

EIR

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The 'vigilante journalism' of NBC's Pat Lynch
Thatcher co-thinkers aim terror against Germany
A nuclear-energy renaissance for Europe

**Senate crime bill: human
sacrifice to quell unrest**





A TOTAL WAR STRATEGY AGAINST PEKING

by Gen. Teng Chieh

"All we need do is to understand how to make the most of our strengths to attack the enemy's weaknesses. Then we can snatch victory out of the jaws of defeat. The Chinese Communist Party is extremely weak, just like a paper tiger—one poke and you could pierce it through. All the masses on the mainland are opposed to communism."

—Gen. Teng Chieh

This amazing little book by one of the top leaders of Taiwan's Kuomintang party, published by Chinese Flag Monthly in December 1988, charted the course for the Chinese students' revolution that erupted just a few months later. Preface by Lyndon H. LaRouche, Jr.

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From the Editor

Don't give up hope: It can be changed. That is my message about the contents of the *Feature*, which outlines the orientation of recent legislative and judicial actions in the United States. The American people needs perhaps to be shocked into awareness of just how far the drift has gone toward setting up a Nazi-like code of justice, and for the very same reasons that the British bankers's favorite, the "financial wizard" Hjalmar Schacht, imposed Hitler on Germany—to suppress any possibility of revolt against an increasingly murderous austerity regime, under conditions of a grave economic crisis.

Do read the article on p. 64, by former *EIR* managing editor Susan Johnson, about the debate between a "LaRouche Democrat" and former presidential candidate Richard Gephardt. It gives a good idea of how the political mechanisms which are enforcing stupid policies by draconian laws, can be unhinged through the application of reason to politics, "even" here in the United States.

The core of hope lies in the potentials for a "Productive Triangle," linked by high-speed and magnetically levitated rail transport, within Europe's industrial heartland.

Last week we presented the first installment (of three planned), of the programmatic outline of the Triangle inspired by Lyndon LaRouche, elaborated by *EIR* intelligence staff members under the direction of our Wiesbaden bureau, and mobilized for throughout Europe by members of the Schiller Institute and by the political party, Patriots for Germany. This week's *Science & Technology* section presents the second installment, on the nuclear energy requirements of the Triangle. Next, we will give you a thumbnail sketch of the actual rail requirements of the plan.

As the *International* lead reports, the Germans are determined to move ahead swiftly toward unity, precisely because of the strategic danger—and despite terrorist and other threats. See also the article on p. 6 about Japan's resolve to take responsibility for steering our world onto a more rational course.

In the *Investigation*, we profile a linchpin (excuse the pun) of the "dirty tricks" apparatus that runs and covers up assassinations in order to keep the old order of power from being shaken.

Nora Hamerman

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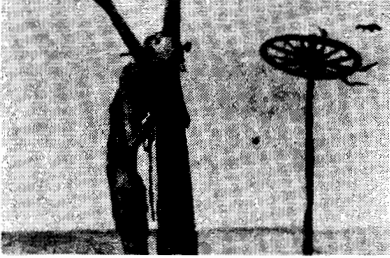
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The Rubicon is crossed; oil shock is under way

by Chris White

Iraq's invasion of Kuwait is a crossing of the Rubicon in two respects. Lyndon LaRouche warned on July 4 from the Rochester, Minnesota jail where he is detained a political prisoner, that the question of war in the Middle East was put back on the table for the period ahead by the character of the Shamir-Sharon "*Eretz Israel*" government there installed. The dogs of war have now been unleashed. That is one of the senses in which the Rubicon was crossed, when at about 9 p.m. (EDT) on Wednesday, Aug. 1, Iraq's armed forces crossed the border into Kuwait, reportedly answering the request of a group who had organized a coup against the ruling house of Sabah.

Once unleashed, such dogs are not so readily re-kenneled. The invasion unleashed a full-court campaign against Iraqi President Saddam Hussein as "the new Hitler," the "Great Dictator," and the "Butcher of Baghdad," who must be stopped, now, at all costs.

So, first, just because there is a chorus coming from Sens. Alfonse D'Amato (R-N.Y.) and Dennis DeConcini (D-Ariz.), Reps. Stephen Solarz (D-N.Y.) and Thomas Lantos (D-Calif.), international newspapers such as the *New York Post* and *Bild Zeitung*, and the Israeli government, should itself be pause for thought. That such an assorted bunch acts with such hysteria on any matter ought to be reason to ask what is going on. It also forces consideration to focus outside the Persian Gulf, not on the ostensible military and political on-the-ground so-called realities in the area itself.

So, step back. Israel's present government is a war government. Its adopted program is for a "Greater Israel," to be achieved in part, over the coming months, through the expulsion of Palestinian inhabitants of the occupied territories, and their replacement with Russian or Israeli Jewish settlers. Targeted for elimination as part of this commitment

are the Palestinians and the Palestine Liberation Organization (PLO), the Kingdom of Jordan, to be replaced by a puppet entity, and Iraq, as the militarily strongest among the Arab states.

Who controls the Israeli government?

And the Israeli government, what is that? Look at the role of the Hollinger Corp., of Henry Kissinger, former British Foreign Secretary Peter Lord Carrington, and Peter Bronfman, together with Robert Maxwell in putting that government in place and in shaping the outlook of the Israeli population. Hollinger and Maxwell have taken over a large portion of the Israeli press and media, including the *Jerusalem Post* and *Ma'ariv*. They represent the power which controls Israel, in terms of its culture and the impulses for action defined by that culture. This is the crowd which from its City of London power base is the core of Anglo-American financial power.

And Iraq? According to Sen. Robert Dole's (R-Kan.) account of his April trip to Baghdad and meeting with Saddam Hussein, Iraq believed itself the target of a British-Israeli plot, which was being joined by the U.S. and its media. Iraq was also played in that plot—the tactic known in the U.S. as "Mutt and Jeff," a campaign coordinated around atrocity stories, nuclear and chemical weapons scares, "super-gun" conspiracies, leading to negotiations and agreements. Indicative is the July 16 agreement, mediated by Tiny Rowland's Lonrho corporation, one of the core London holdings overlapped with Henry Kissinger's Kissinger Associates through agreements with Robert O. Anderson's Hondo Corp., for the release of a British nurse, accused of spying.

So, there are British and related interests on both sides, typified by those in the United States who are associated with Henry Kissinger and the Bronfman organized crime family.

Shouldn't this set off alarm bells? Haven't we seen this before? This is the same crowd which organized the 1978-79 Khomeini Revolution in Iran, the concomitant so-called second oil shock of the 1970s, and the Khomeinians' seizure of U.S. hostages. It is also the crowd which organized the 1973-74 Middle East war and first oil hoax of that decade. The same crowd, through Edmond de Rothschild's "Millionaires Club," helped pull off the so-called "Six Day War" of June 1967.

Imposing 'finite' resources

Here lies the second sense in which the Rubicon was crossed. This is the crowd which has, in the postwar period, employed crises in the Middle East to shift what is considered to be "the rules of the game." Take the cases of the oil shocks of the 1970s. Isn't that what happened? The embargo, shortages, and price increases of 1973-74 ushered in what was called an era of "limited" or "finite" resources. They claimed that the days of permanent economic growth were over, that mankind had been living beyond its means, squandering finite natural resources, and would have to adjust to living with less.

The second shock was supposed to tell us that we hadn't taken the first one seriously enough. With it were unchained the Dark Age monsters of religious fundamentalism, typified but not limited to Khomeini's Shi'ites, as a political battering ram against the political institutions and culture associated most strongly with Western Christianity's nation-state based on the inalienable sovereign rights of the individual.

And this time another oil shock is well under way. Exxon, Texaco, Chevron, British Petroleum, Shell, and Mobil, which price gouged in 1973 and 1979, are doing it again. Markets are discounting price increases up to an beyond \$30 per barrel.

The other sense is equally as devastating as the first. The Anglo-Saxon economies, and predominant dollar-based financial system, are so unstable in their headlong plunge into depression and banking crisis that the shocks which followed the invasion have also uncorked the furies of crisis outside the Gulf. Iraq's invasion of Kuwait may well turn out to be the shock which detonates the underlying crisis in the bankrupt economies and financial systems of the Anglo-Saxon world as a whole.

Look at what began immediately after the invasion: A state of emergency was declared; the U.S. government ordered the assets of both Iraq and Kuwait to be frozen as of early morning Aug. 2. The seizure applies not only to assets held within the United States, but also to those held by subsidiaries of juridical "U.S. persons" outside the United States. Simultaneously, Iraqi products were ordered excluded from within the United States. The United Kingdom followed suit, seizing assets of Kuwait alone, not those of Iraq. Even before the seizure was enacted, the Bank of England had intervened to prevent the sale of securities held by the London-based

Kuwait Investment Office. France joined in, too. Iraq replied by freezing payments on debt owed to the United States, and it seems also to subsidiaries of foreign companies inside the United States, such as Italy's Banca Nazionale de Lavoro.

No minor matter this: Kuwait's assets are estimated at between \$200-300 billion, and comprise, for example, a stake in the giant British Petroleum Corp., a holding in Britain's Midland Bank, a chunk of Santa Fe International in California, a slice of the partnership just put together by friends of Henry Kissinger to assimilate the victims of Drexel Burnham's asset stripping, choice pieces of real estate, and New York's Carvel ice cream chain.

Propping up the dollar

The story is that the Kuwaiti assets were seized "to protect them" from Iraqi takeover. But you can judge. Look at what was going in the United States prior to the invasion. The dollar had gone into a free-fall against the German mark, plunging back to its post-October 1987 crash level, and headed toward the all-time post-World War II low. The Treasury had just announced, with the budget summit process in shreds, that the U.S. would need to borrow more than \$60 billion for the third quarter of the year, and more than \$100 billion for the fourth quarter, thereby telling the rest of the world that the U.S. deficit for next year would be between \$300-400 billion.

The banking system was on the brink. On Friday, July 27, panic hit the northern Virginia suburbs of the nation's capital, as depositors began to pull funds from the insolvent United Savings Bank of Northern Virginia. The runs continued on Monday and Tuesday until the bank was taken over by the Office of Thrift Supervision.

