in early November 1989, lost steam, for which Bonn is partly to blame.

The Bonn government should not have allowed itself to be drawn into this fruitless debate on the border question, but should rather have done something very simple: a special gesture, a donation from West Germany to Poland, consisting of several thousand tractors and farm machines (new and used), during the month of February. The cost would have been relatively low, and the shipment would have arrived in time for the beginning of the planting season, doing much more to build a positive image of the Germans in Poland than a hundred solemn declarations from Bonn on the integrity of the Oder-Neisse border.

Unfortunately, this is not what Bonn did, but it is the type of thing that should be done to outflank the superpowers, and partially also the French, to drive wedges into Germany's relations with its East European neighbors and create artificial tensions. Bonn should also have delivered at least a symbolic shipment of machinery and the like to the Lithuanians.

After all, Kohl gave Gorbachov a

present of DM220 million on Feb. 10 to cover 50% of a DM440 million purchase of food for the Soviet people. Kohl could have added another DM100 million present to the Poles and the Lithuanians each—it wouldn't bankrupt the West German state. It would have been a useful present, getting a jump on something which should be done in any case, and it would have proven Bonn's strong interest in a peaceful process of transformation in Eastern Europe.

Would Gorbachov, for example, really have stopped German machinery deliveries at the Lithuanian border? Would Moscow have interfered with tractor shipments to Poland? Would Britain's Prime Minister Margaret Thatcher have had a chance to slander the West Germans on the phony issue of the Polish-German borders, at a time when West German tractors—not troops, as in September 1939—were crossing that very same border?

On the contrary, other Western governments would have been morally pressured to match the German aid. The Germans could also have used the occasion of tractors crossing the border to underline the overall need for rapid development of the railway grid in the East—a unique chance to launch positive propaganda.

Positive propaganda, an impulse for cultural warfare penetrating the cabinet diplomacy that still rules the East and the West, is needed. The entire sphere of political and economic flanks outside the military-strategic realm is largely neglected by Western governments.

The West Germans must be more clever. A new Western diplomacy is very much in need, and key elements of that could be developed in Bonn: "Made in Germany" can become a new trademark for political initiatives.

Soviet sub base is not 'defensive'

Is U.S. indifference to the mini-sub incursions into Swedish waters a result of a superpower agreement?

Reports of continuing submarine incursions have generally met with hysterical disbelief on the part of the Swedish Social Democratic regime, whose policy is based on the assumption that under glasnost, no such thing is possible. But they have also been met with great skepticism by many Western naval officials, unwilling to admit that a minor sea power like Sweden might have come across a phenomenon—systematic penetration by mini-submarines—not observed by the worldwide submarine surveillance systems operated by the Western powers. During most of the 1980s, the U.S. naval attaché in Stockholm was known to disregard the Swedish preoccupation with Russian submarines as nonsensical.

U.S. indifference regarding Russian submarine incursions in the Baltic may, however, be based not merely on ignorance, but on a mutual understanding between the superpowers not to interfere with submarine incursions by the other side. This is charged in a series of articles published in January and February in the Swedish conservative magazine *Z*, revealing previously unpublished details about the mini-submarines.

The Soviet mini-sub operating in the Baltic Sea are a more developed, second-generation vessel following those first designed for operations in the Atlantic, according to an unnamed specialist of the U.S. Office of Naval Intelligence cited by *Z*. The mini-sub is 9.5 meters long, and is the fruit of decades of R&D work at the Leningrad submarine shipyards, taking off from the German constructions the Russians got their hands on at the end

of World War II.

Although these mini-sub are built and maintained in a super-secret, closed area of the Leningrad Sudomech shipyard, their base of operations is elsewhere. According to U.S. intelligence analysts, whose evidence includes high-resolution satellite photographs, the Soviets have developed a mobile basing system, using a special trailer permitting land transport of the mini-sub. Those trailers have been observed in or near several Baltic ports.

The main base of the mini-sub is Primorsk, some 10 kilometers north of the headquarters of the Soviet Baltic Fleet in Baltisk (Pillau), in the region of Kaliningrad (Königsberg), East Prussia, now a Russian exclave located between Poland and Lithuania. Primorsk is the headquarters for the special operations of the GRU, the Soviet military intelligence, and is only 300 kilometers away from Karlskrona, Sweden's chief southern naval base, put on the world map back in 1981 when the famous Whiskey-class Soviet submarine got stuck on a rock there.

In a March 18, 1988 press conference, Swedish Supreme Commander Gen. Bengt Gustafsson revealed that since 1982, the evidence collected by the Navy showed that the Russians were using a very small, heretofore unknown submarine 28.5 meters in length, apparently as the mother ship of the mini-sub. After some indications in 1988 of a mini-sub paying a visit inside the Kiel naval base, the West German Navy, according to *Z*, sent one of their own submarines on a special mission, visiting a Soviet base

area in the vicinity of Baltisk, shooting a series of pictures through the periscope, using infrared film.

The photographs, circulating among Western intelligence services, reportedly show the 28.5 meter Soviet submarine, but have never been published, since they would prove a flagrant violation of Soviet territorial waters by a German submarine. The Soviet capability is known in the West, even if you're not supposed to talk about it.

Concluding its article in the Feb. 8-21 issue, *Z* reports that "a former American middle-level intelligence chief, who for several years was controlling the regular U.S. electronic surveillance in the Baltic Sea from bases in West Germany, says:

"There is an agreement between the U.S. and the Soviets about how to deal with different crises which could erupt in connection with the submarine operations of the great powers in times of peace. There is also an agreement which means that border incursions should not immediately result in whole submarine crews risking their lives, with consequent risks of retaliation in other parts of the ocean."

"For Sweden, this silent understanding is not a very happy phenomenon. In practice, it is a kind of Molotov-Ribbentrop Pact under water, where Sweden has been made part of the area in which the Soviet Union is allowed to carry out its espionage activity. And exactly like last time, when Finns, Balts, Poles, and Romanians discovered that they had been given the shorter straw, nobody has considered it his job to inform the Swedes of how the rules of the game are actually written."

While the Swedish people and Navy may not have been informed, the government, in its appeasement of Moscow, acts as though the rules of the game were laid down for it.

Shining Path in pre-election rampage

Peru's terrorist gang threatens to assassinate all candidates for office—and is making good on the promise.

The Shining Path terrorist group has launched a new assault against the nation of Peru, in the run-up to that country's presidential and congressional elections April 8. Five candidates for public office were gunned down in two weeks; all candidates have been threatened; and bombs have blown up political offices and other targets in several cities.

Despite claims of having recently killed or arrested several leaders of the Shining Path, the Peruvian government has in fact lost control over much of the country. The economic devastation caused Shining Path's depredations, compounded by the profound depression into which this poor country has sunk following the government's return to orthodox monetarist measures three years ago, has left the government without the resources to effectively combat the narco-terrorist plague.

Yet, in the elections, the major parties are offering made-in-the-U.S.A. economic prescriptions for "shock" programs which will finish off whatever is left of the economy, in the name of fighting inflation. The current front-runner, Democratic Front candidate Mario Vargas Llosa, for example, proudly announced that under his shock program, some 500,000 government workers may have to be fired shortly after he takes office.

Even the ruling APRA party's Luis Alberto Sánchez, a loyalist of the International Monetary Fund, felt impelled to warn that under current conditions, any such action "would advance us toward a civil war."

In mid-March, Shining Path ended a period of relative quiescence, and launched a renewed assault. As it did just before last fall's municipal elections, it issued a proclamation warning that it would kill any candidate who stood for election next month. "We issue a severe and final warning to all candidates to resign. If not, we will annihilate them implacably," said a statement delivered by the guerrillas to a radio station in the southern departmental capital of Ayacucho, the original base area of the group.

The statement was delivered following the fifth assassination of a candidate in less than two weeks. On March 22, four gunmen shot José Gálvez Fernández, a candidate of the Democratic Front coalition, pumping his body full of bullets as he left his home in one of Lima's working-class districts. The day before, Shining Path assassins shot dead José Dhaga del Castillo, a candidate for Congress from the APRA party, hitting him as he stepped from the shower in his home in Huancayo, 130 miles east of Lima.

Shining Path's threat to step up its pace of assassinations is not idle. The group murdered more than 100 candidates for municipal office prior to last fall's municipal elections.

The government imposed a 30-day state of emergency in Lima after the killing of Gálvez Fernández. But unable to offer protection to all the candidates, the government then announced that the best it can do is to help candidates to get their own licenses to carry weapons.

Other violence by Shining Path or

the other terrorist group, the MRTA, has also escalated. An APRA campaign worker was murdered March 18; three Navy sailors were killed in an attack in the Amazon region on March 19, and two independent candidates for Congress, along with three others, were killed on March 20. A car-bomb detonated outside the Economics Ministry building on March 23 killed one and wounded 20, at least 8 seriously. Three more civilians were killed on March 26 in Ayacucho.

Also on March 26, bombs damaged six offices of political parties in Lima, while explosions rocked three other cities. Shining Path also blacked out part of Lima, and contrived to burn a swath into a nearby hillside in the shape of a hammer and sickle. They also burned down a textile factory in Lima on March 20, and looted a market and shoe store.

The chaos has been compounded by a wave of strikes and agricultural disasters. A strike by 15,000 electrical workers was expected by the press to black out a number of regions, accomplishing the same effect as blackouts caused by Shining Path's sabotage of electrical transmission towers. Refuse has piled up on Lima's streets due a sanitation strike, and hospitals, government offices, and textile factories have been shut down. The port at Lima was shut for nine days by a strike, and most of the nation's copper workers are into their third week of a strike which has crippled the industry that provides Peru the largest portion of its export earnings.

On top of this, a drought has slashed agricultural output from much of the southern portion of the country, while the collapse of the transportation network has left rice grown in the north to rot. Imported food is also rotting, sitting on the docks in Lima, lacking the means of transportation to move it to its final destination.

The El Chorrillo land-grab

Will American taxpayers subsidize a boondoggle to enrich members of U.S. President George Bush's family?

An emergency aid allocation intended by the U.S. Congress to help rebuild housing destroyed by the U.S. invasion of Panama last Dec. 20, will go instead to help set up a luxury tourist resort in a joint project with Japanese investors, according to sources in Panama. In February, Congress approved a \$42 million emergency package for Panama, which included \$12.5 million to rebuild the slum area of El Chorrillo, which was virtually flattened by the invasion, and to help rebuild other war-torn areas, including San Miguelito and the City of Colón.

That \$12.5 million will indeed be used to modernize the infrastructure of El Chorrillo, for building new water mains, sewers, and so forth. But, Raúl Figueroa, Minister of Housing of the U.S.-installed Panamanian government, confirmed during a hearing on March 14 before the Housing Committee of Panama's Legislative Assembly, that it is unlikely that housing will be built in Chorrillo for its former residents.

Figueroa indicated that the Endara troika would change the assessment laws established by the nationalist government of Gen. Omar Torrijos and continued by Gen. Manuel Noriega, which froze land prices in the area at \$40-80 per square meter. Once those assessments are liberalized, Figueroa said, the price per square meter is expected to quickly escalate to around \$900 per square meter. This price is quite a bit higher than the cost of land in the existing luxury development of Punta Paitilla, and will be out of reach for the estimated 15,000 per-

sons displaced by the invasion, indicated Figueroa.

The names of the Japanese investors in the proposed tourist resort have not yet been made public, but the betting is that it will be the Aoki Corp., which already controls a good chunk of Panama's tourist business. Aoki owns Panama City's top hotel, the Marriott, and a luxury resort on the island of Contadora, in the Bay of Panama.

According to an article in the *Los Angeles Times* on Dec. 30, 1989, "Prescott Bush, the President's brother is a partner in a business venture in China" with Aoki Corp. The Chinese project, to be built under an agreement signed on May 12, 1988, between Aoki, Shanghai Sports Services Corp., and Prescott Bush Resources Ltd., "will offer tennis, swimming, water sports, and fishing. But the main draw will be a championship 18-hole golf course," reported the *Times*.

The plans for El Chorrillo are very similar. Although a slum, El Chorrillo is located in beautiful surroundings, on the foot of Ancon Hill, the highest elevation in Panama City. It faces the waterfront, in the Bay of Panama, famous for its championship sport fishing, right at the Pacific Ocean entrance to the Panama Canal. It also borders on Fort Amador, in the former Canal Zone, where there is already a golf course for U.S. military personnel. The plans call for linking Chorrillo to Amador through a landfill.

Already in 1984, during the government of ex-President Nicolás Ardito Barletta, a former official of the World Bank, Panamanian business-

men and Arab investors were discussing establishing a tourist resort in El Chorrillo, along the lines of the one on the French-Dutch Caribbean island of St. Martin. A similar resort was planned for the area known as La Playita in Colón, which was also destroyed during the Dec. 20 invasion.

At that time the proposal met with stiff opposition from residents of El Chorrillo, who supplement their meager income from crabbing and fishing in the Bay of Panama, and who resisted all attempts to relocate them to the city's outskirts. Eventually, Barletta was forced to resign the presidency in 1985, because of massive resistance to his attempts to impose austerity measures dictated by the International Monetary Fund, and the refusal of General Noriega to deploy the Panamanian Defense Forces to repress the population on behalf of Barletta's unpopular cuts.

Thus, from the standpoint of the land speculators, the U.S. invasion has turned out to be a fortuitous development and a more efficient approach to slum-clearance than Barletta's unsuccessful efforts. What Americans might not know however, is that the reason for the sky-high land prices that prevail in Panama (and in the U.S.)—except in those areas of the city where the former government established price controls, such as El Chorrillo—is the drug trade, according to sources in Panama.

Investments in real estate, according to the experts, are one of the best ways to launder drug funds, and since drug traffickers are willing to pay a premium to quickly shift their drug profits, they tend to push up the price of land. Drug money deposited in banks accomplishes pretty much the same thing. Virtually every senior official of the U.S.-installed government of Panama is connected to drug banking.

India's confused planners

The promised "revolution" in economic planning is trapped in rhetoric when infrastructure-based development is needed.

One of the first things the new government of Prime Minister V.P. Singh did was fire all the planners and put their own people in charge at Yojana Bhavan, home of India's Planning Commission. Headed by former Karnataka state chief minister Ramakrishna Hegde, and bristling with sociologists, human rights activists, and assorted populist economists, the new planning commission promised a "revolution" in economic planning and development policy that would redress the bias against agriculture and eliminate poverty.