A run against the stock of large national banks was triggered, ostensibly by testimony of Federal Deposit Insurance Corp. chief William Seidman, helped along by an ABC Nightline report on the insolvency of the banking system and by an Aug. 1 article in the *Wall Street Journal*, airing a few of the hitherto unmentionables about the viability of the nation's banks. Seidman reported to Congress July 30 that he would need another \$50 billion over the next two months to shut down thrifts, and \$100 billion next year. Total costs might go to \$500 billion, he said.

Later the night of July 31, Seidman played foil to Stanford University Professor Brumbaugh's charges that the biggest political coverup of all time did not involve the S&Ls, but the insolvency of the nation's commercial banks, which taxpayers would shortly be expected to fund, just as they were expected to fund the S&L catastrophe.

By Aug. 1, a run had been organized against the stock of the large money-center banks. Shares in Citibank, Chase Manhattan, Chemical, Manufacturers Hanover, Bank of Boston, and Wells Fargo plummeted. In this sense, too, the Rubicon has been crossed. It won't be business as usual again.

Japan takes on role as Asia leader

by Linda de Hoyos

On July 5, just as the summit of the heads of state of the seven industrialized nations was concluding in Houston, Texas, the Japanese Ministry of International Trade and Industry released a report on its proposals for shaping Japanese foreign policy between now and the 21st century. That report, formulated after a long and tedious process of consensus-gathering within Japan's most influential institution, delineates Japan's determination to become a full-fledged world power.

"In the 1990s," the report states in its preface to a listing of Japan's "Basic Tasks," "Japan must realize that the size and influence of its economy require that it fulfill its international responsibilities. More than ever, Japan must cultivate global awareness and perspective. At times, it will need to act at its own expense. As a peace-loving nation, Japan should make positive contributions to the world in non-economic areas as well as economic areas. . . .

"Japan's own prosperity will depend on a stable and free international community. By recognizing this fact, by implementing internal reforms, and by building stronger ties with other nations, Japan can avoid being isolated from the global community and can enhance its trustworthiness in the eyes of the world. This must be the foundation for Japan's foreign relations in the 1990s."

The end of the postwar balance of power

This policy will be launched by under the immediate direction of Prime Minister Toshiki Kaifu, who has emerged from a two-year battering of the Japanese political system as a strong national leader. In a Tokyo symposium June 25, Kaifu declared that while before it was "politically impossible" for Japan to play a prominent role in international issues because the world order was based on the balance of power between the United States and the Soviet Union, the shift in international relations opens the way for Japan to step forward. "From now on Japan will go out into the world and if there is a request from another party, we should not hesitate in meeting it."

This view of the challenge for Japan in the 1990s had already informed the deportment of Prime Minister Kaifu at the Group of Seven summit in Texas in early July. Instead of adding Japan's obeisant nod to an agenda formulated in Washington, Kaifu appeared to carve out areas where Japan's self-perceived interests would prevail, and also made clear that Japan is prepared to take the lead on issues particularly pertaining to Asia. Kaifu had left Tokyo for the summit

after a send-off gathering of the leaders of the ruling Liberal Democratic Party, where former Prime Minister Yasuhiro Nakasone admonished that "at the summit, nations must cooperate, but it is also important for each country to state their national interest."

The Asian view of China

Specifically, Kaifu arrived at the summit with the message that Japan would renew loans to the People's Republic of China, loans which had been frozen since last year's Tiananmen Square massacre. Japan, Kaifu said, fears China's total isolation, believing that a breakdown crisis in the P.R.C. would engulf the entire Asian continent. Furthermore, "with the resumption of the yen-based loans to China," Kaifu told the Tokyo NHK television network July 21, "Japan will have a say in various political and economic matters, and I feel have somewhat of a responsibility."

At the least, Japan has attempted to put pressure on China in an effort to find a solution to the Cambodian conflict. In early June, Japan with Thailand, sponsored talks among the Cambodian factions and Vietnam, but its efforts were thwarted by provocative shenanigans from the U.S. State Department.

The Japanese policy has not been taken without consultation with the ASEAN countries of Southeast Asia, prominently including Indonesia, which renewed diplomatic relations with China this year. Indonesia Foreign Minister Ali Alatas reported June 29 that Japan and Indonesia had reached a "political consensus" not to isolate China.

Aside from taking the Asian view of China, Prime Minister Kaifu was representing an Asian viewpoint at the summit officially. On July 5, South Korean President Noh Tae Woo spoke to Kaifu by telephone and asked him "to assume a leadership role "as the Asian representative in Houston."

In addition, a delegation of the 42 countries designated by the United States as "least developed," led by Bangladesh Foreign Minister Anisul Islam Mahmud and including the foreign ministers of Togo, Somalia, and Sudan, called on Kaifu in late June asking him to raise the plight of the developing nations in Houston. Although Japan's record on debt and credit flows to the "LDCs" is no better than any of the other Group of Seven countries, the delegation's choice of Tokyo to visit is an indication of Japan's potential role in the Third World.

MITI's industrialization plans

Japan's role in bringing about the industrialization of the underdeveloped countries is a feature of MITI's vision of how Japan will take its place in the world. The report notes that Japan must strive "to solve global problems with expansion of Japan's ODA [Overseas Development Assistance] and new measures, including new funding schemes based on public-private cooperation which emulate the role the United States played in world development after World War II" and which, of course, the United States no longer plays.

Aside from calling for Japan's reform of its domestic economy to raise the general standard of living and deal with the fact that Japan is becoming an "aging" nation, the report is notable for putting forward principles in opposition to those currently dominating the U.S. "flea market."

The report specifically rejects the concept of the "post-industrial society." Instead, as the following paragraph makes clear, the entire progress of the Japanese economy must rest on a constantly revitalized industrial base: "The challenges of the 1990s include creating a vital industrial structure that can respond flexibly to changes in the values and needs of the people, eliminating gaps between industry, reversing the disparate growth among regions, developing new industries, and fostering small and medium-size companies—the source of the energy which drives the Japanese economy. . . . The manufacturing sector continues to play a vital leadership role for the other industrial sectors. It also leads in supporting the technological innovation that is essential for driving Japan's progress."

Alternative models, such as the "service economy," are not acceptable. In a politely unnamed reference to the British and U.S. basket-case economies, MITI notes: "The experience of other countries shows that declining manufacturing undermines the vitality and stability of society."

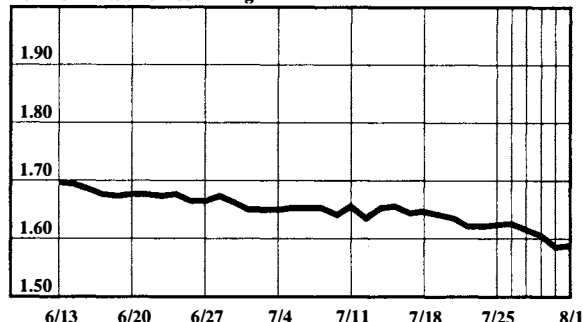
In this context, MITI states that Japan must question both its labor industrial policies and the trend toward the increased dominance of the financial sector over policy making: "The flight of human resources from manufacturing makes it imperative that the manufacturing sector itself improve working conditions. . . . At the same time, Japan must promote education and human development policies to emphasize making things and reexamine the regulations that have given the financial sector an upper hand." And later, MITI warns that it is necessary "to pay close attention to the negative effects on industrial restructuring efforts and on the morale of the work-force caused by investments in land, stocks, and other assets which have gone too far."

In short, despite U.S. demands, Japan is not about to cash in its economic principles—those based on the economics of German-American economist Friedrich List—for the Adam Smith policies that have brought the U.S. and Britain to ruin. However, it remains to be seen how far Japan will get in extending these policies worldwide unless it is also prepared to buck British and U.S. world financial policies.

Currency Rates

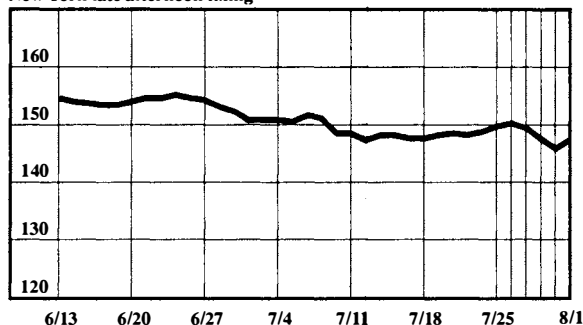
The dollar in deutschemarks

New York late afternoon fixing



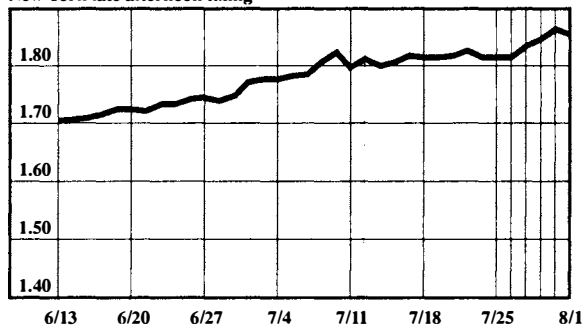
The dollar in yen

New York late afternoon fixing



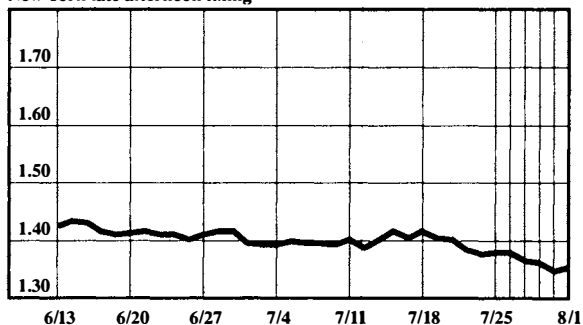
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



'Free trade' won't save Ibero-America

by Cynthia R. Rush

Ibero-American heads of state are clinging to monetarist economic policies and free trade schemes demanded by the Bush administration. But as the U.S. economic collapse accelerates, as a result of the same policies these governments are so slavishly embracing, the battle is escalating over what measures are needed to pull the continent out of its worsening crisis. The lines are drawn between the defenders of Adam Smith, the 18th-century free trade ideologue who acted on behalf of British imperialism, and those who back the protectionist policies of the "American System" economists such as the German-American Friedrich List, or the United States' first Treasury Secretary, Alexander Hamilton, which can guarantee Ibero-America's industrial and economic development.

One example of this fight was seen at the third congress of the Brazilian Nuclear Energy Association (ABEN), held in late July. Pointing to the remarkable developments in Eastern Europe and the reunification of Germany, ABEN president Guilherme Camargo told his audience that the model that could guarantee the development of Brazil's nuclear potential is found in those countries "which base themselves on the strengthening of the physical economy, investing in brainpower, in capital goods and infrastructure, following the tradition of the French Polytechnic School of Lazare Carnot, in the 18th century, and the German economic school of Friedrich List in the 19th century."

Adam Smith's defenders are also unfortunately visible. In Colombia, where debate is raging over the government's commitment to abandon all regulation of the economy at the behest of the Bush administration, the daily *El Tiempo* dedicated its July 17 lead editorial to clearing up what it claimed were "distortions" of Smith's thinking. "It's not true," *El Tiempo* said, "that Smith elevated the capital sin of egotism to the category of virtue. He simply said that this nefarious custom of the human being to permanently seek his personal well-being could be taken advantage of for the common good. Thus the famous theory of the 'invisible hand' was born." The Bogotá paper added that if Smith were to reappear in Colombia today, he would certainly be upset at how his ideas have been interpreted, particularly with "the excessive protection, lack of mobility and competition in the

labor market, and inefficient state intervention."

Banks eliminate nations

U.S. creditor banks, most of which border on insolvency, are continuously sending their henchmen to Ibero-America to demand adherence to economic liberalization to squeeze debt payments out of these nations. During a recent trip to Mexico, Citibank chairman John Reed told the government that all its policy concessions to the financial community were insufficient to remove it from the creditors' "black list"; and during a late-July stop-off in Brazil, Reed threatened that unless President Fernando Collor's government immediately resumed interest payments on its debt, it could very well "disappear" from the map. Such countries as Peru and Bolivia, he added, are economic basket cases, and will definitely cease to exist as nations.

The Collor government has opted for total economic liberalization. But a July 30 wire published by the Cuban press agency Prensa Latina, datelined São Paulo, reflects the fact that there is fierce opposition to that policy inside Brazil. Published in Mexico's *El Financiero*, the article reviews aspects of efforts to create nation-states in 19th century Ibero-America, focusing on the fight between those who tried to emulate the early United States' protectionist model, and those who worked on behalf of the British to impose free trade.

The Prensa Latina author points out that protective tariffs established in the mid-19th century by leaders such as Argentina's Juan Manuel de Rosas, or Paraguay's Francia-López, "had to be brutally liquidated through the force of arms to freely reestablish British privileges." The Alves Branco protective tariff in Brazil led to "spectacular industrialization," the author points out, until it was suspended in 1860 by proponents of free trade. The article warns that George Bush's announced plan to build a hemispheric free-trade zone, the much-heralded "Enterprise for the Americas" scheme, is nothing but a new assault by the forces behind the Trilateral Commission to destroy the nation-state.

In a March 1990 report, the Trilateral Commission demanded that Ibero-America accept economic liberalization and free trade, and pointed to Chile as a country that had enjoyed tremendous growth as a result of such policies. Not everyone buys this line, however. Former Colombian Finance Minister Abdón Espinosa Valderrama wrote in *El Tiempo* July 28 that to follow Chile's example while "ignoring clear rights and experiences, could destroy our national development." It used to be the case, Espinosa said, that Colombia wanted to emulate the Asian countries "with their strongly state-run economies. . . . Now the model in vogue is the drastic opening of General Pinochet's regime in Chile, under the aegis of neo-liberal principles applied in their most radical and crude form." In fact, Espinosa explained, the "Chilean process is characterized by its dramatic deindustrialization, decline in industrial production per capita, and reduction in number of industrial establishments."

Mexican government has sold the rope with which it will be hanged

by Carlos Cota Meza and Carlos Méndez

President Carlos Salinas's determination to bring Mexico into a North American Common Market has put his neck in a noose. The United States is not giving what it had promised, and the Mexican beneficiaries of the plan are angry because they are not getting as much as they were promised. The privatization of state sector companies, a substantial part of Salinas's program, was conceived as an integrated package: The government would transfer them to private enterprise at the same time that it would assure them they could expand exports to the U.S. market, thanks to the signing of a Free Trade Treaty with the United States. But the scheme is not working; and it seems it never will.

U.S. Ambassador to Mexico John Negroponte startled the businessmen running Mexico's "economic globalization" at Mexico's World Trade Center on July 19. He warned them that negotiations for the Free Trade Treaty would not be easy, and even were an agreement reached, "I would be the first to say that an accord of this kind is not the panacea." He explained that, under the terms of the U.S.-Canada Free Trade Agreement, it will take 10 years before tariffs between the two countries are dismantled and 13 years before full free trade is in place. However, Negroponte tried to reassure the Mexicans, "The important thing is reaching the finish line, not setting a speed record."

For this class of Mexican businessmen, however, 13 years is too long. Even one year is too long, and they are not going to wait. The impatience of these "barons of industry" could drag the government into the abyss and sink the country into chaos.

Investment without development

The government has justified privatization of state companies with the line that private enterprise is more efficient. The Mexican Businessmen's Council likewise affirms, "The private sector has been the protagonist in the stabilization program and in economic recovery." But none of that is true.

At the beginning of July, the Private Sector Economic Studies Center (CEESP), run by the country's strongest business grouping, the Business Coordinating Center (CEE), issued a study boasting that more than 70% of investment in

Mexico last year was private, while public investment had been reduced to less than 25%.

On July 27, the weekly *El Economista*—considered the voice of central bank head Miguel Mancera—projected that private investment in 1990 would grow far less than projected by the government. The government has been talking of 10.7% investment growth, while the most optimistic private sector projections are for 6-8%.

But private enterprise's "protagonist role" in the Mexican economy is nothing but a mirage; no new enterprises are being created by whatever increase in private investment is occurring; all the investors are doing is buying up, at bargain basement rates, companies that are already fully functioning.

Private investment in 1989 grew only in two lines. Machinery purchases—mostly to re-equip companies bought from the government—went up 18.4%. But the new machinery was not made in Mexico; importing it cost \$4.769 billion. The other major growth line was electric generators; private companies were forced to put in their own, since the federal utility has been starved of the capital needed for adequate service.

The 34 big companies selected by their friends in the government for taking over state companies, however, are harvesting hefty profits. These companies have gross sales five times the budgets of several government departments and more than many state governments. They did very well in 1989, when the government let them buy for 4 trillion pesos 12 big state entities which had cost the taxpayers 14 trillion. They got a double bargain: They were given the factories and the market.

But the problem is that the "barons of industry" are not accustomed to managing long-term investments such as the state companies. They received them sanitized, with no debts and with manacled labor unions. But their lack of competency in administering and operating industries has caused the destatization program to stagnate. They only bought companies in sectors where they were already operating.

Export growth is slowing down. Last year, exports rose 10.7%, while imports went up 24%. In the first half of this year, exports went up only 8%, while imports grew 20%.

It is no secret that the Mexican “export boom” during recent years was clearly linked to: big devaluations of the peso; exports from the 1,200 sweatshops on the U.S. border, which employ 412,000 workers; and export-oriented investments coming on line in the automobile sector and in the privatized state companies.

Export expansion is limited by three principal factors: 1) there have been no big devaluations since December 1987; 2) the last round of industrial investments (which began in 1984-85) is already in full use; and 3) the slowdown of the U.S. economy, which buys 75% of Mexico’s exports.

Capital flight and corruption

The barons of industry are only interested in saving their finances, not in solving the real problems of the national economy, nor even of their companies. Some of them are encouraging capital flight in order to force the government to make a major devaluation. That would rescue their export-oriented investments, at the expense of the rest of the economy. They blame inflation for the capital flight. Some charge that the current policy of freezing the exchange rate (along with wages and prices) is foolishly pegged to “an inflation rate which is false, unreal and which sooner or later will bring a bigger devaluation.”

Mexican interest rates are set at 33%, while inflation is projected at above 30%. Thus, according to the sacred “laws of the market,” it would be bad business to leave one’s money in Mexican banks.

On top of everything, the inefficiency and corruption of some top officials have been “privatized.” The classic case of this kind of corruption was the famous bankruptcy of the Monterrey Group, which was rescued in 1982 by the José López Portillo administration, with a gift “loan” from the National Public Works Bank. More recently, the government took possession of the La Caridad copper mine in payment for a \$1.3 billion debt, and then returned it to its owner, Jorge Larrea, in dubious fashion.

Banker Eduardo Legorreta Chauvet went to jail—briefly—under pressure from the hundreds of investors he defrauded during the October 1987 stock market crash. He is now out on probation and barred from acting as a broker. But, the investors never got their money back.

In what could be the harbinger of the future of state companies, the state airline Aeroméxico was privatized in April 1988, after going bankrupt. The Icaro Group bought 55% of the shares and won control; Bancomer bank got 20%. The pilots’ association, which owns 25% of the stock, is charging that the company’s 1989 annual report covered up misuse of funds and inefficiency. Two years after privatization, Aeroméxico could go under at any moment.

And while this is going on, business and government remain in agreement that wages should remain frozen, ignoring warnings that this could cause social conflicts from a work force that is plunging deeper and deeper into poverty.

Brazil’s Collor nears impasse

by Lorenzo Carrasco Bazúa

As of mid-May when inflation threatened to break out of bounds, the government of Fernando Collor de Mello in Brazil stood at a crossroads, its choices twofold. On the one hand, it could extend its monetary reform, which at that point implied the direct intervention of the central bank into the financial and banking system, forcing a restoration of credit flows. On the other hand, it could cede to the powerful Brazilian financial oligarchy—with which President Collor has strong family ties—and use the tremendous powers acquired by the Central Bank to direct all the weight of the “economic adjustment” against wages, employment, and industrial activity in the country.

President Collor and his economic team commanded by Finance Minister Zelia Cardoso de Mello opted for the second, and elected to lead the country into the abyss of an economic depression, based on wage reduction, liberalization of prices, high interest rates, a cutback of public investments by some 39%, and a “trade opening” that will rebound against the productive sectors of the economy. The government fed the illusion that these measures would provoke merely a “temporary recession” in the economy. But reality is otherwise.

A decade of stagnation

Brazil has been living through economic stagnation for the past decade, starting in 1981 when then Planning Minister Antônio Delfim Netto took measures virtually identical to those adopted by the economic czarina Cardoso de Mello today. There is a significant difference between the two economic “shocks,” though: That of 1981 was carried out after a decade of impressive economic growth, with 10% rates based on gigantic physical infrastructure projects. Today’s “adjustments” are preceded by a decade in which such works have been largely abandoned, and the economy has been losing productivity.