But, so far, all that has been produced is confusion—prompting one of the new planners' own leading lights, activist Rajni Kothara, to charge the government with failure.

Outsiders watching the spectacle question the competence of the newly constituted body, and wonder whether the new government isn't simply carrying out a diabolical policy to eliminate the dubious institution of central planning by making it a public joke.

The re-drafted approach paper for the Eighth Plan (1990-94) made its appearance only recently, and the proposed plan is not expected before the end of the year. In the meantime, it is hard to find a single thread of rigorous economic thinking around Yojani Bhavan.

Take, for instance, the concept of *area development*, earlier the focus for Eighth Plan discussions. The idea was to decentralize the planning process to the village level. Poverty alle-

viation, employment generation, and health and education were to be provided to clusters of villages. But, long before anyone suggested how this difficult process of identifying, selecting, and funding clusters of villages could start, it became apparent that the planners were whistling in the dark.

Ela Bhatt, a sociologist and herself one of the new planners, told the *Economic Times* recently that the planners didn't have an inkling about the number of employed or unemployed in the rural sector. It would be impossible, she admitted, to prioritize poverty eradication through employment and income generation programs, without first building up sound data for planning in this area.

Similarly, obstacles are plaguing the new government's vaunted commitment to agriculture. Planner L.C. Jain, a self-proclaimed "Gandhian economist," is a champion of the view that an industry bias in planning has caused "serious imbalances" in the economy. But while few would deny that agriculture is the key to the nation's well-being or that it still operates far below full potential, neither Jain nor his colleagues have yet offered a single concrete proposal as to how to correct this.

The government's populist write-off of \$2 billion in farmers' debts will not touch the problem. And the new planners' preferred panacea—*decentralization*—is just as irrelevant. Deputy Prime Minister Devi Lal was constrained to point out as much. He as-

sembled the planners one day to tell them point-blank that the agricultural sector suffers from two major problems: lack of irrigation and lack of power. Only the central government can remedy this, he said.

Ironically, for all the new planners' professed commitment to "rural development," the concept remains foggy. It is not news that the Indian economy shows respectable growth in industry and agriculture, at the same time that 48% of the population is stuck below the poverty line, 60% is illiterate, and employment has actually dropped sharply. Nor is it news to have people in power vow an end to poverty. The question remains, what concretely is to be done in the name of rural development that will help eradicate poverty?

As Bombay-based economist Freddy Mehta points out, many programs have been carried out during the last decade under the banner of "rural development." Each one was based on handing out cash or "assets" to rural poor, through a huge bureaucracy that ate up five times what it delivered. No significant dent was made on poverty.

There is another way to develop India's rural sector, namely through development of its infrastructure—power, irrigation, manpower, transportation, and communication. Such an infrastructure-based development will lead to enhanced agricultural productivity, and lay the foundation for efficient middle- and small-scale industries to come up, which, in turn, will generate employment in bulk. In this way, the rural sector will not only develop, but will also be able to sustain future growth without cannibalizing desired industrial growth.

So far, however, neither the planners nor the government have given a hint of looking in this direction.

International Intelligence

Human rights group says thousands died in Panama

The Latin American Association for Human Rights has prepared a report to the U.N. Human Rights Commission in Geneva, charging that the actual death toll from the U.S. invasion of Panama was 2,000-2,500, much higher than the officially admitted casualties.

UPI reported that the group is demanding that the United States compensate Panama for the losses caused by the invasion and the preceding economic warfare.

The report was prepared following a factfinding mission headed by Ecuador's former foreign minister Julio Pardo Vallejo, secretary general of the Latin Association for Human Rights, Juan de Dios Parra, and former U.S. ambassador to El Salvador Robert White.

The report charges that the slum district of El Chorrillo, near the headquarters of the Panamanian Defense Forces, was totally destroyed by the U.S. bombardment; 15,000 Panamanians were left homeless and jobless by the invasion; U.S. troops still control public order, which could create grave tensions; and the government of Panama does not control the country politically or economically, nor has it received the funds held in escrow by the United States.

Kosovo sealed off from outside world

The Yugoslav region of Kosovo was sealed off from the outside world on March 24, following a mysterious incident involving the poisoning of some 4,000 schoolchildren.

Under pressure from the republic of Serbia, which rules the largely Albanian-ethnic province of Kosovo, the interior minister of Kosovo resigned, and all 4,000 Albanian policemen in Kosovo were fired. New Serbian special police units were sent to Kosovo and the area is under strict control of the Serbian Interior Ministry.

According to an Albanian activist from Kosovo who lives in West Germany, over 4,000 children had to be treated in hospitals for poisoning with a chemical substance unknown to medical doctors who investigated the case. The medical faculty of the University of Zagreb in the Croatian capital wanted to send experts to Kosovo, but the government of Yugoslavia's Serbian republic blocked their entry. Likewise, the Red Cross of Slovenia and Croatia wanted to send medication to Kosovo, but the convoys were refused entry.

The Serbian government accuses "Albanian extremists" of poisoning the children.

The Democratic League of Kosovo, the largest opposition group, with close to half a million members, called upon the population to remain calm.

End of an era: Lord Rothschild dies

Victor Lord Rothschild, who was often rumored to be the "Fifth Man" in Britain's Kim Philby Soviet spy nest, is dead. According to his wife Tessa Mayer Rothschild, he died on March 20, at the age of 79. No cause of death has been made public.

Rothschild was one of the 20th-century's key figures in important East-West political and intelligence intrigues, involving notably the circles around Soviet spy Kim Philby. Rothschild is considered the key factor in the rise of Aleksandr Yakovlev, the former Soviet ambassador to Canada, to become the right-hand man of Gorbachov in relations with the United States.

Rothschild was an intimate of the Philby circle at Cambridge University. In the 1930s, his family provided money to Philby cohort Guy Burgess, and Rothschild himself gave money to another of this circle, Anthony Blunt. An apartment owned by his second wife, Tessa Mayer, was used by Blunt and Burgess. Obituaries in the British press reflect on accusations that Lord Rothschild was the "Fifth Man," or perhaps even the "First Man," of the Philby-Maclean-Blunt-Burgess set.

Victor Rothschild also had highest-level

connections in the oil industry and in the banking world. He was corporate research director at Royal Dutch Shell in the late 1960s, and was associated with N.M. Rothschild's merchant bank in recent years.

The new Lord Rothschild is son Jacob, whose own curious connections include those to international wheeler-and-dealer Sir James Goldsmith and certain of the prime culprits in Britain's "Guinnessgate" scandal.

Daughter Emma Rothschild gives every appearance of following in her father's footsteps, having built solid connections into pro-Soviet circles linked to the Socialist International and to Cambridge University. She is a professor at Kings College, Cambridge.

Mitterrand criticized for role on Germany

Two veteran political observers close to the Vatican published a scathing report on the recent devolution of relations between France and Germany, in the March 17 issue of the Paris daily *Le Figaro*. Authors Joseph Rovani, one of the architects of the postwar Franco-German reconciliation, and Georges Suffert, a journalist linked to Pope John Paul II, describe relations between French President François Mitterrand and German Chancellor Helmut Kohl as "at best, icy politeness; at worst, barely contained aggravation."

In early 1989, the article reports, Kohl sent his closest advisers to Paris, warning that "something is happening in Eastern Europe," and asking France's help. Mitterrand did not bother to respond, thinking that, according to the authors, "in the race for a rapprochement with the East, France could go faster than Germany—a formidable analytical mistake, since, for Moscow, Germany is the goal and France only the means to that end."

Mitterrand, the authors charge, "foresaw nothing, and, his nose stuck in daily events, he is still finicking."

When the Berlin Wall fell, "a frenzied panic" broke out in Paris. "The official poli-

cy is to slow down the process, and then came the ill-fated trip of Mitterrand to the G.D.R. Kohl could not stomach that one," and even less the Kiev meeting of Mitterrand and Gorbachov. "German public opinion felt that France was dropping its ally."

Kohl then presented his 10-point plan for German reunification without consulting or even informing the French. The result is that now, "the Franco-German system of agreement is practically paralyzed. And François Mitterrand has accumulated political and psychological mistakes, which have worsened the German chancellor's go-it-alone determination."

The authors conclude on a more optimistic note: "The present crisis, the most severe since the war, is not insurmountable. Maybe public opinion should step in. . . . If we want to avoid the breaking apart of the Franco-German couple, the keystone of all stability and the future of Europe, we must compel Kohl to talk more with Mitterrand, and compel Mitterrand better to understand what is at stake."

Civil rights leader tours East Germany

Amelia Boynton Robinson, a leader of the Schiller Institute and longtime associate of the late Dr. Martin Luther King, toured East Germany at the end of March, bringing to freedom fighters there her experience of a lifetime in the struggle for civil rights in the United States.

She addressed 100 people in a church in Thuringia on March 27. The pastor had invited a musical band, whose members played gospel songs and spirituals in her honor.

In the city of Zwickau on March 22, she spoke to an audience of 25 students, teachers, and parents. She stressed "how precious it is to be free and to realize that to the fullest extent." This "especially includes the right to vote," she said, which blacks in the United States did not have, and, until the March 18 elections, East Germans also lacked.

She warned against complacency and la-

ziness, saying that a historic moment now exists, which must be used effectively. To accomplish this, she stressed the role of the international Schiller Institute and the ideas of U.S. political prisoner Lyndon LaRouche.

Mrs. Robinson was asked about the role of the Klu Klux Klan in the United States. "These people today wear no longer their hoods, but rather three-piece suits," she replied. "They are in the Congress, and I would not be surprised, if George Bush belonged to them." This came as a shock to some in the audience, whose view of American politics has been shaped by 40 years of communist propaganda.

Soviets: Gordievsky's charges were a hoax

The Soviet Union broke its silence on the recent statements of defector Oleg Gordievsky on March 22, denouncing him as a traitor and denying his charges that the Soviets were ready to go to war with the West in 1983. (See *EIR*, March 16, 1990, "LaRouche's SDI concept resurfaces in world debate").

The Kremlin's London embassy also stated for the first time that Gordievsky, recalled to Moscow in 1985 after three years as the KGB's London station chief, was spirited out of the Soviet Union in a British intelligence rescue operation.

"Gordievsky, who betrayed his country, tried to portray himself as a hero of our times. . . . For him to suggest he saved the world from nuclear disaster is laughable," embassy political counselor Grigori Karasin told a news conference.

Karasin said Moscow was angered by Gordievsky's media claims that he helped stave off East-West nuclear confrontation in 1983 by warning Western intelligence of growing Soviet paranoia under ailing leader Yuri Andropov. Gordievsky said the KGB had issued a general alert to its overseas stations asking for proof of war preparations. "Gordievsky's status never gave him access to important political information," Karasin said.

Briefly

● **ARCHBISHOP** of Canterbury Robert Runcie, a controversial church leader who drew fire for his comments on religion and British government policies, will retire next year, his office announced. In recent years, Runcie had to steer the Church of England through bitter debates on the ordination of women and the church's attitude to homosexuality.

● **THE PRESIDENTS** of Egypt, Syria, and Sudan gathered in Libya on March 24, in what amounted to a show of solidarity with Libyan leader Muammar Qaddafi in his confrontation with the West over the chemical plant at Rabta. The three Presidents took part in celebrations marking the anniversary of the evacuation of British forces from Libya in 1970.

● **WEST GERMANY** has declared a second-level terrorism alert, and Chancellor Kohl is considered a top target. Indications of planned assassination attempts against politicians and industry managers have been found in connection with the arrest of a Red Army Faction supporter. Security for prominent figures has been significantly upgraded.

● **SOUTH KOREA'S** Kim Young-sam, the former opposition leader who recently joined the ruling party, reportedly met with Mikhail Gorbachov in Moscow on March 21 to discuss the establishment of full diplomatic ties between the two countries, according to Korean radio. Kim refused to confirm or deny the report.

● **FRENCH** medical researcher Luc Montagnier said, in an interview to the daily *Le Monde* published March 21, that U.S. scientist Robert Gallo's claim to have discovered the AIDS virus was based on a laboratory mix-up. Montagnier affirmed his own claim to have first identified the virus. "Gallo must face up to the facts," he said. Montagnier heads AIDS research at the Pasteur Institute.

Satan's army's generals expose themselves in recruitment manual

by Carol White

Satanism in America: How the Devil Got Much More Than His Due

by Shawn Carlson and N. Gerald Larue with Gerry O'Sullivan, April A. Masche, and D. Hudson Frew
Gaia Press, El Cerrito, California, 1989
212 pages, appendices, paperbound, \$12.95

Typically, it is only the ground troops of Satan who expose themselves to public opprobrium. We learn of bloody murders, ritual sacrifice, youth suicide pacts with the Devil, and the desecration of graves; similarly we see the freakish Ozzy Osbourne and his like writhe on public stages. Rarely do we meet the layer of satanic controllers, come together as such, although recently apologists such as Kenneth Lanning and Gordon Melton have been consistently hitting the media in an attempt to debunk the threat of a satanic crime wave.

Satanism in America is not intended to be a serious study, but to intimidate honest police, concerned Christians, and others who are trying to fight satanism, with the threat that the weight of the Justice Department, and particularly of the Federal Bureau of Investigation, will be deployed against them. It is also intended to cow the media out of reporting on satanic crime.

The report has only one merit. It carefully separates the anti-Satan resistance—investigators such as Ted Gunderson and Maury Terry, as well as Lyndon H. LaRouche and associates—from a long list of pro-satanic apologists. The authors of this book style the former “non-experts,” and the latter “experts” on satanism, with the apparent criterion for “expertise” being the denial that any problem of satanism exists.

For those who have been the victims of satanists, or have had relatives or friends involved, the authors' cynicism will be truly infuriating. A promotional circulated by the book's publishers is an example of their immoral approach: “The truth is, Satan is overrated. In fact, the perpetrators of the

‘satanic conspiracy’ theory do far more harm than the Devil’s avengers ever could. This book is the most detailed exposé on satanic crime ever compiled. . . .

“It exposes the architects of the satanic panic as being religious fanatics, opportunists, and emotionally unstable ‘survivors’ whose stories simply are not to believe. Now for the first time, the bizarre truths about those spreading the satanic rumors can be told: the connections with political extremist Lyndon LaRouche and the South African government. . . .”