The electricity grid is on the brink of collapse, communications and transport networks are growing less efficient by the day, public services in the major cities are crumbling. To set off a “temporary recession” under such conditions would trigger an economic collapse from which it would take years to recover.

The bulletin of the Economic and Social Planning Institute (IPEA), under the Economics Ministry, projects at least a 4.7% fall in economic growth during 1990—larger than 1981’s 3.1% drop. The National Industrial Confederation

(CNI), the leading industrialists' organization, sees a 10% drop in industrial production for the year, while capital goods production is expected to fall a whopping 19.5% under the impact of a 39% cutback in public investments. To this can be added a 16.3% fall in farm production. Statistics in the social arena are even worse. Since March, real wages have fallen nearly 30% across the board. In São Paulo alone, in 1990 thus far there have been 170,000 industrial layoffs. The national government fired 100,000 public employees in its first four months.

Social Darwinism

Worried about social stability in Brazil is José Carlos de Assis, an economic adviser to the National Industrial Confederation. In *O Globo* of July 24, de Assis writes that "the economic team doesn't appear to be concerned with activating mechanisms to reverse the recessionary process and the march of unemployment: On the contrary, up to a certain point, it relies on the recession to inhibit the continued rise in prices. . . . Employment is for the majority the only guarantee of income. To deliberately undermine this guarantee is to play with collective insecurity, and to compromise social stability. . . . The combination of salary reduction and unemployment, under the pretext of containing aggregate demand, implies cutting below the line of survival for those who are at the bottom of the wage scale. This is not anti-inflationary policy. This is Social Darwinism."

The hand behind this economic policy is identified by economist Jayme Magrassi de Sa, a professor at Brazil's Superior War College, in a July 18 article in the daily *Folha de São Paulo* headlined "The Final Decision." Magrassi de Sa wrote: "All this has been mounted to captivate the IMF, at the cost of something ephemeral: There will be no real budget surplus this year; inflation will be artificially curbed and the people's rage will reach a dangerous intensity; finally, the deregulation of various sectors of the economy will make us pay onerous capital costs. . . . Further, when inflation does return, it will bring in its wake a whirlwind of economic, social, and political pressures. The IMF and foreign bankers would sit back and watch a potentially extremely rich nation go through contortions from a brutal increase in the already cruel poverty suffered by two-thirds of the population."

Magrassi de Sa also warned: "One can imagine that the recession provoked will significantly help to reach a favorable decision regarding the Bush proposal. The weakening of the country could then be turned into an argument for tying ourselves to the Giant of the North. We could end up letting go of large chunks of our industrial infrastructure, and accommodating to an economic condition which henceforth would be dictated by the directors of the association, not by us."

Finally, the War College professor predicted social violence due to "the compression of general living standards for an illusory arrangement with foreign creditors via the

IMF. . . . The maladies of Brazilian society will worsen, with internecine revolts in every layer of society. The October elections could be the first escape valve of this disillusionment . . . of rage, of reaction, of revolt. After that, the unknowable."

Opposition to government policy is growing in every organized sector. Collor's wage policy, for example, is triggering a storm of labor protests. The Ford plant in São Paulo has been paralyzed for the past 50 days, while the Volta Redonda steel plant one hour outside of Rio de Janeiro—the largest steel plant in Brazil—has been on strike for more than two weeks. The entire public and state sector which is fighting a combination of wage-gouging and privatization, will soon be paralyzed as strategic sectors of the national economy are struck.

Within the Armed Forces, disgust with Collor's economic measures is visceral. As the July 26 editorial of *O Estado de São Paulo* observes, "The government is subjecting the Armed Forces to bread and water. . . . The budgets of the military ministries . . . are so niggardly that the military organizations are forced to end their work days at noon at least once a week, because there isn't enough money for food. The operational capacity of the three forces has fallen to unheard-of levels: there is no money for food; there is no fuel for deployment of vehicles; budget allotments do not allow for training exercises; there are no spare parts."

The monthly *Ombro a Ombro*, considered the official voice of the Brazilian Armed Forces, dedicated an editorial in its July edition to protesting "the hand of the United States and International Monetary Fund" behind ongoing efforts to "cut down" the Brazilian—and Argentine—Armed Forces, and to limit those nations' sovereignties: "The IMF has shown itself to be the hangman, just like the American banks. The cartels pressure us to open our ports. Our heavy industry and our state-of-the-art industry are threatened. . . . They want to keep us as exporters of cheap raw materials and eternal buyers of capital goods. . . . The time has come to meditate on what is happening in the south of our continent. We should take precautions. Let pretended friendship and fallacious economic liberalism not keep us in underdevelopment."

When it took office on March 15, the Collor de Mello government promised that it would make the weight of the so-called "economic adjustment" fall upon the speculative sectors. During the first weeks of the "economic package," the Central Bank had some \$80 billion in its vaults, which could well have been used to relaunch genuine economic growth, giving substance to a truly anti-inflationary policy. That golden opportunity was thrown away.

If the government keeps on its present economic course, more eager to win a seal of approval from the Establishment and the Anglo-American banking elites than to defend national interests, President Collor will soon find himself in a dead-end, and Brazil thrust into an institutional crisis whose outcome cannot be foreseen.

India's rising class of wealthy peasants passes first big test

by Ramtanu Maitra and Susan Maitra

The July 18 announcement by the National Front government to dramatically hike foodgrain procurement prices has provoked a firestorm of controversy inside and outside the government on the eve of the monsoon session of parliament.

In a country like India, where at least 40% of the population—mostly marginal farmers or landless laborers in the rural areas—struggle every day to scrape together enough foodgrain to survive, a move that would constitute a windfall for the handful of cultivators who produce a surplus and boost food price for all is bound to create a furor.

It is the first big policy move of the lobby of rich farmers that is now enjoying direct access to power at the center in the National Front government. In announcing the new pricing policy, Deputy Prime Minister and Minister of Agriculture Devi Lal, acknowledged head of the farm lobby, overruled an Expert Committee set up by the government to review support pricing methodology. Now, both the snubbed Export Committee and the powerful Commission on Agricultural Costs and Prices (CACP), the government body responsible for evaluating production costs and setting support prices, have demanded a review of the July 18 decision.

And, as an insider, who requested anonymity, told these reporters, "The battle is not over."

Target of opportunity

Procurement price is always an issue in the monsoon session of parliament. The government's procurement price—the price at which the Food Corporation of India (FCI) is bound to purchase grain from farmers who cannot get a better price elsewhere—sets a floor for the market. FCI purchases rice and wheat to stock the country's emergency reserve and to supply the nationwide system of "fair price" shops which distribute foodgrain at cost. Still, the vast majority of India's farm produce is traded privately.

Moreover, every year the procurement prices are raised, according to advice of the CACP, which runs an elaborate monitoring and evaluation operation to cover cost of production, input-output price parity, inter-crop parity, and so forth.

But this year things were different: A virtual war has been

declared by the "ruralists" newly ensconced in the government against the so-called urbanites, and by extension against industry. And, "incentive pricing" is the key weapon in the

Devi Lal removed, but crisis is not

On the night of Aug. 1, Prime Minister V.P. Singh sent a tersely worded letter to Deputy Prime Minister and Minister of Agriculture Devi Lal, asking him to step down. Devi Lal's removal followed a series of crises in the ruling Janata Dal, in which intriguing peasant politicians figured prominently. The straw that broke the camel's back was the deputy prime minister's circulation of a letter, purportedly written by V.P. Singh in 1987, that tars cabinet member Arun Nehru with corruption—which turns out to have been a crude forgery. Nehru, a member of the powerful Nehru family and now minister of commerce, is considered by many to be the second most powerful person in the V.P. Singh cabinet.

This was preceded by an interview to a large-circulation English weekly in which Devi Lal repeated charges of corruption against Nehru and his close associate, Energy Minister Arif Mohammad Khan. In the interview Devi Lal also made some uncharitable remarks about the prime minister's ability to exercise his authority.

The fallout from the Devi Lal sacking is impossible to predict. Though proponents of the decision maintain that his political clout is highly overrated, some surprises may be in store.

Devi Lal's ouster will certainly have an impact on the rising lobby for the rich peasants, for whom the Haryana Jat has emerged the most colorful and power-

ruralists' strategic arsenal to push up farm production and generate a substantial surplus for rural investment to wipe out poverty.

This year procurement prices were targeted as the first "landmark"—as Devi Lal put it in his July 18 decree—in the "endeavor to give the farmers a remunerative price for their produce in the context of the promises made by the National Front government to them."

In particular, the government proposed to change the method of calculating cost of production, which determines the procurement price, in two ways. First, labor costs are no longer to be valued as actual wages paid, but as the statutory minimum wage or actual wages, whichever is higher. Second, management costs are to be added at the rate of 10% of total cost of production. The impact of these measures on procurement prices has not been calculated, or at least the figures have not been made available.

But, since the Expert Committee that Devi Lal and his

group rebuffed, had projected 5-15% price increases as a result of their own significantly more conservative proposals, one can assume a windfall for some is at hand. Indeed, a number of surveys have shown that the present agricultural prices provide a margin of 15-20% over costs. Although the margin any given farmer actually gets varies because of the unequal agricultural infrastructure throughout the country, nonetheless it is generally accepted that a farm family of five owning more than 3 hectares of agricultural land gets a decent return against investment.

Perverse effects

On July 31, the Expert Committee, under economist and former planning commission member C. Hanumantha Rao, set up in January 1990 to review the methodology for determining cost of production of crops, issued their final report, emphatically reiterating their earlier views and calling for a review of the government's July 18 policy decisions. In

ful spokesman. The rich peasants' lobby has become the spearhead of a kind of "ruralist" revival. It is not the first time that they have sought to assert themselves at the national level. But today the fight between "ruralists" and the "urbanite-industrialists" has a sharper significance because it is taking place at a time when the post-Independence political geometry of India is undergoing drastic and fundamental change.

As Devi Lal sees it, since Independence, the Indian "urbanites" have systematically robbed rural India of their share of the growing pie, while throwing occasional crumbs to the rural poor through poverty programs to maintain appearances. In his characteristically acerbic tongue, Devi Lal accuses the "industrialists" of controlling the "urbanite politicians" and opposing rural development; and to Devi Lal, Arun Nehru, and Arif Mohammad Khan, who, among other ministers, represent this "urbanite-industrialist" coalition.