Since LaRouche and his associates do not actually feature prominently in the text, it is obvious that they considered LaRouche's name recognition to be a selling point. The authors' biographical section purporting to debunk the “non-experts” exposes how poor their “expertise” is. They write: “His organization has for years disseminated ‘information’ regarding witchcraft and satanism to law enforcement agencies through a now defunct magazine known as ‘Investigative Leads.’ ” The monthly *Investigative Leads* is by no means defunct, but is now in its tenth volume: This inaccuracy is typical of the book.

The book features—as credible “expertise,” in an appendix—an article by the FBI's occult expert Kenneth Lanning, and an article by Robert Hicks, a Criminal Justice Analyst for the Law Enforcement Section of the Virginia Department of Criminal Justice Services. Both writings are vicious apologies for satanism—a point of view coherent with the role of the state and federal justice systems which are currently persecuting Lyndon LaRouche and other patriotic Americans. The authors make much of the “credentials” of Lanning and Hicks, but when it comes to quoting Gunderson, an opponent of their view, they make no mention of his 27-year career in the FBI.

The identities of the authors make it likewise clear that their “expertise” on satanism, in many cases, stems from a agreement with it. Co-author Dr. Gerald Larue describes himself as an Emeritus Professor of Biblical History and Archaeology and Adjunct Professor of Gerontology at the University of Southern California. In the book, his biographical note omits the fact that he has been a leading member of the Hemlock Society, which advocates euthanasia for the elderly and for those with other disabilities such as mental retardation—no doubt, his *qualification* to speak on the subject of gerontology. He was voted Man of the Year by the Secular Humanists two years ago. Another of the authors listed, is D. Hudson Frew, a priest of Wicca, a group of people who consider themselves witches.

A satanic manifesto

Satanism in America was commissioned by Dr. Paul Kurtz and the Committee for Scientific Examination of Religion (CSER), which is a special committee of the Council for Democratic and Secular Humanism. Its perverse glee in defending satanism should therefore come as no surprise. The Secular Humanists, along with the Lucis (originally, Lucifer) Trust, have always been open opponents of the Judeo-Christian traditions of Western civilization. It is they who have catalyzed introducing the “sexual revolution” into the schools and taking God out, who have promoted legalizing drugs and outlawing the family, and so on.

The Secular Humanist Society was founded in 1933 by John Dewey, Corliss Lamont, and Sidney Hook as a movement to promote atheism. The perpetrators chose the title of Humanists as a deliberate challenge to Christian Humanism, as expressed by the great figures of the Golden Renaissance.

Leading Secular Humanists have been supporters of Mussolini-style fascism and Marxism. Sidney Hook was a Marxist in his student days, and then hooked up with John Dewey at Columbia University, under whose guidance he attempted a synthesis of Marxism and pragmatism. Another of the founding members of the Secular Humanists was Corliss Lamont, well-known as a fellow traveler of the Communist Party. Hook and Paul Kurtz, who sponsored the publication of *Satanism in America*, were close collaborators during the 1970s in a group with the acronym UCRA (University Centers for Rational Alternatives), which busied itself making sure that no rational alternatives to prevailing policy were heard, especially on U.S. university campuses.

In 1973, the Secular Humanists issued an updated Manifesto, first published in the September-October *Humanist* magazine, which carried a preface signed by then-editor Paul Kurtz. The following excerpts from this manifesto give a sense of why the Secular Humanists have chosen to go to war against the anti-satanic resistance in America today. They looked to the next century to be the end of Western Judeo-Christian civilization:

“The next century can be the humanistic century. . . . In learning to apply the scientific method to nature and human life, we have opened the door to ecological damage, overpopulation, dehumanizing institutions, totalitarian repression, and nuclear and bio-chemical disaster. . . .

“Traditional moral codes and newer irrational cults both fail to meet the pressing needs of today and tomorrow. . . . Individuals should be permitted to express their sexual proclivities and pursue their lifestyles as they desire. . . . [This] includes a recognition of an individual’s right to die with dignity, euthanasia, and the right to suicide. . . .

“We deplore the division of humankind on nationalistic grounds. . . . The best option is to transcend the limits of national sovereignty. . . . Thus we look to the development of a system of world law and order based upon transnational government.”

It is extremely useful that the self-professed atheists who call themselves humanists now openly adopt the cause of satanism. This book *defends* satanists, whom it distinguishes from Devil-worshippers with the following bit of sophistry: “Satanists, as defined above, *do not believe in God*, the deity of Jesus Christ or even, contrary to popular conception, *the existence of the Christian Devil*. Satanists strive to follow a particular lifestyle that believes in ‘indulgence instead of abstinence’ and ‘vengeance instead of turning the other cheek.’ In brief, satanists believe that there exists an all-pervasive and creative ‘force of Nature’ that is responsible for the ‘balance’ in Nature.

“According to satanic philosophy, the one thing that is necessary to personally experience this ‘force,’ to know it and to be able to use it to advance one’s life, is to indulge in earthly pleasure. The belief is that one cannot know love without also knowing hatred, one cannot know ecstasy without also knowing agony, etc. Satanists maintain that Christianity teaches abstinence instead of indulgence, and therefore, in order to get close to this force one must do many things that Christianity discourages or even defines as sins.

“It is largely because Christians maintain that mortal sins are inspired by Satan—the Devil—that Anton LaVey chose to name this force ‘Satan,’ and his church ‘The Church of Satan.’ ”

Satan the good guy!

Yet despite this clinical description of a criminal mentality, the authors then develop the absurd argument that since “Satanism has explicit prohibitions against breaking the law and especially against harming children, animals or murdering anyone as part of a ritual,” that anyone who practices ritual sacrifice, etc., is not a “true” satanist.

The authors give a further thumbnail description of satanism in a discussion of the Temple of Set, in which they endorse the following view: “Satan is the symbol of rebellion against unjust authority.” Under the cover of opposing “injustice,” this is a confession that LaRouche and his co-thinkers have been right over the years, in contending that the “anti-authoritarian” convulsion known as the “counterculture,” was a deliberately engineered *satanic* conspiracy.

The book dismisses the ritual killings discovered in 1989 at Matamoros in Mexico, as not only not satanic, but not even linked to a “genuine” offshoot of the Santería and Payo Mayombe forms of satanism, because the drug cult that perpetrated them did not observe the rituals of these occult groups with the sufficient rigor to satisfy the authors. To bolster this argument, they sarcastically lump the Jewish faith and even Thanksgiving in with Santería sacrificial practices, writing: “There is little difference between this and kosher butchery, or the ‘ritual’ killing and eating of a turkey for most rural Thanksgiving dinners. There is no more reason to suspect the followers of Santería of human sacrifice than there is to suspect anyone who eats steak of cannibalism.”

In the same vein they make the outrageous statement that carrying a Voodoo “mojo bag” derives from African-American folk beliefs in conjure, which they say is prevalent in America today among the black population.

The authors are so dishonest that not many pages later they admit that the practices of “Afro-American religions,” such as Palo Mayombe and Voodoo, include grave-robbing, which they say is also practiced by the white-extremist Skinheads. However, here they are at pains to separate these “religions” from satanism, which they wholeheartedly endorse. They write: “Often there is no evidence left at the scene other than an open grave and/or some missing body parts, thus it is impossible to identify the beliefs or motives of the person or group who opened the grave.”

Any evidence that does not fit, is arbitrarily discarded. In the case of Richard Ramirez, the Night Stalker, who confessed to being a satanist who worshipped the Devil, the authors dispute his claim, saying: “By all indications, the ‘satanic’ criminals are not motivated to commit crimes by the occult; they are disturbed persons inclined toward criminal behavior who find a justification for their actions in Devil-worship. Occult trappings appear to simply be the expression through which the criminals committed these acts, they were not the motivation for these acts.” With similar careless abandon the authors dismiss the confessions of young people who kill themselves or others, because they are in the service of Satan.

What satanism is

Satanism is the establishment of evil in a religious guise. It is not even a pseudo-religion, but an anti-religion, the proper institutional setting for the celebration of criminality, and as such, it deserves none of the protections normally given to religion, despite the hegemonic argument that occultists are protected under the First Amendment of the U.S. Constitution. Properly, religion is the pursuit of the Good; a religious person finds joy and consolation in that pursuit of the Good.

The satanic personality is distinguished from the merely criminal, by the erotic satisfaction which he or she takes in defying God, in the descent to greater and greater levels of evil; such a personality seeks a criminal environment in which he or she may act out this rebellion. A criminal may commit an immoral act, such as murder, in the course of a crime, but such an act occurs as a by-product of the crime; in contrast, the satanic personality commits the crime in order to have an occasion to murder. The ordinary criminal, even a murderer, may seek rehabilitation; but in the case of the satanist, nothing short of undergoing a religious upheaval will save him or her. What is needed is either exorcism, or a church ritual tantamount to exorcism, in order to bring that person back to God.

While paganism has historically been used to describe all religions which are not based upon the Bible, in the terms of

the neo-paganism of today, this is too broad a characterization, since it fails to distinguish individuals who sought the Good without the benefit of Judeo-Christian teachings, from those who sought evil. Today paganism, or if you will, *occult paganism* denies that human beings have an immortal soul.

All of God’s creatures are endowed by the hand of the Creator, but only mankind has been made in His image. Of course, Socrates was not a Christian, but his God was the God of truth, goodness, and beauty, and for this he was killed by the pagan oligarchs of Athens. The Platonic tradition has been assimilated into the higher, but still congruent epistemology of Christianity because of its emphasis on Reason, which participates in the divine life of God and raises man far above the beasts. Occult paganism, which celebrates bestiality and irrationality, has also found its way into Christianity through a variety of cults like that of Simon Magus, which were attacked by the Apostles and Church Fathers. The ecology movement, both within and without the churches, is the most popular form of satanic paganism today.

Both the Old and the New Testaments of the Bible attack the bestiality of paganism. Satan is not a creation of the Jewish or Christian religions, but the embodiment of the evil which they dedicated themselves to fight, and as such, satanic paganism predates Judaism and Christianity, going back—as far as we can tell—to the blood-sacrifice cult of Shiva and Shakti in Harappan India, as long ago as 5000 B.C., and traveling from there to Sumeria and on through Greece into Rome.

Gaia

Now consider the notion, retailed in the book, that satanism is belief in “an all-pervasive and creative ‘force of Nature.’ ” We note that this piece of trash is published by Gaia Press. The notion that creativity lies in a so-called force of nature—rather than in the Creator and in man created in the image of God—is to reduce humankind to a condition of bestiality. The authors are at pains to distinguish between the various forms of occultism, which they claim are not satanic; however, as they themselves admit, these cults all share in the belief in amoral, occult forces of nature rather than in God the Creator.

Thus, in the following quotation about why Earth is treated as a deity (Gaia is, after all, the Roman earth goddess), they write: “The easiest way to understand modern Witchcraft is to think of Native American Religion, but with a predominantly European cultural setting and mythology. Like the Native Americans, Witches believe that the Earth is sacred, revere all living things, relate to the Divine in both male and female forms, observe the cycles of nature, and focus their believed magical powers on the healing of self and others.”

Satanic paganism has entered modern secular society in the guise of conservationism and the ecology movement. Perhaps the most famous American Greenie was the very evil

Teddy Roosevelt, whose spiritual sprout today is Britain's Prince Philip, who says he aspires to be reborn as a deadly virus in order to control population growth. James Lovelock's Gaia movement is in this satanic tradition. Lovelock first propounded the Gaia thesis in the 1960s. Noting the apparently unique position of life on Earth, he proposed to treat the Earth as a living being, a being to be worshiped in place of God. As an active environmentalist, Lovelock subscribes to the axiomatic belief that the human population must be limited in order to protect the environment.

Lovelock likes to describe himself as a quiet scientist who works in the isolation of his Devonshire, England, country home, in touch with Gaia. However, he is part of an organized fellowship, Lindisfarne, that actively organizes and promotes its Gaia ideology. As Lovelock describes it in an interview: "There is a community of thinkers called the Lindisfarne organization affiliated with St. John the Divine in New York. Both Lynn Margulis and I belong, but also a number of other people who are not scientists. . . . They include priests, economists, and environmentalists—a kind of community of scholars one might call it—and they are embracing the idea and using it as part of their philosophy."

Although anti-Christian, Gaia is housed, along with the Temple of Understanding and a gaggle of other pagan organizations, in the basement of the Episcopal Cathedral of St. John the Divine on West 110th Street in New York City. The Gaia Institute, according to Priscilla Peterson, the director of the Temple of Understanding, aims to create "mother goddess" cults throughout the West. Peterson describes Gaia as "a religion that values nature as well as valuing women. Wicca is one branch of this."

Satan, the consummate pragmatist

This book is indeed the realization of the Secular Humanist program which was first issued in 1973. When we see the degeneration of Western, and in particular American, culture over that period—and now this book, an open endorsement of satanism by a combination of the Secular Humanists and the Justice Department—it is clear that we cannot merely dismiss this book as trash. There is more need than ever for an anti-Satan resistance movement today, but one that recognizes the soldiers of Satan's army whether they openly flaunt the emblems of their master, or wear the disguise of a professor like Paul Kurtz, a "political consultant" like Henry Kissinger, or a "pragmatic" military man.

Satan is the consummate pragmatist—the individual for whom morality is merely a relative matter of convenience. The political concomitant of satanism today is *administrative fascism*, the rule over countries such as the United States by bureaucratic cliques who are interested in their own survival rather than national interest, and who are morally neutral. In practice this means that they will countenance the commission of any crime rather than risk their careers. Such pragmatists are the U.S. military personnel, who—without apparent

compunction, in a replay of the coverup of the My Lai massacre in Vietnam—supported Gen. "Mad Max" Thurman when he ordered the saturation bombing of the civilian population of Panama this past December.

Rembrandt drawings, a feast for the mind

by Nora Hamerman

Rembrandt's Landscapes: Drawings and Prints

by Cynthia P. Schneider, with Boudewijn Bakker, Nancy Ash, and Shelley Fletcher
Washington, D.C., National Gallery of Art, 1990
302 pages, paperbound \$29.95; hardbound distributed by Bullfinch Press, Little, Brown and Co., \$75.00.