Indeed, since Independence from British colonial rule, which cut the subcontinent into three pieces, India has been governed by an alliance of rural socialists and urban elites, mostly educated in British universities, and with a distinct Fabian-liberal ideology. The first Prime Minister, Jawaharlal Nehru, was the leading figure, and this coalition was institutionalized for more than 40 years in the Congress Party. The other key arm of administration, the vast bureaucracy, was recruited by the urban liberal elite as a kind of junior partner.

It is also the case, that this alliance of what in the West would be known as "bleeding-heart liberals" failed to make any significant dent in India's vast rural poverty. The Green Revolution and implementation of some major infrastructural projects, primarily to help

the Green Revolution and power the newly built public-sector enterprises, did bring about some positive change in certain areas, but the success was distinctly limited. More important, the domination of this alliance, which mostly disregarded the large rural population, for more than four decades bankrupted the political system and created a number of hostile forces in rural India.

Recently, in an insightful opinion column titled "The Nehru Era Ends," Indian political analyst Harish Khare pointed out that Devi Lal "succeeds so brazenly" precisely because "he is perhaps the first politician to realize the hollowness of the political system over which liberals presided for the last 40 years." Devi Lal is perhaps right, Khare adds, that this political system has done little to move the country away from the *status quo*, "despite the pretentious egalitarianism and social justice."

Devi Lal's removal from the cabinet may well bring an open confrontation between the "urbanites" and "ruralists." There are indications that Devi Lal may challenge the "urban-dominated" National Front government. He might even join hands with the limping Congress-I to make the fight more potent.

Besides strength within his own Jat community, Devi Lal enjoys a significant support in the rural areas of the Hindi belt—Haryana, Uttar Pradesh, Bihar, Madhya Pradesh, Rajasthan, and southern Punjab. More important, perhaps, since his committed political base is in northern Rajasthan, Haryana, and western Uttar Pradesh, all within an hour of New Delhi, Devi Lal's future activities can be expected to hog national attention.

arguing, as they had earlier, that labor costs should be valued on the basis of actual market wage rates alone, committee members pointed to the potentially perverse effects of the new policy.

In those cases where the statutory minimum wages are not enforced and actual wage rates are below the statutory minimum, small and marginal farmers and agricultural laborers with little or no marketable surplus will be penalized, since their own purchases of foodgrains will cost more. About 75% of farm families in India have holdings of less than 2 hectares. These families are incapable of creating surplus foodgrains and have to depend upon the market to buy their foodgrains during a certain period of the year. They generate the necessary cash by doing seasonal manual labor in the farmlands and in urban areas in the off-season.

In a press briefing, committee members also warned of arbitrary jacking up of statutory minimum wages at the state level as a means of boosting procurement price and propitiating the rich farmer lobby—something the state of Orissa has already jumped to do and the state of Assam has on the drawing board.

As far as the management cost issue is concerned, the Expert Committee argued that it should be valued at 10% of actual paid-out costs of production, and not total cost, since the total cost includes imputed value of such items as rental value of owned land, which have no bearing on the management factor. (And, as the committee noted critically, rental value of land is presently determined by the owner's personal assessment.)

In seeking to counter the most arbitrary and obviously swindling aspects of the new pricing policy, the Expert Committee stuck closely to its terms of reference. But the policy raises much broader and more basic issues.

Farm prices and rural poverty

Few would disagree that agricultural policy in India is urgently in need of a new and dynamic orientation. The persistence of a vast subsistence agriculture alongside a relative handful of modern, surplus-generating operations continues to define the poverty and backwardness of rural India. But, so far, in spite of its expressed concern for rural people and contempt for the urban population, Devi Lal and company have shown only that they can arrange a better deal for the well-to-do farmers. Indeed, given the structure of the rural economy "incentive pricing" cannot be anything but a boondoggle for the rich farmers; it cannot be an instrument of change, certainly not the central one.

Within the category of cultivators, those with 4 hectares or more constitute only 15.2% of the total, or about 6.5% of the rural working population. Yet this tiny section controls nearly 69% of the land. The 75% of India's farm families with holdings of less than 2 hectares—and the size of holdings has been continuously declining for the past 10 years—cannot produce a surplus of foodgrain at any price. Incentive pricing

will only further pauperize them, as they will be forced to pay more for food.

There is the likely prospect that this huge population that is financially weak, but constitutes an enormous bloc of votes will demand subsidized food from the government. The government already subsidizes, to the tune of \$2.4 billion, by making fertilizers available to farmers at a reasonable rate. Water and electricity are heavily subsidized. Since the agricultural sector has remained highly unproductive overall, and farm income is not taxed, further subsidies will have to be generated through cannibalization of the industrial and service sectors of the economy, which together produce almost twice the top surplus that the vast agricultural sector does.

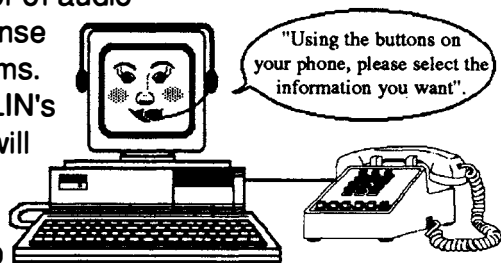
There are other problems with the incentive pricing scheme itself. Apart from the obvious incentive to "cash in" on the bonanza, one is hard put to find a reward for productivity increases in the sense of cost-efficiency in farm production. Nor does one find any real incentive for the handful of well-to-do beneficiaries of the policy to launch a rural investment drive. On the contrary, if the experience to date around Delhi is any indication, we could expect to see farmers flush with additional cash investing in real estate in and around the cities, earning double profits both as real estate wheeler-dealers and as rich farmers.

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Book Review

America's experiment in administrative fascism

by Kathy Magraw

A Law Unto Itself: Power, Politics and the IRS

by David Burnham

Random House, New York, 1989

419 pages, hardbound, \$22.50.

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

—*Sixteenth Amendment to the U.S. Constitution*

I confess to having approached *A Law Unto Itself* with certain preconceived notions about the Internal Revenue Service and exposés about it. About the former: It is an agency run amok, abusing its legislated powers, enforcing the law by administrative fiat, and crossing the line of constitutionality—all in an insane effort to close the budget deficit. About the latter: They, more often than not, miss the point; from its inception, the IRS has been an experiment in imposing administrative fascism on the United States.

Mr. Burnham does a good job proving both notions. In this book, there are powerful examples of administrative trampling on law and constitutional rights. But when it comes to condemning the policies and practices of the U.S. government that has spawned this Frankenstein's monster, Mr. Burnham treads ever so lightly. You see, he was an investigative reporter for the *New York Times* whose reportage led to the creation of the Knapp Commission investigation of the New York City Police Department. Like the NYPD, argues Mr. Burnham, the IRS is merely a bureaucracy turned cyni-

cal. And, "as in New York City, the first step must be to focus a hundred powerful spotlights on the IRS," begin the process of reform, and show Congress and the public "that the agency's genuine flaws begin with truly impossible tax laws. . . ."

Bunk! Sure, the tax laws are impossible—I would argue that they are part and parcel of years of executive and legislative policymaking that has sent the U.S. economy over the brink of bankruptcy. But, the IRS was designed and equipped to do precisely what it is now doing.

And Mr. Burnham provides the evidence.

Mr. Burnham tantalizes the reader early on with a bold assessment that "with the possible exception of a handful of agencies in the Soviet Union and China, there is little question that the IRS today is the single most powerful bureaucracy in the world. As a corollary to this astonishing ranking in the Olympics of organizational authority, I believe that the IRS has become the single most powerful instrument of social control in the United States."

And the bureaucrats:

"'For me, the genuinely shocking and destructive part of my job is the way we all started to think about the public,' [an IRS agent in the collection division] recalled in an interview. 'This incredible attitude is best caught in the single word we often use when referring to the public. That word is slime.'

"Other agents, in other parts of the country, reported that 'slime' did not have widespread usage. 'I've heard it but I think deadbeat was the usual term for the public during my wanderings,' said an agent who has worked in IRS offices in Illinois, Maryland, and New York."

Over the edge of a constitutional precipice

Put differently, the taxpaying individual or company is presumed by this monolithic agency and its agents to be guilty until proven innocent of trying to cheat the government out of its sorely needed revenues from a shrinking tax base. And the IRS is armed with extraordinary enforcement powers that make it difficult, if not impossible, to prove otherwise.

"The mission of the IRS, of course, is to collect taxes," says Burnham. "Because of the overwhelming importance of this unique task, and because IRS actions almost never deprive an individual of life or liberty, Congress and the courts have granted tax collectors special powers that have been specifically denied the traditional enforcement agencies."

(Without belaboring the point, Mr. Burnham is only half-right here. IRS actions do deprive individuals of their liberties, and the nature of the powers invested in this agency are creeping into the civil and criminal justice systems in such forms as *ex parte* proceedings and so forth.)

For example: "The IRS also has been granted authority to seize summarily the assets of any taxpayer it believes might be contemplating flight. Once again, the law empow-

ers the IRS to make a 'jeopardy assessment' without the prior approval of a judge. Furthermore, another law called the anti-injunction statute makes it extremely difficult for federal judges to enjoin the agency from making such a seizure. No other federal, state, or local agency in the United States has such power."

Thus, are the Fifth Amendment right to due process and the Fourth Amendment right against unreasonable searches and seizures trampled. And what of the Sixth Amendment right of a citizen "to be confronted with the witnesses against him"? Writes Burnham: "IRS audits are also triggered by tips from former spouses, business competitors, other kinds of whistle-blowers, newspaper stories about an opulent lifestyle, and even IRS agents' personal grudges against individual taxpayers."

The liberal spotlight is focused on the Criminal Investigation Division of the IRS. "The decision to direct the IRS to concentrate its criminal enforcement powers on one, sometimes hard-to-define group has had an addictive quality of its own. If it's okay to order the IRS to go after an amorphous group called 'organized crime,' surely other 'undesirable' kinds of people need special attention." Burnham lists as targets: "conservative Protestant ministers, civil rights activists, anti-war activists, and a host of other individuals outside the boundaries of mainstream American thought."

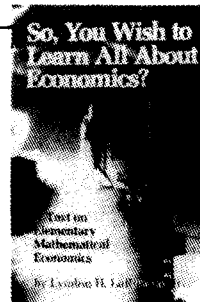
In so using their special investigative powers, the IRS "is walking on the edge, and sometimes over the edge, of a

constitutional precipice." Some parts of the IRS, says Burnham, "have grown comfortable conducting operations that often skirt the law."

Such charges that the author does level are not without their supporting evidence—otherwise known in the genre of IRS exposés as the horror stories. Case studies, court cases, and IRS memoranda fill the pages of this book. Yet, in the same breath that the author uses to exclaim his concern about the appearance of bureaucratic trampling on individual rights, he exhorts the Internal Revenue Service "to investigate the far larger and richer universe of white-collar criminals who infest what is considered legitimate business."

Reminds you of George Bush, does it not, condemning officials of failed S&Ls as "cold-blooded snakes" who "will pay with years of their lives" for their alleged crimes, while defending the honor of his son Neil Bush, a former director of the failed Silverado Savings and Loan? It is what political prisoner Lyndon LaRouche terms à la carte justice in a nation governed less and less by the rule of law.

What is so irksome about this book is that with all the evidence displayed in front of him, Mr. Burnham, like many before him, fails to ask one simple question: If the United States is a constitutional republic, why is an agency like the IRS a part of its government? Who allowed it to exist, and for what purpose, an agency with congressionally vested powers that are in bald violation of the Bill of Rights—whether that agency uses those powers or not?



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Soviet instability jeopardizes aid

Economic aid projects are planned, but success requires reviving the legacy of Russian reformers Witte and Stolypin.

It is a war of nerves, and it will remain thus for the rest of the 1990s," a senior Soviet expert working for the government in Bonn told *EIR* Aug. 2, referring to West German investments in the Soviet Union. "We will be faced with big question marks, as far as political stability is concerned."

All Western investments in the U.S.S.R. in the 1990s run a high risk, he said, because "the old system hasn't passed away yet, the new one is not yet established, and what makes the transition period worse is the fact that nobody, neither in the West nor in the U.S.S.R., not in Bonn nor in Brussels, seems to have a clear perspective of where to go. There are some ideas about some projects, but no vision of where this is going to lead to, what kind of society shall emerge after the demise of the Soviet system."

The expert said that the concept of "insular economic project zones" in select Soviet regions, as proposed by Bonn Economics Minister Helmut Haussmann Aug. 1, is feasible, but only if it gains an edge over the stagnant Soviet system in the relatively short run.

"It has always been a discouraging experience of Russian history, that so many efforts were made to create zones of accelerated development with Western aid, but after 10 years at the latest, it was all over, again the bureaucracy had put on the brakes and won the battle," he said.

Despite the past, one should try to revive the better phases of economic reforms in Russian history, he advised. It would not remove the grave

problems instantly, but would at least give a long-term political orientation.

This view was outlined in the July 25 *Europa-Archiv*, the bi-weekly journal of the Institute of the German Society of Foreign Policy in Bonn. It recommended that the most positive traditions of cooperation between Russia and Western nations be revived, referencing the period of the two central pre-1914 Russian reformers, Finance Minister (1892-1905) and then Prime Minister (1905-1906) Count Sergei Witte and his successor, Prime Minister Piotr Stolypin (1905-1911).

Through a mercantilist investment policy, Witte built up Czarist Russia's pre-1914 industry and railway grid. He also launched steps toward modernization of the ailing Russian farm sector, but did not succeed in dismantling the collective *mir* village commune, that absorbed the surplus produced by the emerging sector of private farming.

Building on the Witte period, Stolypin launched a system of regional savings banks that issued cheap farm loans. Stolypin's land reform of 1907 doubled farm yield, created a layer of independent farmers, and made Russia the world's number-one food exporter. He was paid tribute by *Europa-Archiv* and the July 25 European edition of the *Wall Street Journal*, indicating that the possibility of spectacular progress in the Soviet farm sector is being discussed broadly.

Reluctant Soviet state officials finally gave the go-ahead shortly after the Stavropol meetings of Chancellor

Kohl and President Gorbachov in mid-July, for a West German proposal dating from early 1989. The project, okayed in talks between Gorbachov adviser Leonid Abalkin and West German Economics Minister Haussmann in Bonn July 24, involves a study on bottlenecks of the food production chain and options for growing better qualities of rye, barley, and other crops, especially vegetables, in the region of Ryazan about 200 kilometers south of Moscow.

The project, co-funded by the Bonn Economics Ministry, recommends that a fully integrated production chain for food from the field to the consumer be installed, which avoids the average loss of harvested grains of 25-40% within a few weeks after the harvest. This involves: efficient planting; precision use of fertilizers, irrigation, and harvesting techniques; indoor storage; loss-free transport of grain and other crops over longer distances; and increased efficiency of food processing.

Transport is crucial. A useful pilot project that is currently under consideration would tackle the critical transport bottleneck at Brest on the Polish-Soviet border, the key transit station for trains running between Europe and the western regions of the Soviet Union.

The project, worked out at the German Railway Consulting Corp. in Frankfurt, aims at doubling or tripling the average throughput of commodities with priority placed on short-term emergency deliveries of food products and livestock from the G.D.R. to the U.S.S.R.

Measures proposed include reducing the time required for changing the gauge-width of train wheels at the border, and faster loading-unloading operations through increased mechanization and fully computerized administration.

Reality stalks the recovery myth

Experts may not know the actual state of the economy, but the snowballing fiscal crisis suggests an answer.

Mounting anxiety over the shape of the U.S. economy intensified in late July, as the federal government prepared to announce a revision of its figures for Gross National Product for the past three years. GNP numbers are the most carefully watched economic statistics, and it was widely believed that the "corrected" benchmark figures might reveal two consecutive quarters of falling output for the first half of 1990—the government's definition of a recession.

Sure enough, the data released on July 27 sharply slashed GNP growth for the fourth quarter of 1989 to a microscopic 0.3% taken on a yearly basis; but the figures for the successive quarters remained unchanged, at a flaccid 1.7% and 1.2% annual rate. Of course, as financial columnist John Crudele pointed out in the July 31 *New York Post*, the government's statistics are riddled with arbitrary assumptions about job creation that have themselves been revised several times in recent years.

What is the actual state of the U.S. economy? "Nobody is sure," confessed Crudele. "Even the Bureau of Labor Statistics admits that [its] econometric model . . . is too new to tell it what happens when the economy contracts."

But there are some less uncertain ways of measuring real economic trends. The out-of-control fiscal crisis provides striking evidence that the economic slowdown continues to worsen, exploding even the most recent "revised" plans of crisis managers. On one level, unexpectedly low federal revenues and skyrocketing costs of the savings and loan crisis are

more telling indicators of the economy's ills than the data from sophisticated models of Washington's vast information-gathering empire. These figures, at least, do not lie.

Only weeks ago, Budget Director Richard Darman announced that the anticipated deficit for Fiscal Year 1991, which begins Oct. 1, would hit \$169 billion—\$69 billion more than predicted last January, and fully \$10 billion above the figure estimated as recently as June!

The Treasury announced July 23 that Washington ran a deficit of \$11.22 billion in June, during a month when corporate income tax payments normally put the Feds firmly in the black. In June 1989, for example, the government ran a \$7.79 billion surplus. But outlays soared 20% by June 1990, largely due to interest payments on the debt and costs of "resolving" insolvent thrifts.

On July 30, William Seidman, head of the Resolution Trust Corp., told the House Banking Committee that the ongoing rescue of the bankrupt savings and loans would require an additional \$100 billion in FY91—meaning the agency will have spent more funds on the bailout in two years than the Bush administration projected spending within five years, when the RTC was created merely 12 months ago.

And so it goes.

The most recent evidence of accelerating economic disintegration is the desperate scramble by Congress to raise the ceiling on the national debt before the legislators leave for the August recess. Each move to lift the debt limit over recent years has provoked

near-havoc, with dramatic proposals for deficit reduction, master plans for economic reform, and totally unrelated amendments and riders tossed in. (It was out of the year-end panic in 1985 that the Gramm-Rudman farce emerged.)

To minimize the recurrence of this nightmare, the White House decided to seek an unprecedented \$322 billion increase in the debt ceiling, bringing allowable borrowing to \$3.44 trillion. That would supposedly satisfy all Treasury financing needs through the next fiscal year, ending September 1991.

But now, with the continued slide in real estate values and tightened lending by banks, even this drastic rise in borrowing may be inadequate to keep the Treasury limping along—even though it represents a *doubling* of the national debt within the last six years!

The folly of the whole affair—endless variations on the game of musical chairs, while the underlying crisis of the real economy is assiduously ignored—is epitomized by the tragicomic history of the Gramm-Rudman measure.

In December 1985, Congress and the Reagan White House settled on this plan to phase down the federal deficit to zero by FY91. When the economy failed to cooperate with this tidy scenario, Congress, ever flexible, "revised" the timetable to require a balanced budget by 1995.

George Bush's turnabout on taxes has served to remind everyone that the government is several light-years from balancing the budget next year. And, the latest projections from the Office of Management and Budget indicate that the budget for even 1995 is now aiming at a whopping \$100 billion shortfall—and if that estimate matches past ones, it's wildly optimistic.

The Columbia S&L rip-off

The same Kissinger crowd that deliberately collapsed the U.S. economy, is now moving to pick the carcass clean.

Columbia Savings and Loan Association, the near-bankrupt institution which holds more junk bonds than any other S&L, announced July 25 that it had agreed to sell its entire portfolio of junk bonds to Gordon America L.P. of Canada.

Columbia was one of the key players in Drexel Burnham Lambert's junk bond mafia. At its peak, Columbia held junk bonds with a face value—not to be confused with real value—of \$4.5 billion; its portfolio now carries a face value of about \$3 billion.

Gordon America will pay, in theory, \$3 billion for Columbia's portfolio—but only in theory. The deal works like this: Gordon America will pay Columbia \$300 million in cash—10¢ on the dollar—down, with a note for the remaining \$2.7 billion. However, should the junk bonds default (a highly likely prospect), Gordon America can return them to Columbia and keep the \$2.7 billion. In effect, Gordon America is *leasing* Columbia's portfolio, getting a foot in the doors of over 175 companies in every sector of the U.S. economy. In return, Columbia gets \$300 million and the illusion of \$2.7 billion more.