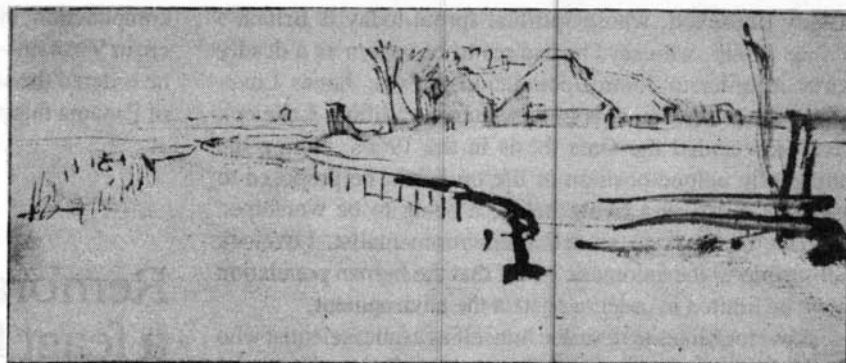
The Drawings by Rembrandt and His School in the Museum Boymans-van Beuningen

by Jeroen Giltraij, translated by Patricia Wardle
Thames and Hudson, New York, 1990
367 pages hardbound, \$60.00

Until May 20, an extraordinary exhibition will be on view in the U.S. capital, at the National Gallery of Art, featuring more than 100 drawings and prints of landscapes by the 17th-century Dutch artist Rembrandt. The present review of the catalogue, a beautiful and informative book, is not intended to substitute for urging every reader who may have the opportunity, to go see these works first-hand. Because of the fragility of these little masterpieces on paper, Washington, D.C. is the only venue for the show. And only by looking at the real thing, can you fully appreciate how Rembrandt exploited the color and texture of the paper as part of the expressive means in drawing and etchings, where you are otherwise confined to black and white (or brown and white).

Meanwhile, the long-awaited catalogue of one of the most important collections of Rembrandt's drawings, in his native land, has finally been published with the financial assistance of the J. Paul Getty Fund. The book is directed more to the specialist than to the general reader, yet what cultured person can fail to be interested in Rembrandt? It not

Rembrandt's *Winter Landscape*, c. 1648-50, Harvard University, Fogg Art Museum, currently on exhibit at the National Gallery of Art in Washington, D.C., shows the "least action" principle in art, where space is conveyed by a few strokes and a lot of white paper.



Courtesy National Gallery of Art

only fully catalogues all the drawings in that collection, but gives useful background information. I was interested to learn that the Boymans-van Beuningen Museum, the most important museum in Rotterdam, is a relatively recent phenomenon in its present form. The Rembrandt drawings are nearly all from the collection of a German businessman, Koenigs, who had placed his enormous collection on loan to the Boymans Museum in 1935. In 1940 they were threatened with sequestration under the Nazi Occupation, and to save them, D.G. van Beuningen bought a large group of the drawings and presented them *en bloc* to the Boymans Foundation.

Least action principle

Rembrandt was one of the great draftsmen of all time. He was also a great collector, who knew the Italian Renaissance principally through his ownership of many engravings and etchings by or after the major masters, as well as some drawings—such as the Titian “Landscape with a Riderless Horse,” which appears in the current Washington exhibit side-by-side with a copy executed by Rembrandt. This, together with the example of an etching by Hercules Segers (a Dutch artist deeply admired by Rembrandt) where Rembrandt actually went in and *re-worked* the copper plate to produce a very different final result, help to demonstrate how important his own art collection was to Rembrandt, who did not travel abroad. (It also indicates the vicious intent of Rembrandt’s enemies in driving him to bankruptcy so that this precious collection had to be liquidated.)

The comparison between these two drawings is a remarkable lesson. It shows how Rembrandt—never afraid to be a student at any age—worked to assimilate the refinement of Titian’s landscape style, yet transformed it into his own distinctive, blunt manner of drawing. One of the elements of Rembrandt’s drawing style which makes him distinct from every Italian, indeed from almost every previous artist, is his ability to create the impression of curves by an accumulation of *angular* lines.

Anyone who has ever tried to draw must hold Rembrandt in total awe for what art historians like to call his “economy of means”—the ability to convey a multiple vision of space,

atmosphere, and form, with a minimum of lines or brush-strokes.

This reveals a searching scientific mind. The German scientist and philosopher Gottfried Leibniz—born in 1646, at a time Rembrandt’s activity as a landscapist was at its height—was later to hypothesize a “principle of least action” to refer to the universal law by which nature seeks the most “economical” path to self-development—most often, of course, not lying on a straight line! Perhaps Leibniz, who spent time in the Netherlands, was familiar with Rembrandt’s drawings, etchings, and paintings, which explore that “least action” notion to an astonishing degree.

Rembrandt, in turn, was surely familiar with the advances in optical science, for which mid-17th-century Netherlands was a center. His mastery of portraying light and shadow, unequaled since Leonardo da Vinci (1452-1519), whose probing of the deepest secrets of physical reality reminds us so much of Rembrandt’s, gives proof of that. And then there is chemistry, another frontier of physical science in that era. One of the revelations of the NGA show, is that Rembrandt used, much more extensively than previously believed, a technique called “sulfur tinting” which employs a rather sophisticated chemistry, in order to get soft shading in his etchings, similar to the effect of a wash (watercolor) in drawings.

Innovations

In the drawing and print media, Rembrandt followed in the footsteps of the Italian Renaissance artists, but there are two very important novelties in his prolific production. First, whereas *most* Italian master drawings, especially before the 16th century, are made as a step in the process leading to a final painting, engraving, tapestry, or other object, on the contrary a very large proportion of Rembrandt’s drawings were created as finished works in their own right.

Second, Holland was the first country to give full independence to landscape as a genre of painting and drawing. Especially after the Netherlands became an independent state in 1609, Dutch landscapes grew up as an expression of patriotism. The “walking tour of Amsterdam” was innovated by

artists working in the early decades of the century. Both of these novelties—the independence of drawing and the independence of the landscape genre—evolved with the new economic circumstances of artists, who did not depend on princely or church patronage as in the Italian Renaissance, but had to make their living by selling to a largely middle-class market.

Rembrandt did not specialize in landscape, yet he made the greatest breakthroughs of anyone in this domain. Cynthia Schneider, an assistant professor at Georgetown University who put the Washington show together, asserts that the much-loved painting of “The Mill” hanging in the NGA’s permanent collection is indeed by Rembrandt, and not by a follower or imitator as many experts in the past believed. Her arguments are featured in a brand-new book issued by Yale University Press, *Rembrandt’s Landscapes*, (\$50, 289 pages hardbound).

Her collaborator in the Washington catalogue Amsterdam city archivist Boudewijn Bakker, takes us in Rembrandt’s footsteps around Amsterdam and into the surrounding countryside, identifying many of the sites where Rembrandt sketched on paper, or in some cases, directly etched the copper plates which he completed in the studio, and providing interesting information about the differing types of land and economic activities practiced on it, which are faithfully recorded by Rembrandt.

Rembrandt’s students

Although some of the landscape drawings now on view in Washington are from the Rotterdam museum, the Boymans-van Beuningen catalogue covers a vaster field of endeavor, including drawings by Rembrandt that range from chalk and pen studies of particular figures or parts of figures, to landscape scenes, to compositional sketches preparatory for paintings. A large share of the catalogue is devoted to the School, presenting 20 of the 60 (!) artists whose names are known who are regarded as Rembrandt’s pupils.

In his heyday, Rembrandt had an exceptionally large number of pupils, ranging from assistants whose work he sold to add to his own income, to children of wealthy families who wanted to learn drawing as a part of a cultured education. This catalogue even has an example of a drawing by a pupil which has been corrected by Rembrandt. To realize that many of the paintings hanging in museums under the Rembrandt label, may actually be by such personalities as Nicolas Maes, Gerbrandt von der Eeckhout, or Carel Fabritius, is not to detract from Rembrandt, but rather to realize the enormously fruitful influence his ideas exerted over an entire generation that included many fine artists.

A drama of divine justice

I have chosen to illustrate here one of the Rotterdam drawings that is definitely by Rembrandt, which depicts a story which was a great favorite of Rembrandt and his school,

and the 17th century in general. This is the late-1650s’ “Jacob Is Shown Joseph’s Bloodstained Coat.” It is based on the story of Joseph (Genesis 37) in which his ten older brothers, insanely envious of their father Jacob’s preference for Joseph, sell the boy into slavery in Egypt. They present Jacob with his coat of many colors, a gift from his father, which they have stained with the blood of a kid and lie that he was killed by a lion. In Rembrandt’s drawing, Jacob swoons in the foreground, surrounded by several of the hypocritical brothers, while the old blind Isaac is brought in through a door in the background.

According to the Bible story, Jacob’s father Isaac would have been long dead at the time. But Rembrandt seems to have closely followed the description of the old, blind grandfather in the play *Joseph in Dothan* by Joost van den Vondel, Holland’s leading playwright of the era, which is quoted in the catalogue. The play was presented in Amsterdam in 1640. In the Introduction, J. Giltaij writes of such drawings, “The striking thing about the compositions is that they invariably depict a particularly crucial moment in a story, not only as a result of the selection of a moment from it, but also because attention is focused on the nub of the event by the way in which it is drawn and by the facial expressions and poses of the figures. . . . His aim appears to have been to express what was most fundamental in a motif or story as naturally as possible and although the drawings were actually done with great thought and consideration, they give the impression of being rapid records of a fleeting moment.”

The story of Joseph is one of the greatest epics of the workings of divine justice to overcome human injustice. In Egypt, Joseph overcame his brothers’ plot and rose from slavery to become the administrator of the household of Potiphar, the chief minister of the Pharaoh. He was disgraced when Potiphar’s wife tried to seduce him, and in rage at Joseph’s refusal, lied that Joseph had tried to get her to bed. While in prison, Joseph became famous for his divinely inspired ability to interpret dreams. Eventually he is called upon to interpret the Pharaoh’s dream, which all the court magicians are unable to understand. The Pharaoh dreamed of seven fat cows and seven lean cows. Joseph said that these forecast seven years of plenty followed by seven years of famine, and advised the Pharaoh to stockpile grain for the coming lean years. As a result of his wise counsel, he rose to become the Pharaoh’s closest adviser, finally rescuing his own family from the famine and bringing his brothers to Egypt. He showed mercy and not retribution for their sins against him, and was reunited with his old father.

Today we are fascinated by this story, where a political prisoner is first enslaved and then unjustly confined, the victim of invidious liars, and finally liberated because of his economic policy, whence he comes to save his own nation; it reminds us of the case of the imprisoned American statesmen and economist Lyndon LaRouche today. Rembrandt, who not only personally experienced injustice but watched in pain as the



Rotterdam, Museum Boymans-van Beuningen

Rembrandt's drawing of Joseph's Bloodstained Coat Presented to Jacob, focuses on the grief of the collapsing father and the women, echoed by the blind grandfather who enters at the back. Blind people were often represented by Rembrandt as having a superior kind of moral vision.

Velázquez's painting of the same Old Testament story of injustice, concentrates on the rhetorical mendacity of Joseph's brothers and the horror evinced by Jacob. The faithful little dog, shown barking obstreperously at this fraud, is a frequent "witness" in both Rembrandt's and Velázquez's works to truths hidden by (and to) human beings.



Madrid, Museo del Prado

Dutch Republic came to be ruled by the Anglo-Dutch-Venetian oligarchy, treated the Story of Joseph many times. He painted the scene of "Potiphar's Wife Accusing Joseph" twice (Berlin, Washington NGA) and also made a very explicit etching of the attempted seduction by Potiphar's wife.

Recently we saw in America the painting of the same story, "Jacob Shown the Bloodstained Coat of Joseph" by Rembrandt's Spanish contemporary and peer, Velázquez (exhibited last fall in New York): In this version of ca. 1631, the

emphasis is on the rhetorical gestures of the lying brothers, ironically juxtaposed to the barking little dog (who knows the truth) and the stunned father. The Velázquez painting also gives the strong impression of having been based on a drama, although such a play in Spain is not known to this writer. Rembrandt's drawing was presumably in preparation for a painting or etching, but that final product, if it ever existed, is not known today. Too bad. How interesting it would be, if we could set the two final compositions side by side.

Today's lesson of the 1939 Hitler-Stalin Pact

by Patrick Ruckert

Partners in Tyranny: The Nazi-Soviet Non-Aggression Pact—August 23, 1939

by John Kolasky

The Mackenzie Institute, Toronto, 1990
158 pages (with appendix and index),
paperbound, \$6.50

With the March 11 declaration of independence by Lithuania, one of the most disgusting frauds of the 20th century may come to an end. *May* come to an end, because the responses are not all in. Shortly, Estonia, Latvia, Ukraine, and Georgia will be issuing independence declarations.

Mikhail Gorbachov must make an example out of Lithuania, if he is to hold the disintegrating Russian empire together. Unfortunately, but not unexpectedly, the Bush administration is doing all it can to aid the new Russian Czar. As of the end of March, Bush has refused to recognize Lithuania's independence, in direct conflict with the 50-year, stated policy of the U.S. government of not recognizing Lithuania, Estonia, and Latvia as legitimate parts of the Soviet Union.

John Kolasky's *Partners in Tyranny*, written 50 years after the signing of the Hitler-Stalin Pact, by which Hitler and Stalin agreed on the division of Europe into their respective spheres of influence, is a lesson in history of the futility and disastrous consequences of such agreements. It is a lesson that Bush, Thatcher, and Gorbachov need to learn.

The Bush administration's condominium agreement with Gorbachov, to support each other in keeping the countries within each's sphere of influence in line, is the 1990 version of the Hitler-Stalin Pact. Yet, like that earlier version, this Kissingerian "balance of power" agreement will result in world war. The earlier 1815 Treaty of Vienna, upon which Kissinger has designed the last 25 years of U.S. foreign policy, too, resulted in collapse and war.

However, unlike 1939, today there is a worldwide revolutionary process under way against tyranny, which threatens to short-circuit all the plans and policies of both the Eastern communists and the Western financiers. The mutual propping-up exercises of Bush and Gorbachov may not last for long.