The driving forces behind the junk bond buyout are Li Ka-Shing, the Hong Kong financier known as the "Red Fat Cat," and the Kissinger-Bronfman circles in Canada. Gordon America L.P. is a joint venture between several companies controlled by Li and Canada's Gordon Investment, with the Li family and Gordon Investment each owning 50%.

Li Ka-Shing's Cheung Kong and Hutcheson Whampoa each own 20% of Gordon America, and another of

his companies owns the remaining 10%. Li Ka-Shing is a director of the British-run Hongkong and Shanghai Bank, the premier Asian dope bank.

Gordon Investment, a merchant bank, is affiliated with Gordon Capital, one of Canada's largest institutional brokerage houses, widely known as a vehicle for the Anti-Defamation League's Bronfman family. Other groups with a piece of Gordon Investment include General Electric Capital Corp., the Kuwait Investment Office, the Canadian Imperial Bank of Commerce, and the Hollinger Corporation.

Hollinger is a nasty outfit run by Canadian Conrad Black, whose board contains Henry A. Kissinger, Peter Bronfman and Britain's Peter Lord Carrington. Adding to the incest, Li Ka-Shing owns a significant chunk of Hollinger.

Li also owns something less than 10% of the Canadian Imperial Bank of Commerce, which in turn owns 20-25% of Gordon Investment, giving Li a direct connection to Gordon America through his own companies, and indirect connections through both CIBC and Hollinger.

Finally, General Electric Capital Corp. is an arm of General Electric, which owns Henry Kissinger's National Broadcasting Company. GE also owns Kidder Peabody, the investment bank which is advising the U.S. government to allow this deal to go through.

Everywhere one turns in this deal, one finds sleaze.

Assuming for a moment that the deal is actually completed, Gordon America would wind up paying face

value for Columbia's entire portfolio of junk bonds, several times more than the junk is actually worth.

But since these parasites make their money through looting, obviously something else is going on. That something was summed up nicely by Richard Li, second son of Li Ka-Shing, who told the London *Financial Times*, "This is a very good window indeed to look for further investment in the U.S., and it is the primary reason for investing in the junk bonds."

In simple terms, the Kissinger-Bronfman-Li crowd is using dope money to buy up a large chunk of American industry at rock-bottom prices.

While Congress and the administration are hysterically screaming about the S&L "crooks" and trying to outdo each other with shrill demands for fascist reprisals to ensure that it never happens again, it *is* happening again, on a far larger scale than the thrifts.

The looting operation which began with Drexel Burnham Lambert's junk bond operation to asset-strip American corporations and then sell the worthless junk to the nation's S&Ls, has entered a new phase of the rip-off. For a mere \$300 million—forget the other \$2.7 billion, because they'll never pay it—the Dope, Inc. crowd has bought into 175 companies and plans to buy more. It's the same old rentier-financier game at work: Drive the prices down through control over economic policy, then buy up assets for pennies on the dollar.

Meanwhile, the U.S. banking system continues its inexorable collapse, heading for a blowout that will make the S&L debacle pale in significance.

Not only are the real crooks getting away scot-free so far, but even worse, they're doing it again, on an even larger scale.

Harvest disaster in U.S.S.R.

In the Soviet version of a "free-market economy," wheat, fruit, and vegetable crops are rotting in the fields.

The effort to impose Gorbachov's "free-market" reform on the Soviet agricultural economy—an economy which has functioned over recent years, to the extent it has functioned at all, on the basis of a Byzantine system of dragooning "volunteer" labor from the cities—is leading to an even worse crisis. Not only is the harvest in jeopardy, but Soviet newspapers are complaining that the barter arrangements now cropping up will mean starvation for the elderly.

Though the weather was good in the wheat-growing season, the harvest may be down by as much as 30% from what it could have been, because of decrepit machinery, lack of spare parts, fuel shortages, and social dislocation.

As of harvest time in July, the picture for the ripening fruit and vegetable crops was equally grim. There is a breakdown of the crude arrangements which were previously made for the acreage to be planted, and the crops harvested and shipped.

According to accounts in the daily *Izvestia*, thousands of tons of produce are rotting on the ground.

In the July 19 *Izvestia*, V. Konovalov writes that there are similar reports on the vegetable crops coming from all over the country: "The harvest is good, but the vegetables are rotting in the fields, since there is nobody to pick them." The "volunteer" brigades from the cities are not showing up, since factories that once ordered them to go into the country, are now on cost accountability, and refuse to send the labor, or else offer workers only at a price the farms cannot pay.

Near Rostov-on-Don, where the vegetable fields, overgrown with

weeds, were to be harvested before the end of July, there was a crisis as of July 19, because the factories were demanding 3,000-6,000 rubles for each vegetable picker supplied. Also, they were demanding that the trucks loaded with vegetables be routed directly to the factories that supplied the pickers. Anybody who did not work—retirees, for example—would simply not get food. Konovalov asked, "And what about the pensioners, of which there are 300,000 in Rostov?"

Some vegetable farms even tried lining up labor from China! This was reported in the Chelyabinsk Oblast, whence, also, the Chelyabinsk Center for Scientific and Technological Youth Activity was sending students at its expense to practice agricultural work in Israel.

Anticipating the harvest time labor crisis, many farms cut the size of their plantings. In Chelyabinsk, 1,000 fewer hectares were planted in vegetables this season. But even so, the 800 hectares of cucumbers, cabbage, and tomatoes ripened with almost nobody to harvest them. Farmers were forced to start plowing the fields under.

In reporting the youths going to Israel, and the reduced plantings, Konovalov wrote that this would all be laughable, "but the harvest is perishing! How will we feed the country, if production is further cut back in the future? This is a serious problem. For the very system of vegetable production, which had the vice of being oriented to the uncompensated, actually parasitical labor of workers recruited from the city, is now experiencing collapse in various regions of the

country. At the same time, hundreds and thousands of true master farmers, who could raise vegetable crops with a minimum of labor expenditures, and thirsting to obtain land for this, cannot get the land. So now not only parliamentary debates, but the situation in the fields and on the food-store shelves, give strong arguments for a faster implementation of land reform. How long must the peasant wait for it?"

In Volgograd, a major vegetable-growing region, there has been a shrinkage of the area of vegetable crops over the last three years from 16,000 down to 14,000 hectares. This season, only 12,000 hectares were planted.

Over the past three years, the gross harvest dropped from 284,000 to 281,000 tons, and the yields also fell. This year, only 80% of Volgograd's vegetable needs will be supplied by local production.

In Armenia, famous for its peaches, plums, and other fruit tree crops, there has been a disaster in the harvest, for want of labor arrangements. According to Armenian Deputy Prime Minister M. Grigoryan, there could have been 20,000 tons of apricots harvested this year. But thousands of pounds of fruit has ripened, fallen to the ground, and rotted.

Izvestia on July 20 reported that there was a plan to harvest the apricots, use some for local demand, make a pledged contribution to the national food fund, and exchange the surplus for meat and other products. However, none of these arrangements were made on time. No one knew quite how to make the deals. The farms have the "autonomy" to make the contracts, but it is the republic as a whole that wants the meat. Republic officials blame the farms; but while blame was cast, the fruit rotted.

Growth hormone a source of hope

Synthetic human growth hormone bears great promise for our elderly, but a growing black market is a threat.

A study in the July 5, 1990 issue of the *New England Journal of Medicine* reports that synthetic human growth hormone can reverse some changes of aging. In a group of twelve men, from 61 to 81 years of age, injections of the hormone produced an 8.8% increase in lean tissue and a 14.4% decrease in fat tissue over a six-month period. The skin and the spinal bones became thicker, but the changes were less striking. A control group of nine men of similar ages showed no changes over the same time period.

Researchers from the Medical College of Wisconsin in Milwaukee, the Chicago Medical School, the University of Illinois School of Public Health, and the Argonne National Laboratory, Argonne, Illinois conducted the study. They knew that growth hormone secretion declined in older people, with loss of lean tissue and increase of fat tissue. In mice, children, and younger adults with growth hormone deficiency these changes are reversed by administering synthetic growth hormone. The question was: Would aged adults with decreased growth hormone secretion also respond to administration of the synthetic hormone? The answer is yes.

This confirms research reported in this column in 1988 on the use of human growth hormone in the treatment of Alzheimer's disease. Dr. Chao-vanee Aroonsakul, a neurogerontologist then based in Chicago, pioneered the use of the same synthetic human growth hormone in combination with other growth factors to arrest and reverse the mental deterioration of senile dementia and Alzheimer's dis-

ease. Dr. Aroonsakul saw the same changes in patients she was treating for dementia as side benefits, as those that the *New England Journal of Medicine* article reported. She discussed her approach in more detail in an interview in the September-October 1988 issue of *21st Century Science & Technology* magazine. She was then working with the late physicist Dr. Robert Moon, and some of his colleagues at Argonne. It may not be coincidence that Argonne is also involved in the more limited study reported last month.

Dr. Aroonsakul developed a test to differentiate Alzheimer's disease from simple senile dementia. This test measured the secretion of growth hormone in response to a dose of the drug, L-dopa. L-dopa stimulates the secretion of growth hormone by the pituitary gland. Normal people show a sharp rise in growth hormone levels when given L-dopa, while those with true Alzheimer's disease show no response and people with simple senile dementia show a reduced response.

Her initial studies showed actual reversal of Alzheimer's disease symptoms in her patients, something which had not been seen previously. She also saw reversal of other aging-related changes similar to those reported. Her results were greeted with much skepticism, and she ran into resistance from other physicians and from the drug company supplying the synthetic human growth hormone.

Those treated in the current study were patients with low levels of growth hormone. The doses given raised their levels into the normal range and not above it. Thus they were

similar to Dr. Aroonsakul's patients, although they did not show signs of dementia. The doses were carefully calculated to raise their levels into a normal range, because elevated levels of growth hormone cause hypertension, diabetes, and a condition known as acromegaly. The people who received growth hormone in the current study did show mild elevation of blood pressure and fasting blood sugar, but none developed diabetes.

On the negative side, these results may fuel an already existing black market in synthetic human growth hormone among weightlifters and bodybuilders searching for an alternative to anabolic steroids. A 1989 General Accounting Office report to the Senate Judiciary Committee documents such a black market, mostly in anabolic steroids with a small, but growing, trade in human growth hormone. Much of what is alleged to be growth hormone is bogus, but some of it is real. One reason for the small amount of the real hormone on the black market is the strict control on distribution by the pharmaceutical companies, which is effective, since its production is highly sophisticated.