John Kolasky is well qualified to write about the East-West condominium. Born in Ontario, Canada, of Ukrainian

émigré parents, he joined the Communist Party during the Depression. He has a masters degree in history from the University of Toronto, and has taught school in Manitoba and Ontario. In 1963, Kolasky was selected for leadership training by the pro-Communist Ukrainian organizations and the Communist Party of Canada, and sent to the Higher Party School of the Central Committee of the Communist Party of Ukraine in Kiev, where he spent the next two years. Soviet reality soon shattered his illusion. He became part of a growing movement of dissent in Ukraine. In 1965, he was arrested by the KGB, questioned and later expelled from the U.S.S.R. Kolasky is the author of numerous books on Ukrainian and Soviet topics, including: *Education in the Soviet Ukraine*; *Two Years in Soviet Ukraine*; and *The Shattered Illusion*. In addition, he translated and edited *Report from the Beria Reserve: The Protest Writings of Valentyn Moroz*.

In this present small book the author is able to present a wealth of historical documentation, personalities, intrigues, and consequences of the period leading up to and resulting in the pact between two tyrants, which contributed to creating World War II. The author describes the relations between Germany and Soviet Russia from the end of World War I to the Nazi attack on Russia on June 22, 1941. He outlines the agreements between the two whereby Germany set up facilities for the manufacture of planes, tanks, ammunition, and poison gas; trained pilots and military officers; and tested equipment—an agreement made necessary by the terms of the Versailles Treaty.

Although cooperation was halted after Hitler came to power, the documents show that as early as 1933, Stalin was continually attempting to come to an understanding with Hitler. But it was not until he had disposed of Czechoslovakia (with the inestimable help of the British) that Hitler was prepared to come to terms with Stalin.

This book reports on the Russian occupation of Western Ukraine and Belorussia, the "negotiations" with the representatives of the Baltic states, the arbitrary and forceful occupation of Estonia, Latvia, and Lithuania and the subsequent murder and deportation of Ukrainian, Polish, Jewish, and Baltic people. The Russians came as the cruelest of conquerors, executing, imprisoning, or exiling those they feared most, and oppressing under a harsh dictatorship those that remained.

When Gorbachov demanded recently that Lithuania must pay \$33 billion as the price for its independence, only those who were the primary victims of the Hitler-Stalin Pact really understood the ghoulish nature of such a demand. By rights, as Kolasky's book shows us, Moscow should pay billions to the people of the Baltic states and Poland in reparation for the millions of lives destroyed by 50 years of slavery.

Regrettably, *Partners in Tyranny* is short on historical background of the perfidious role of the British and Western financiers, who, through the Versailles Treaty at the end of World War I, made the Hitler-Stalin Pact inevitable.

Will Bush sellout lead to bloodbath in Lithuania?

by William C. Jones

In a slow-motion rerun of the servile kowtowing to the butchers of Tiananmen Square last year, the Bush administration is making special efforts to keep in power Mikhail Gorbachov, Czar of All the Russias. For almost 50 years, the core of U.S. policy toward the Baltic states situated in the northwestern corner of European Russia, has been to regard them as independent nations. Although they were forcibly incorporated into the U.S.S.R. by the Red Army as a result of the Hitler-Stalin Pact in 1939, the legitimacy of this occupation has never been accepted by the United States, a non-recognition reaffirmed by every U.S. government since then. Now in one fell swoop, at the point where these nations for the first time in 50 years have the possibility of throwing off the Russian yoke, President Bush is selling them down the river.

As the Soviet empire begins a slow process of unraveling under the impetus of a grave economic crisis and a major overhaul of the totalitarian political apparatus, the Baltic states maneuvered to regain the freedom so brutally snuffed out in 1939. Counting on the backing of the Western nations, and in particular the United States, the Baltic states have begun edging their way toward independence. Lithuania was leading the way. With the overwhelming victory of the Lithuanian Popular Front (Sajudis) on Feb. 24 and the election of Sajudis chairman Vytautas Landsbergis as President of the republic, Lithuania declared independence on March 11.

On March 21 Gorbachov issued a presidential decree to "safeguard the rights of Soviet citizens," and to "protect the borders" of Lithuania. KGB Border Guards units were deployed for this purpose. It was announced that Moscow would ban the sale of all firearms in Lithuania and gave the Lithuanians seven days to surrender all firearms, including hunting rifles in private possession. Foreign journalists were to leave the country when their visas ran out, or, in some cases, even sooner. A similar deadline was given for all

Lithuanian "deserters" to return to their Russian Army units or else be rounded up by them.

This Soviet reaction led the Supreme Council of Lithuania to issue a warning on March 22 that "another state is preparing to use force against the Republic of Lithuania and its citizens," appealing to the nations of the world to protest against "the possible use of any form of coercion and violence." President Landsbergis also asked world governments to recognize Lithuania.

Yet President Bush continued to punt. At an impromptu press conference on the White House lawn on March 22, Bush referred to "certain realities in life" which had to be recognized, and said that the Lithuanians should talk. When a reporter pointed out that Gorbachov had threatened to confiscate weapons not turned over voluntarily, Bush repeated that the proper response was for the Lithuanians to talk, and praised recent statements by Soviet Foreign Minister Shevardnadze, claiming that the Soviets would not use force in the Baltics. As of this writing, Secretary of State James Baker still plans to meet Shevardnadze the first week of April.

A number of congressmen, refusing to take their cue from the White House, put up a show of resistance. An amendment in the Senate raised by Sen. Jesse Helms (R-N.C.), calling for immediate recognition of Lithuania, was defeated on March 21 in a 59-36 vote. Sen. Robert Dole (R-Kan.), the point man for the White House on the bill, said that it was through "conversations with Mr. Scowcroft and Secretary Eagleburger" that he realized that there was "a better way to do this" than such an amendment. The same two associates of Henry Kissinger who had toasted the butchers of Tiananmen Square before the blood was dry, were integral in defeating the Helms amendment.

The reaction in the House was a bit more substantial.

In a March 21 letter to President Bush signed by over 100 congressmen, the President was urged to “respond affirmatively” to the request of the Lithuanian parliament for diplomatic recognition. “The dreams and aspirations of Jefferson, Madison, and Hamilton of 1776” were also those of the Lithuanian leadership, the letter said. A resolution was introduced in the House by Rep. Richard Durbin (D-Ill.) calling on the President to “plan for and take those steps, at the earliest possible time, that would normalize diplomatic relations between the United States and the new government of Lithuania.” Throughout the country, demonstrations were held in support of Lithuanian independence.

‘I see the umbrella’

The administration’s failure to recognize the new republic encouraged further aggressive actions by the Soviets. On March 26, Soviet helicopters, with their identification marks painted over, distributed thousands of leaflets over Vilnius, the capital of Lithuania. The leaflets gloated over the fact that the new government had been given no diplomatic recognition. “Let us ask the new leaders [of Lithuania],” read the leaflet, “where is the world’s recognition of the sovereignty of the republic that has been promised?” The unsigned leaflets in Russian called on the Russian population to gather the next day in a major demonstration in front of the Supreme Council building—a measure which was immediately seen by the government as an attempted provocation. The Bush administration’s lame response met a flurry of criticism in the U.S. media. “Bush and the U.S.-Soviet Love-In” was the title of a *Washington Post* commentary by syndicated columnists Evans and Novak, which quoted a “highly respected administration official who said to them, ‘I would never be quoted on this, but I see the umbrella,’ ” referring to the infamous British Prime Minister Neville Chamberlain. The Chamberlain image was ever-present.

At 3 a.m. on the morning of March 27, Soviet Army paratroopers forced their way into a psychiatric hospital in Vilnius where the government was giving refuge to Lithuanian defectors from the Red Army, seized the “deserters,” brutally beat them, and carted them away in trucks. A similar action was carried out in the city of Kaunas. The blood-spattered steps of the hospital even made it to the U.S. news programs. There was a general outcry.

In the face of the growing concern of Americans over these events, the administration tried to toughen up its rhetoric, although with no change in its stance. Accusing Moscow of conducting a “pattern of intimidation,” the administration said that the use of force was “bound to backfire.” The Soviets fired back. Soviet spokesman Gennadi Gerasimov commented that it looked like the United States was issuing an “ultimatum.” A phone call to President Bush later in the week from Prime Minister Margaret Thatcher, who had spoken with Gorbachov by telephone, convinced Bush that Gorbachov had “misunderstood” the reaction in the West. Bush was

afraid of a “disconnect” with the Russian leader.

President Landsbergis, who blamed Gorbachov personally for “constant demonstrations of armed force” in the republic, chided the United States for “trusting naively” that the Kremlin would not use force in Lithuania. The Soviets defended themselves by arguing that they had the duty to restore law and order, and that even the United States would have the right to search for deserters from its army. The deputy head of the Soviet Embassy in Washington, Chetverikov, justified the Soviet actions on March 27 by citing a comment from Vice President Dan Quayle earlier in the week where he said, “If the Soviet Union is applying disciplinary measures to people in their own military, that’s a different situation” from using force to prevent Lithuanian independence. President Landsbergis asked of the West, “Are they willing once again to sell out Lithuania?”

“We don’t want to inflame the situation,” said White House press spokesman Marlin Fitzwater, when asked on March 28 to comment on the Soviet seizure of the army deserters. Sen. Edward Kennedy (D-Mass.) and former Chairman of the Joint Chiefs of Staff Adm. William Crowe (ret.), both visiting Moscow, sent back warnings that Western criticism of Gorbachov’s handling of Lithuania was undermining perestroika. This led Bush to put the screws on recalcitrant congressmen who were demanding recognition for Lithuania. On March 28, Bush met with four congressmen who had visited Lithuania in February, and stressed that keeping Gorbachov in power was a higher priority than the Lithuanian independence drive. Rep. Bill Sarpalius (D-Tex.), who was at the meeting, commented on Bush’s attitude, “He’s decided to stick with Gorbachov.”

Republican congressmen were easily persuaded to change their tune on behalf of Czar Mikhail’s survival. Rep. Newt Gingrich, (R-Ga.) who prides himself on being a somewhat cocky conservative, was bleating like a lamb after what he billed a “spirited exchange” with Bush. “I went in there more aggressive, more positive than I came out,” said Gingrich. “I wrote him a note and I said I felt I got educated this morning.” Democratic House Leader Thomas Foley was also bleating to the tune of the Republican choir-master, saying that the President “should be given the benefit of the doubt as he deals with this.” Others were not so satisfied. “My patience is wearing thin,” said Sen. Alan Dixon (D-Ill.), one of the senators who opposed the Helms amendment. “If he [Bush] is going to give us the Chinese treatment again, it’s not going to go down well,” said Dixon.

On March 30 the White House announced that the visit of U.S. Army General Vuono, who was scheduled to meet with General Varennikov, the commander of Soviet troops in Lithuania, was canceled. Perhaps the presence of a U.S. military representative in Lithuania at the time of a bloody crackdown would be too much even for President Bush. But if the crackdown does occur, he has no one to blame but himself.

LaRouche testifies in du Pont Smith case

On March 22 in West Chester, Pennsylvania, before a packed courtroom brimming with national and local news media, U.S. congressional candidate Lyndon LaRouche delivered 80 minutes of videotaped testimony in the case of Lewis du Pont Smith, an heir to the du Pont family fortune who is now challenging an earlier court decision which declared him incompetent, solely on the grounds of his political and financial backing for LaRouche's economic and social policies.

In 30 minutes of direct testimony and 50 minutes of cross-examination, LaRouche reviewed not only the history of his personal friendship with Smith, but gave an in-depth picture of LaRouche's own unique competence as an "American System" economist. LaRouche's economic analyses have become central to Smith's challenge of the earlier ruling, since Smith charges that the Wilmington Trust, the court-appointed guardian of his substantial trust fund, lost him \$4 million in the October 1987 and October 1989 stock market crashes, solely because the bank ignored Smith's advice to pull out, which he had based on LaRouche's forecasts.

LaRouche described at length to the court how he had developed those forecasts, detailing the fundamental problems in the real physical economy of the United States, and the shift away from actual wealth-producing economic activity into speculative and parasitical forms of employment and investment. LaRouche stressed that his contributions in this field of physical economy are what gives him his unique forecasting competence and what separates him from all other living so-called economists.

LaRouche recounted his advice to the du Pont heir to make secure investments in real estate and cattle breeding in Loudoun County, Virginia, and also spoke about his discussions on history and historical research methodology which he had held with the former high school history teacher. "Smith visited me in 1985," LaRouche said. "He was studying history and that he wanted my advice, my opinion. I got a strong impression that Lewis was a bright, independent cuss. I rather liked him." As for the allegations that LaRouche had somehow victimized Smith, LaRouche denied that he had some sort of mystical control over him. "If Lewis felt pressured, he would tend to dig in and go the other way to

give himself space to decide for himself. He is an independent, stubborn cuss. A prudent tightwad."

LaRouche described his outrage at the court decision to declare Smith mentally incompetent, and said he had discussed the matter with many other people in "the same way I would discuss Adolf Hitler. What happened to Lewis is a moral atrocity. Things like that are done in the Soviet Union. They should not be done here."

He recounted how he and his wife Helga Zepp-LaRouche reacted with "moral outrage" on hearing of Smith's family's attempts to prevent him from marrying his fiancée on the grounds of his alleged "incompetence," and how Mrs. LaRouche had assisted the couple in getting married in Rome, Italy under the protection of the Vatican.

'Get LaRouche' task force under spotlight

LaRouche also had an opportunity to do directly against the government inter-agency "Get LaRouche" task force, in response to the question, "Haven't you said that this case, as is every case is a LaRouche case?" The congressional candidate responded that it was not he who said that, but those who initiated all of the politically motivated legal persecutions against him and his associates.

One of the most dramatic moments in the testimony was during cross-examination by David Foulke, the attorney for Smith's oligarchical family. When LaRouche mentioned the fact that the family of whiskey baron Edgar Bronfman had been involved in the du Pont family's operations against Lewis du Pont Smith, Foulke asked LaRouche how he had come to know that this was the case. LaRouche responded that it was Mr. Foulke himself who had said so, and proceeded to tell the court about Foulke's own efforts to either "buy off" or kidnap Smith, to force him to sever his relationship with LaRouche. Later outside the courtroom, the press bombarded both Foulke and Smith with questions about the Bronfmans, who are key players in the Anglo-Soviet "Trust" circles which are among LaRouche's bitterest political enemies.

After the hearing, one courtroom observer who is not a LaRouche supporter was overheard saying, "LaRouche has a right to his beliefs, and quite frankly, they're more rational than I expected, as are those of Lewis du Pont Smith; and whatever those beliefs may be, Lewis should not be determined incompetent through a process of guilt through association."

LaRouche's testimony was widely covered in the Philadelphia area media, especially because the jurisdiction of the court, Chester County, is also where two LaRouche Democrats, Tony Hadley and Betty Clift, are running for Congress and Democratic state committee respectively in elections on May 15. Two years ago Hadley threw the local Democratic Party into a turmoil when he won the Democratic primary and made a respectable showing against his Republican incumbent opponent, Richard Schulze.

U.S. psychiatric abuses are troubling

Forensic psychiatrist Dr. Pierre Lamothe of France came to the United States at the request of Lewis du Pont Smith, to testify on his behalf. Although Dr. Lamothe was not permitted to testify by the court, he was able to discuss the case with local Philadelphia television news, which was prominently aired. Dr. Lamothe gave EIR the following interview on March 23.

EIR: Could you tell us a little about yourself?

Lamothe: My background is essentially in forensic psychiatry. I was first head of the psychiatric service in a hospital, and now, for almost 15 years, I have practiced in forensic psychiatry, and finally I took service which is with mental health for prison detainees. I have beds in a central prison whose activity is for the whole region of Rhône-Alpes, so that means about 4,000 detainees. Basically this is my activity, but I have therefore become active as an expert, and I've been solicited by various committees in France. I have been named to the French National Commission for Mental Health, which is a committee of doctors appointed by the Ministry of Health who make proposals for rewriting the laws involving mental health. So I have testified about the competency law in France, and the law regarding the penal responsibility, which is going to change.

EIR: Can you tell us why you came to the U.S.?

Lamothe: It started with *EIR* and the Schiller Institute, as I am much involved in human rights problems, you know. I am always seeking primary sources to understand where problems are, and what kind of problems may be encountered. So that's the way I got in touch with the Schiller Institute, having just mailed something outside the post office in France, and I started to read the literature. At one point, I was asked to meet with the wife of [Michael] Billington [who was sentenced to 77 years in prison for "securities violations"]. So I saw this lady and listened to her. Later, I was asked to go and assist with the case of Lewis du Pont Smith.

I accepted, because I am secretary general of the International Council of Prison Medical Services and a member of the Ethics Committee, and I am also a member of the board of the International Academy of Law and Mental Health . . . and these two academies are concerned with the mental health and the abuse which could be done with psychiatry for political purposes. . . .

So, that's why I flew here after a phone call from Lewis

du Pont Smith.

In France, and in Europe in general, there is a tradition—the ethic is not the same as here. Here, the ethic is, when you are paid to do a job, you do it, even if it is not exactly what you agree with. In France it's the opposite: You first remain as independent experts. I told the people who contacted me, "You know, if I find him incompetent, I will tell him, even if I am supposed to be paid by him!" And fortunately, I found him perfectly normal, and I was ready to tell him, too.

EIR: Why were you not allowed to testify?

Lamothe: I have not been permitted to testify: I thought for a moment, that I could make a deposition, and be cross-examined by the lawyers of his family. . . . But finally they refused. I had the opportunity to talk during a TV interview about the trial, which I thought was a good thing. I am very happy to have made the trip, because I have seen something from the inside which is troubling, which we must put the accent on. And I think also that I have been useful to Lewis. . . .

To testify, I think it was primarily because [Judge Wood] didn't see how I could be involved with Pennsylvania statutes, and that my point of view would not be useful, would be irrelevant to the case, because I would have a background of French law. But actually our French law is exactly the same. . . . What I would have said, if I had been allowed to make even a deposition, was that what is necessary in order to declare someone incompetent is not only to establish [mental illness], but you have also to establish that this mental illness causes inability to cope with ordinary life, or is directly responsible for dissipation of fortune, or something like that, you see. And that is absolutely unequivocal for Lewis du Pont Smith, who not only does not suffer from any mental disease, but also is perfectly able to cope with demands of life and demands of reality. . . .

EIR: Is there anything else you'd like to say to our readers, or any other comments you have on this case?

Lamothe: I should say that I have been surprised that psychiatry could be used the way it has been, and that Lewis du Pont Smith could have been declared incompetent. I think that, during all the trial, it has been demonstrated that Lyndon LaRouche's activities could never be compared to a cult, because some say that he was under the pressure and influence of LaRouche. My examinations could not at all conclude that Lewis du Pont Smith is a man who could be under the influence of anybody. I think he's perfectly free.

And the characterization of Lyndon LaRouche's activities must not in any way be compared to a cult. This can be told to your own readers, I think. This is important, because, from the outside, only odd propositions of LaRouche have been channeled out by the papers, and you could think that he is a very crazy guy, who just wants to have a cult around him. It is not true. . . .

Gerald Bull: another Iran-Contra murder?

by Joseph Brewda

The March 22 assassination of the Belgium-based international arms smuggler Dr. Gerald Bull is possibly the latest in a series of Iran-Contra-related murders. Since the Iran-Contra affair began to emerge in 1986, at least two dozen international arms smugglers and intelligence operatives tied to the affair are known to have met their deaths through bathtub drownings, subway car accidents, bombings, or poisonings. Bull, the owner of Space Research Corp., was killed by a single shot in the neck as he tried to enter his apartment in the fashionable Brussels suburb of Uccle. Police report that there are no witnesses and claim that there was no clear motive. Left untouched was \$20,000 in cash in his pocket. It is not expected that the assailants will ever be captured.

Throughout the entire period of the Reagan-Bush administration weapons dealings with Iran, Bull's SRC was reportedly selling 155mm howitzers to both sides of the Iran-Iraq War. Some report that Bull's firm had the closest relations with Norinco, the largest Communist Chinese arms export firm. Norinco also worked closely with the Reagan White House in selling arms to Iran. More recently, Bull became particularly close to Iraqi President Saddam Hussein, and it is reported that the Il-Askandaria weapons complex outside of Baghdad had begun to manufacture his howitzers.

A Bronfman-U.S. intelligence creation

Originally a well-respected Canadian scientist at Valcartiers weapons lab in Quebec, Bull ostensibly left government work in 1968 when he was hired to become the chairman and scientific brains behind Space Research Corp., then being formed by the Bronfman interests of Seagram's. The official purpose of SRC was to develop a cannon so powerful that it could launch satellites into orbit ballistically. Actually, the firm was always an arms-smuggling depot functioning under the sanction of U.S. and British intelligence. Under the cover of his satellite research, Bull developed one of the world's best 155mm howitzers, capable of firing a tactical nuclear warhead 40 miles. The howitzers were sold to Israel, South Africa, and the Shah's Iran in violation of U.S. and Canadian munitions export regulations.

That the firm operated under the joint, covert sanction of the U.S. and British-run Canadian governments can hardly be contested. The firm literally straddled the U.S.-Canadian

border near Hightower, Quebec, such that the firm's internal driveway was the only border crossing in the remote area! At various times, the firm's board and officials have included Richard Bissell, the former head of CIA covert operations; Gen. Arthur Trudeau, the former head of U.S. Army R&D; Gen. Barksdale Hamlett, the former commander of U.S. Forces in West Berlin; former International Atomic Energy Agency chairman Sterling Cole; and John J. Clancy, Jack Frost, and Rogers Gregory—all former career CIA operatives.

To aid in Middle East operations, the Bronfmans retained Israeli intelligence operative Shaul Eisenberg, the godfather of the Israel-Iran and Israel-China connection, as the firm's overseas representative. Space Research negotiated an exclusive contract allowing for Israel to re-export its products to Iran. These arms were shipped by the Israeli intelligence proprietary Zim Shipping, whose Canadian offices were conveniently housed at SRC offices. Zim was reportedly later used for the Reagan-Bush deals.

Space Research's owners, the Canadian Bronfman family, had come to prominence in the Prohibition era when the clan smuggled Scottish booze over the Canadian border into the United States. More recently, the family has been reportedly active in the narcotics trade, and has been a major funder of the narcotics lobby's primary public relations outfit, the Anti-Defamation League. As could be expected, the Bronfman family's associates in "business" and at the Anti-Defamation League have figured in all aspects of the Reagan-Bush Iranian arms trade policy. Former ADL chairman Kenneth Bialkin, for example, has been the attorney for Adnan Khashoggi, the Saudi businessman first used by the U.S. government to launch the post-1984 phase of the Iranian deals.

Busted and reorganized

Despite these high-level connections, SRC was indicted for weapons sales to South Africa in 1980, and Bull was jailed. The scandal led to the firm's reorganization. The Bronfmans soon sold it to the colorful Pakistani operative Saad Gabr, then under the financial patronage of Agha Hasan Abedi, the Pakistani chairman of the Swiss-based Bank of Commerce and Credit International. BCCI pleaded guilty to narcotics money laundering in a Tampa, Florida federal court last year. Space Research's reorganization allowed the firm to shift from being a primary supplier of the Shah, to a primary supplier of Khomeini. Abedi's BCCI was the first bank used by Khashoggi in the post-1984 phase of its U.S.-Iranian arms deals.

After getting out of prison, Bull again reorganized Space Research in 1982, apparently severing the operation from Gabr, and restarted operations in Europe. The firm reportedly continued to supply arms to Libya, Saudi Arabia, Iran, Iraq, and Israel, throughout the period of the Reagan-Bush deals—more than enough time, and more than enough double-dealing, to become expendable.

N.J. gun law takes aim at Constitution

by Patricia Salisbury

As early as Thursday, April 5, the New Jersey State Senate is expected to vote on what is probably the most worst gun control measure ever seriously proposed in the United States, N.J. Senate Bill 166 (S166). The bill has already the subject of a demonstration of 3,000 people opposing it in Trenton on March 15.

Nominally aimed at stopping "assault rifles," the bill's definition of such rifles is so extraordinarily broad, that it could, at the discretion of New Jersey's attorney general, outlaw virtually all firearms in the state, except two specifically exempted models of shotguns, and three rifles. Any gun with a barrel length of between 16 and 22 inches, or which could be sawed off to be that length, is banned, except those specifically exempted. Various other classes of weapons, including rifles with pistol grips and rifles and handguns with large magazines, are also banned.

Most incredibly, the bill bans not only existing guns, but *any* gun which could be modified, with eight hours of work in a machine shop by a competent machinist, to fit the banned specifications. In eight hours of work in a machine shop, it has been pointed out, a competent machinist could virtually take an axle out of a car and make a machine gun out of it.

Carte blanche ban

Thirty days after the passage of the bill, the Attorney General would submit a list of guns which, according to his judgment, would be covered by the new legislation, and these guns would have to be turned over to the State Police. Thus, the bill is a *carte blanche* for banning anything and everything. The owner could then apply for a machine gun license in order to get his gun back, but these are rarely granted. New Jersey, unlike most other states, has its gun owners registered—as in Lithuania, where the Soviets have demanded the confiscation of all privately held weapons. If the banned weapons are not turned over to the State Police, the police would then be authorized to confiscate them.

As Roger Iverson, the National Rifle Association's chief organizer for the state said on March 25, "With the timing of this with what is happening in Lithuania, John Russo [the bill's sponsor] and Jim Florio [the governor] are marching to the beat of the Kremlin's drummer."

S166 empowers the attorney general to make a list of what firearms he thinks fit the bill's vague characteristics, a list he may add to at any time he wants to in the future. In Lithuania, the Soviets made sure all the gun owners were registered, the better to confiscate their guns. New Jersey's 873,000 gun owners are also registered. If you don't turn in your gun, the State Police are authorized to come and break down your door and get it.

Governor Florio, who as a liberal Democratic congressman was the author of various "toxic waste clean-up" bills designed to wreck U.S. industry, has put extraordinary pressure on New Jersey's legislators to pass the bill. Reports circulating widely in the state capital say he has threatened pro-gun legislators with having none of their legislation passed this year unless they capitulate, and has offered, as a carrot, extremely lucrative "no-show" jobs in return for a yes vote, jobs with annual salaries of \$90,000. The vote at present is extremely close. If S166 passes on April 5, Florio is expected to run down the hall to the lower house, declare an "emergency," and ram it through there as well.

New Jersey has 837,000 registered firearms owners, out of a total population of 8 million. The great passion around the issue was reflected in the 3,000 person rally in Trenton on March 15, which was called on short notice, and for which most participants took time off work. The state is one of only five in the country without provisions in its state constitution for the right to bear arms, and the anti-gun lobby led by Lloyd Cutler has made the state a test case for an almost complete ban on guns. A variant of S166 is reported to be working through the committee process in the House of Representatives, sponsored by New Jersey Rep. Bill Hughes (D).

The law firm behind Handgun Control, Inc., Wilmer Cutler and Pickering, is headed by Lloyd Cutler. The leadership of Lloyd Cutler, the former White House counsel under Jimmy Carter, in the fight for the New Jersey bill comes as no surprise. He is a leading proponent of the idea that the U.S. Constitution and the institutions and policial processes which it founded are outmoded.

New Jersey's state constitution is one of only five state constitutions in the nation without an explicit clause protecting the right to keep and bear arms. Of course, the Constitution of the United States, which has a validity above those of the states, explicitly says that "the right to keep and bear arms shall not be infringed." The right to bear arms is the sole subject of the Second Amendment, right after the First Amendment, which guarantees free speech. But astoundingly, Attorney General Robert J. Del Tufo has issued a decision which says that there is no constitutional right to keep and bear arms.

What country does Comrade Del Tufo think he lives in? This extraordinary ripping up of the Constitution should alarm all citizens, not just those of New Jersey, and not just gun owners. If this basic constitutional guarantee goes, which one goes next?

Liberals dismayed by new catechism

by Kathleen Klenetsky

A new catechism, meant to define the whole of Catholic doctrine for the universal Church, will be published this May. But even before it has reached the public, the document has met with a barrage of criticism from ultraliberal elements in the Church, especially among the “American exceptionalist” grouping in U.S. Catholicism. At least one seminar on the catechism has been held, at the Jesuit Woodstock Seminary in Washington, where the document came under bitter attack, and Harper and Row publishers has already decided to rush a diatribe against it into print.

Prepared under the guidance of Joseph Cardinal Ratzinger, a draft of the *Catechism for the Universal Church* is currently circulating among the Catholic bishops, who have been asked to review it and forward their comments to the Vatican before the document’s scheduled publication. Parts of the provisional draft have found their way into the media, and a vocal debate over its alleged demerits is already under way in the U.S.

The project originated at the Vatican’s Extraordinary Synod in December 1985. Statements by the Pope and other Church leaders have made it clear that the document is intended to reassert and strengthen traditional Catholic teaching, in the face of multiple assaults against it from both within and without the Church. In 1986, John Paul II described the project as an “an important help in guaranteeing the unity of the faith”; several years later, he cited the urgent need for a “concise and clear exposition of the essential and fundamental contents of the faith and of Catholic morality.”

Based upon published reports, the document does precisely that—to the palpable dismay of those who have been pushing the so-called “Vatican III” agenda, i.e., married and female priests; endorsement of birth control, homosexuality, abortion; and a new Christology that emphasizes the “human”—at the expense of the divine—aspect of Christ.

According to the conservative Catholic weekly, *The Wanderer*, as well as other media, the catechism:

- Affirms the reliability of reason in reaching knowledge of the personal God, and says it is wrong to insist that divine Revelation alone is the source of all religious and moral knowledge.
- Contains a lengthy section explaining the Catholic recognition of the natural law, and pointing out the mission of the Magisterium (the body of Church teachings) to “express

and interpret” such law. The natural law, it says, is engraved in each person’s conscience, and is accessible to all. Everyone is bound by its precepts. In “obeying the natural law,” the catechism states, “man obeys ‘the divine law itself—eternal, objective, and universal,’ of which it is the expression.”

- Stresses belief in God as Creator and His creation as “the foundation of faith in all the saving designs of God. . . .”
- Rejects fatalism that gives determinative force over man’s actions to the stars or the natural forces of the cosmos.

Natural law

What seems to be causing the most disquiet among the dissidents, is the primary emphasis which the catechism places on natural law. The Jesuit magazine *America* gave over its March 3 issue to essays attacking various aspects of the catechism; the most irate comments were aimed at its stress on the agreement of natural and divine law.

That is hardly surprising. If you do away with the idea of natural law, you eliminate the basis for making any judgment on what it is to be human, what is moral, what is the good. Hence, those who most oppose the idea that man is made in the image of God, and that this has profound ramifications for human behavior and the structure of society, have made their chief objective the destruction of the concept of natural law.

The erosion of this concept over the past few decades, coupled with the parallel emergence of such philosophical idiocies as situation ethics (another word for pragmatism), has brought us to the point where such moral atrocities as Tiananmen Square and mass abortion and euthanasia are not only tolerated, but justified.

But this does not deter the catechism’s critics. Take Fr. William Spohn, S.J. of the Jesuit School of Theology in California, who, in his *America* essay, claims that there has been a change in theology since Vatican II, under which “the basic model of Christian moral life has shifted from obedience to divine law to responsible initiative for human and Gospel values.” One of the catechism’s main failings, says Spohn, is that it ignores this shift. Not only that, “The catechism insists that there are objective, eternal norms that command and forbid specific actions,” and also “goes to elaborate lengths to insist that Christian freedom and conscience are always in conformity with ‘the divine law.’ ”

The real concern among the dissidents is that the catechism will give added force to the Vatican’s efforts to reinforce core Catholic doctrine, thus making it more difficult to espouse the openly heretical beliefs that have been spreading. One of the catechism’s most vocal U.S. detractors, Bishop Raymond Lucker of New Ulm, Minnesota, is a de facto defender of Fr. Matthew Fox, who was silenced by the Vatican in 1988 for working with a known witch. Lucker believes that the catechism uses “oppressively sexist” language.

How Eagleburger bankrupted Yugoslavia

A good example of how Deputy Secretary of State Lawrence Eagleburger may handle his new, added job of Presidential Coordinator for Eastern European Assistance is provided by the case of Yugoslavia, a country which Eagleburger bankrupted while lining his pockets and those of his former boss, Henry Kissinger. Eagleburger, as ambassador to Belgrade in 1977-80, convinced the Yugoslav government it could pay off its huge debts to Western banks by exporting the Yugo car to U.S. markets—a grandiose scheme that resulted in a net financial loss for Yugoslavia.

This story is told by Hans Peter Rullman, an investigative journalist who has worked for major papers in Germany, Austria, and Switzerland, in his book *Crisis Spot Yugoslavia*. Rullman reports that Eagleburger talked the Serbian-led Yugoslav regime into “the business of the century,” even though “it had been clear from the beginning that the low end price would not cover the production costs of the factory despite the extremely low wages.” The scheme was tailored to the ethnic divisions wracking Yugoslavia, because the plant in Serbia “planned to cash in on the valuable foreign exchange,” while “the subcontractors outside Serbia were to take the losses because they were paid, if at all, in worthless Yugoslavian dinars.”

Rullman declares, “The ambitious export plans were supported by Lawrence Eagleburger, then U.S. Ambassador in Belgrade. Eagleburger promised miracles and described the export of the Yugo to the United States as the

first step on the way to a much bigger export offensive into the U.S.A., which was to bring Yugoslavia out of her economic difficulties. He acted on the assignment of the American government, which has long been fed up with Yugoslavia’s continuous demands for credit, because Yugoslavia had lost almost all strategic significance since the era of Gorbachov.”

Rullman relates how Larry profited: “Also personal interests played a role. When Eagleburger’s term as ambassador to Yugoslavia was ended by Reagan, he participated in the United States in a consulting firm of Henry Kissinger [Kissinger Associates, Inc.], which . . . cashed in millions and probably was the only one making a profit out of a business, which had been hopeless from the beginning.” After the Yugo’s entry into the U.S. market proved a flop, Rullman writes, “suspicion came up against Eagleburger and Kissinger, that they were misusing their influential political positions for private business and that they had instigated the operation only, to enrich themselves personally. . . .”

“When the Yugoslavs complained that their debts had increased as a consequence of the business which Eagleburger had talked them into, Eagleburger complained disdainfully that it had not been he, but Belgrade, that made the business. Later, one could see that he would not move a finger for Yugoslavia.”

Let them eat Yugos

Rullman’s story is borne out by Eagleburger’s reply to a question from Sen. Larry Pressler during the March 1989 Senate hearings for his confirmation as deputy secretary of state. Pressler asked: “Do you feel it wise for United States banks to continue to loan more

money to Yugoslavia, considering its huge debt burden?” Eagleburger said that, while Yugoslavia had once been an important buffer in Eastern Europe against the Soviet Union, which merited reward, it must now be treated as any other debt-ridden nation in the context of “North-South issues”—i.e., milked for every last drop of human labor value.

During his Feb. 20-27 tour in his new post to coordinate all U.S. aid to Eastern Europe, Eagleburger was even blunter. He told journalists in Belgrade, “If I were a billionaire, I would not invest any capital in Yugoslavia at this moment.” Even though he had profited as a board member of Global Motors, the parent company of Yugo America, Inc., which also employed Kissinger Associates as a consultant when Eagleburger was president there, he would not plow any of his substantial profits back into Yugoslavia.

An even more troubling report on Eagleburger’s trip to Yugoslavia appeared in the March 3 Zagreb, Croatia paper *Vecernyj List*, which said that Eagleburger had invited Serbian dictator Slobodan Milosevic, who is responsible for the massacre of Albanians in Kosovo, to the United States. Should this occur, then Eagleburger will be caught lying about his relations with the “Yugoslav Mussolini.” When Pressler at the confirmation hearings asked, “I understand you are a friend, a close friend, of the head of the Serbian Communist Party,” Eagleburger had denied it, claiming that out of concern for ethnic Croats and Albanians, he deemed Milosevic’s actions “very harmful.”

Does Larry have a new business deal to discuss with his old Serbian Communist crony, whom Eagleburger told the Senate Foreign Relations Committee “is in terms of economics, a Western market-oriented fellow”?

Debt-for-equity swaps mooted with Panama

Assistant Secretary of State Bernard Aronson told a hearing of the House Foreign Operations Subcommittee on March 22, in response to a question from Rep. John Porter (R-Ill.), that debt-for-equity swaps with Panama was a good idea since Panama had to come up with new resources to solve its economic problems.

Aronson also made clear that these ideas are presently being discussed by private groups and others in the U.S. and Panama.

Thrift 'industry' worse than anybody dreamed

A report released on March 26 on the 1989 performance of the thrift industry indicated that the nation's savings and loan associations had lost a record \$19.2 billion, prompting new predictions that the White House and Congress will have to intervene in the crisis again.

By the end of 1989, the thrift industry was losing money at the rate of \$3 million an hour—24 hours a day—and the losses were continuing to grow in spite of the biggest bailout in the nation's history. "The losses for 1989 are up almost \$6 billion from a year ago," commented Rep. Henry Gonzalez (D-Tex.), chairman of the House Banking Committee, "and the rate cannot be sustained without the Treasury facing another onslaught."

The publication of the report led to renewed calls by congressmen to abolish the newly created Office of Thrift Supervision and to turn its duties over to the bank regulatory agencies. About two-thirds of the losses stem from bad loans, and the rest are operating losses from the thrifts' paying out more in interest and other ex-

penses than they are earning on loans and investments.

In testimony to Congress, L. William Seidman, chairman of the Federal Deposit Insurance Corp. and director of the Resolution Trust Corp., said that more thrifts will need government help than was estimated earlier. Seidman noted that the situation was aggravated by rising interest rates and falling real estate prices. "Those two factors are not good for the industry or the RTC," said Seidman.

LaRouche dem blasts DoJ over persecution

In testimony before the House Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary on March 28, Texas Democratic congressional candidate Bruce Director attacked the Department of Justice (DoJ) for its role as an agency for Executive Branch tyranny.

Quoting from the writings of Czech President Vaclav Havel on how in a totalitarian state "the legal code wraps the base exercise of power in the noble apparel of the letter of the law," Director briefly traced the history of the judicial persecution of Lyndon LaRouche and his associates instigated by Henry Kissinger, then a member of the President's Foreign Intelligence Advisory Board.

Rep. Hal Rogers (R-Ky.) asked Director what he meant by his charge that the DoJ was caught "red-handed working with the Soviet government." Director then outlined the DoJ-Soviet collaboration to blame the assassination of Swedish Prime Minister Olof Palme on LaRouche. Director said the Justice Department was out of control and it was the Congress's duty to rein it in. "Congress must immediately initiate a thorough

investigation of the DoJ and take measures to bring it back in line with the Constitution," he said.

Dems divided in clean air debate

Senate leaders won approval on March 27 to limit debate on clean air legislation and scheduled voting on this massive piece of bureaucratic red tape to begin on April 3. The bill, which will place exorbitant costs on an already devastated U.S. industrial structure as it imposes pollution controls on industry, automobiles, and electric power plants on the pretext of bringing air quality within federal standards in most urban areas by the turn of the century, has provoked heated fights and splits in party groupings.

Both industry and labor have expressed concern over the significant increase in production costs and in loss of employment which this bill will cause. Sen. Robert Byrd (D-W. Va.), chairman of the Senate Appropriations Committee, has demanded assistance for coal miners who would be put out of work as a result of provisions contained in the bill. The Byrd amendment, which was opposed by the White House as being too expensive, was defeated on March 29 in a close 49-50 vote.

House resolution urges recognition of Lithuania

A resolution voted out of the House Foreign Affairs Committee on March 29 called on President Bush to "plan for and take those steps, at the earliest possible time, that would normalize diplomatic relations between the United States and the new government of Lithuania." It also declared that "the

use of force by the Soviet Union to suppress the democratic aspirations of the people of Lithuania and their desire for national sovereignty would be a gross violation of Lithuanian human rights and political freedom and a serious and tragic setback in U.S.-Soviet relations."

The resolution, based on a proposal submitted by Rep. Richard Durbin (D-Ill.), is scheduled to come up on the floor on April 2. Although there has been significant opposition to the pro-Gorbachov policy of the administration in the face of the courageous stand of the Lithuanians, President Bush successfully muscled some Republican congressional leaders at a White House session on March 29, where he argued that any support for Lithuania would play into the hands of the Soviet military.

Cabinet status of EPA is targeted

The House voted 371-55 on March 28 to make the Environmental Protection Agency a cabinet-level department in accordance with the wishes of the administration.

But in an effort to "out-green" the Bush administration, Democratic legislators have added a few provisos to the legislation which they hope will lead to a presidential veto.

In an attempt to supposedly "depoliticize the department," the Democrats have introduced the creation of a bureau of environmental statistics, which would be empowered to collect and disseminate to the public environmental data without the approval of the department secretary! It also creates several new bureaus in the department, including an office of international environmental affairs, an office of enforcement, and an office of pollu-

tion prevention and recycling.

The most sweeping change, however, is that it would apply the Resource Conservation and Recovery Act regulations governing solid and hazardous waste to federal facilities, including plants which produce nuclear weapons. "It's time we put everyone under the same rules," said Rep. Thomas Bliley (R-Va.).

Nunn pushes for greater defense cuts

In a speech on the Senate floor on March 29, Sen. Sam Nunn (D-Ga.), chairman of the Senate Armed Services Committee, sharply criticized Defense Secretary Richard Cheney for failing to take full account of a diminished Soviet military threat in submitting his budget requests. Nunn claimed the alleged reduced Soviet threat requires new cuts in U.S. defense spending and force deployments overseas.

Nunn also challenged Cheney's assessment that the Soviet Union could potentially reverse course in a short period of time.

Nunn's call comes as defense experts are still debating whether there has been any Soviet reduction at all. Nunn referred to the previous testimony of CIA head William Webster, attesting to such a diminished Soviet threat, saying that this was "closer to the mark" than the statements of Cheney. Nunn also criticized the recent Pentagon assessment of the international military threat, which he said "did not include as part of . . . [its] calculations the recent disintegration" of the Warsaw Pact.

Nunn also affirmed his commitment to a withdrawal of U.S. troops from Western Europe. "Even if one deems it necessary to hedge against

the possibility, however remote, of a reestablishment of a Soviet invasion threat against Western Europe, it does not necessarily follow that the appropriate precaution is to maintain huge standing armies on guard in Western Europe," Nunn said. He was backed up by ranking committee Republican Sen. John Warner (Va.), who said that Nunn had given "a reasonably accurate and fair presentation of the facts."

Feuding rages in Democratic camp

Although some Democrats are backing the proposal of Sen. Daniel Moynihan (D-N.Y.) to remove the Social Security trust fund from calculations used to determine the federal budget deficit, many leading Democrats such as Sen. Lloyd Bentsen (D-Tex.), chairman of the Senate Finance Committee, disagree with Moynihan's proposal for fear of what it will do to the carefully manipulated budget calculations.

A more draconian proposal for cutting the budget was put forward by Rep. Dan Rostenkowski (D-Ill.), which called for freezing federal spending programs, including cost-of-living adjustments for Social Security recipients, cutting defense outlays by \$150 billion over five years, and increased excise taxes on gasoline, tobacco, and alcohol. Other Democrats are nervous about this proposal which so blatantly targets their working class constituencies, but Rostenkowski has support in Bush administration among Republicans like Sen. David Durenberger (Minn.).

After meeting with President Bush on March 20, House Speaker Thomas Foley (D-Wash.) declared that the Rostenkowski plan was not dead.

National News

Abortion penalties on Guam toughened

The governor of Guam signed into law on March 19 the toughest restrictions on abortion in the United States, making performing or aiding an abortion a felony. The new law sets the stage for a likely test of the U.S. Supreme Court's 1973 *Roe v. Wade* decision, according to the Catholic News Service March 22. Guam is 93% Catholic.

The new law prohibits all abortion, except in cases when two physicians and a licensing board agree that the mother's health is endangered. The law was passed unanimously by the territorial legislature March 8. Archbishop Anthony S. Apuron of Agana, Guam, threatened days before the bill passed that he might excommunicate any legislator who voted against it.

Janet Benshoof of the American Civil Liberties Union in New York faces a year in jail and \$1,000 in fines for "solicitation to commit an abortion," a violation of the new abortion law. Benshoof allegedly told Guam residents that they could ignore the law and go to Honolulu to obtain an abortion, the March 27 *Washington Times* reported. Benshoof is challenging the law.

Soviets reported ready to deploy beam weapons

The Soviet Union is developing strategic and is prepared to deploy tactical systems based on directed energy technologies before the end of this decade, charged Lt. Gen. Leonard H. Perroots, USAF (ret.), former head of the Defense Intelligence Agency, in *Signal*, the official publication of the Armed Forces Communications and Electronics Association. The charge is one of the first public warnings, outside of the years-long campaign waged by *EIR*, exposing Soviet capabilities in low-energy and high-power lasers, radio frequency weapons, and beam weapons.

Perroots warned that the Soviets are between three and five years ahead of the United States. "Directed energy weapon techno-

logies appear to figure prominently in this restructuring, this perestroika of the Soviet military machine," he said.

"The Soviet Union's laser program dates from the 1960s. The developments are much larger than free world efforts and involve more than 10,000 scientists, engineers, and more than a half-dozen major research and development test ranges. The amount of Soviet research and development in high-energy laser technologies is far greater than that of the rest of the world combined.

"Their tactical laser program has progressed to where battlefield laser weapons soon could be deployed. . . . Moscow hopes that its huge investment to design and build high-energy lasers will provide it with weapons systems for air defense, space-based anti-satellite missions, and conceivably, defense against ballistic missiles.

"The Soviets lead the world in the design of many types of radio frequency generators, which appear most promising for use in high-power weapons. The Soviet Union has conducted research in the use of strong radio frequency components of ballistic missile warheads." Perroots reported that the Soviets are developing radio frequency weapons capable of destroying the electronics of "tactical targets, especially those incorporated into newer model free world aircraft and precision-guided munitions" which "could be designed and built during the 1990s.

"Soviet developments in the entire particle beam area, however, are impressive. In fact, much of the U.S. understanding as to how particle beams could be made into practical defensive systems is based on Soviet work conducted in the late 1960s and '70s."

Unionist condemns attack on workers

"I fear for the entire system when people become desperate, with nothing left to lose," is the anguished cry of San Diego-based Greyhound bus driver Jake Smith, in a commentary in the March 24 *Los Angeles Times*.

Unions helped the United States become an industrial giant, Smith said, and now the

unions are being destroyed. Smith names Texas Air's Frank Lorenzo, and Greyhound's John Teets and Fred Curry as examples of people "who spend all of their waking hours convincing me and my workingclass colleagues that we are not worth a living wage."

Smith pointed out the contradictions in the company's position on the strike, and said, "I just want to go to work and be able to make a living, but I can't. . . . How am I supposed to live with dignity in this carnival atmosphere? Why do good people have to be dismissed out of hand just because they want a little of the rate promised on this contract. . . . We have a whole generation of kids out there in gangs, lured by the quest for big money, selling drugs to each other as an alternative to a future as minimum-wage, fast-food servants. . . . How can this government be so short-sighted as to misunderstand what it takes to develop a career working class? I fear for the entire system when people become desperate, with nothing left to lose. The rich simply cannot have all the money."

NAMBLA editor charged with sodomy

North American Man-Boy Love Association newsletter editor Christopher Farrell was arrested and charged with sodomy and endangering the welfare of a child, *New York Newsday* reported March 23.

Det. Joseph Gelfand, from Manhattan South Public Morals Division said that Farrell had been under investigation for six months after the arrest of movie producer David Cloud, who was charged with endangering the welfare of a minor after he allegedly picked up a Bushwick youth and brought him to New Jersey for sexual activity. While interviewing the youths in that case, Gelfand and his partner Det. Mike Pascucci began tracing names of pedophiles. "Certain names kept coming up over and over," said Gelfand. Farrell allegedly prowled a poor Brooklyn neighborhood and paid teenage boys to commit sodomy with him.

Police Inspector Frank Biehler of the public morals division told the *Daily News*,

"It's not often we get someone from NAM-BLA." He said the group claims to have only 200 members in New York.

Weld hires union buster as adviser

Following his defeat at the GOP convention on March 10, Massachusetts gubernatorial hopeful and former U.S. Assistant Attorney General William Weld has compounded his political problems by hiring a notorious union-buster as a political consultant to his campaign.

Weld's hiring of Stephen Tocco, a political consultant who led bitter fights against labor unions to repeal the state's prevailing wage law, has triggered a near revolt among his advisers. According to the March 23 *Boston Globe*, Gordon Nelson, a top Weld adviser, has threatened to pull out of his campaign if Weld doesn't fire Tocco. "I told Bill Weld that the last thing we need is to bring on board some guy who is perceived as the number-one union buster in the state. That is political idiocy," Nelson said. "If Steve Tocco is in charge, Bill Weld will lose the election . . . he will self-destruct."

Heavy metal music linked to vandalism

Addiction to heavy metal music has been cited as the cause of vandalism in the New Jersey trial of a 13-year-old, the *Newark Star Ledger* reported March 23.

Middlesex County (N.J.) Prosecutor Alan Rockoff told the press that a 13-year-old boy who drew swastikas and wrote profanities on four homes was acting out his "addiction" to heavy metal music. "He knows as much about anti-Semitism as the man in the Moon. These acts are directly linked to the music he listened to incessantly. He is a heavy metal music addict." Rockoff said the teenager was "dwelling upon" death and the Devil. Rockoff said, "If you saw the evolution of this young man, the

swastikas came to his mind, not from following any white supremacy group, but from the mind-polluting effect of heavy metal rock music."

The satanic influence of heavy metal is also emerging as an issue in the New York trial of accused murderer Alex Rodriguez, the *Bronx Herald* reported March 23. Attorneys raised the issue at pretrial hearings in February in the Somers jogger murder trial. Rodriguez was arrested on Sept 20, 1988 and accused of killing Marilyn Campanello by repeatedly stabbing her with a compass-like drawing instrument. On the day of his arraignment he wore a T-shirt emblazoned with the name of the heavy metal rock group Iron Maiden and one of their songs, "Can I Play with Madness?" The group's record covers usually feature a ghoulish figure holding a bloody weapon. Its songs include, "Killers," "Die With Your Boots On," "Flash of the Blade," "The Loneliness of the Long Distance Runner," and "Only the Good Die Young."

Burning of British flag spooks British press

Workers at the Norton Co. in Worcester, Massachusetts burned the Union Jack and carried placards which read "Boston Tea Party II," "Ban the Brits," and "Baseball, Motherhood, and Apple Pie. To Hell with Tea and Cricket," at a recent town hall rally to protest the proposed takeover of their company by the British conglomerate BTR. Workers at Norton are concerned that BTR will shut down their plant and move operations to Mississippi. BTR has already shut down a company it bought in Chicago and moved its operations to Mexico.

The March 23 *Financial Times* of London quotes an article from a local newspaper in Worcester that "There hasn't been as much anti-British sentiment in these parts since Isaiah Thomas was printing anti-English missives during the Revolutionary War." The *Times*, keeping a stiff upper lip, assured its readers, "The virulence of this action is partly attributable to pure xenophobia, triggered by increasing foreign investment in the U.S."

Briefly

● **GEN. FRED WOERNER**, the former head of the U.S. Southern Command in Panama, said that the picture of Hitler found in Gen. Manuel Noriega's quarters was planted, according to a participant at a Carnegie Endowment for Peace meeting in Washington March 20. Woerner said the invasion should never have taken place.

● **THE WIFE** of convicted spy Jonathan Pollard, Ann Henderson Pollard, was released from a halfway house March 30. Pollard is trying to overturn his guilty plea to charges of selling U.S. military secrets to Israel and has asked the U.S. District Court in Washington to withdraw his 1986 guilty plea and be allowed to stand trial.

● **COLUMNISTS** Evans and Novak warned against the International Monetary Fund's "poison pill" policies in Ibero-America on March 23. "Even apart from destabilizing advice . . . the IMF's track record is miserable," they write.

● **THE INTERNAL** Revenue Service was wrong in half the monetary value of \$15 billion in corrections sent to taxpayers who had filed their 1988 returns. The IRS reportedly wrongly demanded \$7 billion to which the government was not entitled.

● **EASTERN AIRLINE** pilots have tentatively agreed to a new contract the *Wall Street Journal* reported. The roughly 900 pilots who did not strike will lose a quarter of their average annual pay of \$72,000. Eastern will not be required to rehire the 1,700 pilots who did strike, while the 1,000 replacement pilots hired at \$27,500 a year are not mentioned.

● **DEFENSE** Department officials are asking Congress for the power to force out officers that wish to stay in the service and refuse to leave voluntarily in order to meet budget goals, the March 21 *Los Angeles Times* reported.

The reality of depression politics

The consequences of growing unemployment and escalating prices are being visited most cruelly on our children: those who are alive, and those unborn because of the destruction of the family structure. This is the reality behind bills before the U.S. Congress such as the controversial Child Care Bill which would allot \$30 billion over a five-year period to provide supervision for children who would otherwise be left almost to their own devices, such as the so-called "latch-key" children. These children's mothers have been forced onto the labor market in order to support them, not only because they may be single parents, but because most two-parent families cannot survive in today's United States, without both parents working.

It has become fashionable for Americans to vent their rage at the worsening conditions of their lives by what is crudely known as "Jap-bashing." The truth is that the Japanese have systematically invested in maintaining and extending their infrastructure and technological base. Thus the productivity of their workforce is far greater than that of comparable American workers, as *EIR* has shown in comparing two countries' auto industries.

Just as much to the point, the family structure in Japan is intact, compared not only with the United States, but with other Western nations as well. An even more devastating comparison has recently been compiled for the U.S. Congress. Called "A Report to the Select Committee on Children, Youth and Families, Which Was Assembled for the Second Session of the Hundred-First Congress," the study establishes that children in the United States are among the worst off in the advanced sector as a whole.

The report states: "When compared to children in other developed countries, children in the United States are frequently at greater risk for a host of social, economic, and health problems. In some cases our problems are more severe than, but not qualitatively different from, those in other industrialized countries. . . . The greatest disparities are in the number of children affected by divorce, youth homicide, and along with Australia, child poverty rates. The U.S. also has a

higher rates of infant mortality and teenage pregnancy." On the other hand, apparently many nations in the West, like the United States, are afflicted with the problem of youth suicide and high joblessness rates among young people.

Further, the "proportion of children living in single-parent families increased since 1960 in all countries studied, but the gap between the United States and the other developed countries widened."

Surely \$30 billion is too little, not too much to spend on our children. The White House threat to veto the bill for going over budget is disgraceful, but the issue is not being presented properly. That we should need such a bill is the problem. Only in the last 20 years have families become the norm, in which the mother is forced onto the job market by economic need; and our children are paying the price. It is not enough to provide pre-school and after-school care, for "latch-key" children: We must deal with the root causes of the problem. These lie in the destruction of families, a destruction fueled by economic collapse.

The so-called glitz and glitter of the privileged Yuppies is vanishing rapidly, while the conditions of life of the growing number of poor approach those of a Third World country in cities like Washington, capital of the once-great United States. We are in the midst of a depression which is rapidly becoming worse than the great depression of the 1930s.

A society which does not respond to the needs of its children, cannot have long to live. But it is not just a question of money, of standard of living. The present anti-technology climate, which is fueling the deindustrialization of America, and the ruin of its infrastructure is also robbing young people of a sense of purpose, a sure knowledge that it is important that they develop themselves in order to take their place alongside their parents as productive citizens. In such a climate, youth homicides, suicides, out-of-wedlock pregnancies flourish—along with hunger and disease. Let's stop talking about the Japanese and begin facing reality. Without the kind of investment policies spelled out by Lyndon LaRouche, our civilization will be doomed.

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Satanism is a criminal conspiracy, but it is also a political movement which bridges the separation between extremists on the left and those on the right. This report is your defense against it.

SATANISM

Crime Wave of the '90s

Who is right?

New York Archbishop Cardinal John O'Connor has denounced heavy metal rock as "a help to the devil" and said that "diabolically instigated violence is on the rise." (March 4, 1990)

But the Federal Bureau of Investigation's expert, Kenneth Lanning, claims: "Far more crime and child abuse has been committed in the name of God, Jesus and Mohammed than has ever been committed in the name of Satan." (June 1989)

Read the definitive study by *EIR*'s investigative team, including: The Matamoros murders; Manson; the Atlanta child murders; the satanic roots of 'rock.' Plus, "The theory of the satanic personality," by Lyndon H. LaRouche, Jr. Learn the extent of the satanist epidemic, who its high-level protectors are—and why some officials want to cover it up. 154 pages.

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