There is good evidence that appropriate doses of synthetic human growth hormone can reverse certain changes of aging. In combination with other growth factors it can reverse Alzheimer's disease and senile dementia. In excessive doses it can cause life-shortening side effects.

Whether synthetic human growth hormone becomes part of a rational therapy for reversing the aging process, and potentially prolonging human life, depends on whether there is a commitment to do so. The current mania for reducing population growth argues against such a commitment. Without it, human growth hormone will become just another dangerous drug on the American flea market.

Business Briefs

Economic Theory

Hamiltonian theory of credit revived

In January, *Production* magazine hosted heads of manufacturing companies to answer the question Alexander Hamilton asked in the *The Federalist Papers*, "Is private credit the friend and patron of industry?"

"The financial side of our economy has taken over the manufacturing side of the economy," said Pat Choate, vice president of TRW. "As a consequence, we've had this hyperspeculation. . . . The straightforward, simple way to create patient capital is to end their tax exemption on short-term trades. . . . We should simply say that there will be a 60%, 70%, or 80% tax on the short-term trades—and let it slide to zero after five years. That will radically change the dynamics."

"We must get more consistent treatment from government," said F. Kenneth Iverson, chairman and CEO of Nucor Corp., the nation's largest operator of steel mini-mills. The government gives a research or an export credit one year, then takes it away. "How can you make any long-term plans under those conditions?"

James Geier, retired chairman and CEO of Cincinnati Milacron, the second-largest U.S. maker of machine tools, said, "For one thing, we need enhanced tax relief on improved, advanced manufacturing capacity. We also need, in our school systems, a method of bringing into the manufacturing base young people with good training. We can do the end training, but we can't do *all* the training."

Environmentalism

New evidence suggests dioxin not so dangerous

"Dioxin may be only a weak carcinogen and . . . the limits on the release and cleanup of the chemical—which have cost American society billions of dollars—maybe stricter than necessary," the *Washington Post* reported July 27.

The *Post* story was based on testimony on

new evidence on dioxin—an impurity found in certain insecticides and defoliants—and human cancer presented to a House subcommittee by Dr. Vernon N. Houk, Assistant Surgeon General and director of the Center for Environmental Health and Injury Control at the Atlanta Centers for Disease Control.

The current Environmental Protection Agency standard for traces of dioxin is 13 parts per quintillion in water; Dr. Houk recommended a standard limit 544 times greater than that.

Biological Holocaust

Measles up 423% in United States

Cases of measles are skyrocketing in the U.S., up from 3,411 cases with two deaths reported in 1988, to 17,850 cases with 41 deaths in 1989, and nearly 14,000 through June this year, according to the Centers for Disease Control.

Los Angeles County has seen the biggest single outbreak, 3,497 cases and 11 deaths this year. Most of the victims are children under five years old, the *Los Angeles Times* reported July 25.

Recent national studies show that fewer than half the preschool-age children of the urban poor are properly immunized. Even lower immunization rates were measured among Los Angeles Hispanics, who account for most of the cases in Southern California.

Labor

Invest in minorities, says Urban League

Urban League president John E. Jacob declared July 29 that the "economic self-interest" of the U.S. required a program to develop both urban and transport infrastructure and the skills of minorities. Jacob proposed that an "urban Marshall Plan" concentrate on repairing roads, bridges, and mass transit systems, and make

"investments in human capital," the July 31 *Stars and Stripes* reported.

Jacob warned the Urban League's 80th anniversary conference that unless minorities were brought into the mainstream "this country's living standard will nose dive and we'll lose out to the Japanese and Germans, who make better use of their people." He said that America's "secret weapon" was its "underused, underestimated, underserved minority that is the core of the future work force. America has only one hope of entering the 21st century as a world power and a global economic force. That is its ability to achieve racial parity, and to make full use of the African-Americans and minorities it has so long rejected.

"America has often allowed racism to dictate wrong choices. So it is possible that America would rather endure economic decline than assure future prosperity by moving toward racial parity," Jacob said. "America may just move to racial parity in its own economic self-interest."

Soviet Union

Race is on to harvest bumper grain crop

The Soviet Union is in an all-out race against time to gather and store the bumper crop of the decade. An effort is being made to physically get the crop in, and to ensure that sufficient grain is procured by the state.

In mid-July, a shift in resource allocations was begun, caused by severe shortages of operational machinery, gasoline, and labor. The Army was called in on a scale never before seen, and gasoline was redirected from the urban civilian sector to the harvest regions, producing severe gasoline shortages.

Russian President Boris Yeltsin, writing in the July 26 daily *Sovetskaya Rossiya*, called for emergency measures to give material benefits in return for all who help to save the harvest. He suggested issuing "Harvest 90" coupons which would entitle the bearer to purchase scarce goods, normally available only with foreign exchange. Farmers would be allowed free sale of all produce above that sold to the state.

Eastern Europe

Anglo-Americans attack development bank

Anglo-American powers have launched an operation which could lead to the breakup of the European Bank for Reconstruction and Development (EBRD), which was designed to foster the economic reconstruction of the emerging democracies in Eastern Europe, according to the July 30 London *Financial Times*.

"The U.S. and other leading shareholders are pressuring Mr. Jacques Attali, president-designate of the new [EBRD], to change his proposals for centralizing power and for setting up an extensive branch network," reported the *Times*. "Attali is being attacked for departing from the agreed framework in concentrating power upon himself as president rather than leaving authority for approving policy and loans with the board of executive directors from member shareholders, as happens with the IMF [International Monetary Fund] and World Bank."

Dissenting "shareholders," described as the U.S., Japan, and an unnamed European country, are threatening to pull out if their demands are not met.

Cold Fusion

World hydrogen energy meeting notes advances

Numerous advances in cold fusion research were reported at the World Hydrogen Energy Conference at the University of Hawaii July 23-24. This led one researcher to comment that "cold fusion is definitely alive."

Dr. C.S. Yang and colleagues from the National Tsing Hua University on Taiwan reported that they achieved both excess heat and tritium using an electrochemical cell with a palladium cathode and platinum anode. Over a two-week period, they increased input power from 5 to 75 watts, producing excess heat that varied from 20% to 100% of input power. The lower heat values were measured at the higher-power input values. Tritium was produced at

one to two orders of magnitude above background.

Prof. Bruce Liebert from the University of Hawaii's Mechanical Engineering Department presented his results, in which energy output was five times energy input, working with a molten salt at high temperatures as well as with titanium.

R.T. Bush from California Polytech presented the details of his "transmission resonance" theoretical model. Cold fusion is a surface reaction, he said, occurring in a very thin layer on the surface. The amount of heat per cubic centimeter of palladium is very high—1,000 watts—which is good news in terms of making practical reactors.

Trade

New rice flows in Southeast Asia

The emergence of Vietnam as a rice exporter after its long hiatus has posed a new challenge to Thailand, the premier rice-exporting nation in the region. Thai Commerce Minister Subin Pinkhayon reported at the end of June that Thailand's rice exports for 1990 would be reduced by half, to a total of 3 million tons.

Dr. Subin, a member of the National Rice Policy Committee, said the drop from a record export of 6 million tons in 1989 was caused by stiff competition from Vietnam, which dumped low-quality rice on the world market at a much cheaper price. Vietnam exported 1.4 million tons in 1989, and up to 300,000 tons in the first three months of this year, the *Bangkok Post* reported.

One new recipient of Vietnamese rice is the Philippines. As reported by the *Manila Chronicle* July 9, "Six thousand bags of rice have arrived from Vietnam to alleviate a prospective shortage in central Luzon in a reversal of roles that has been a former importer supplying a former exporter." Whereas in 1988 it was Vietnam which was facing famine, today the Philippines National Food Authority has estimated that local Luzon rice stocks for the area's 6.5 million people will last only until August.

● **MARIJUANA** now rivals corn as the number-one U.S. cash crop, according to the July 4 Omaha, Nebraska *World-Herald*. A powerful form of marijuana known as sinsemilla has become a \$20-30 billion a year business. Doctors say that it is much more dangerous than the marijuana of the 1960s.

● **BRITISH LABOUR** Party transport spokesman John Prescott July 24 promised that a Labour government would come up with a proposal for establishing high-speed rail links between the regions and the Channel Tunnel, the *Financial Times* reported July 25.

● **'THE LONG-AWAITED** recession has already started, and is likely to deepen," said *Financial Times* U.S. correspondent Anthony Harris on July 30.

● **SOVIET FOREIGN** Minister Eduard Shevardnadze told International Monetary Fund head Michel Camdessus that "Our country regards membership in the IMF as a logical continuation of its policy of wider involvement in global economic cooperation," according to TASS, the July 30 *Financial Times* reported.

● **POLAND** is dying from its economic reforms. The earning power of the average Pole has dropped 40% since 1989, but food prices have increased 15 times over, the *New York Times* reported July 29. In 1989, an average family spent 38% of its income on food; today it spends 52%.

● **OMBRO A OMBRO**, a Brazilian monthly which "circulates in the three services and is considered the military sector's official vehicle," according to the daily *O Estado de São Paulo*, published an article by Lyndon LaRouche entitled "Economy and Freedom" in its July edition. LaRouche is identified as an economist and founder of *Executive Intelligence Review* magazine.

Toward a renaissance of nuclear energy in Europe

Nuclear power remains the cheapest, safest, and cleanest source of energy ever devised—and it is urgently needed for expanding the capabilities of a European development triangle.

This report is an advance release from a forthcoming Special Report on a proposed European center of industrial development—a triangle linking Paris, Berlin, and Vienna, with spiral arms reaching other parts of Europe. The original will be published in German by EIR Nachrichtenagentur. In last week's EIR, we published an overview of plans for railroad and other infrastructure development in the "Productive Triangle."

After a decade and a half of anti-nuclear hysteria, the population of Europe, along with industrialists and politicians, are beginning to wake up to the fact that the continent has no future without nuclear energy. Even the Swedes, who voted in a referendum to stop producing nuclear power, have now shifted, and several parties are calling for a new referendum to reverse the earlier one. The misery of East Germany, which is covered with dust and soot from the burning of brown coal, has made a farce and a scandal out of the Greens' campaign against nuclear energy in West Germany. The Greens' leaders, who cultivated most friendly relations with the leaders of the German Democratic Republic's communist police-state system and are still defending the supposed "advantages of socialism," obviously knew very well what was going on in the G.D.R.

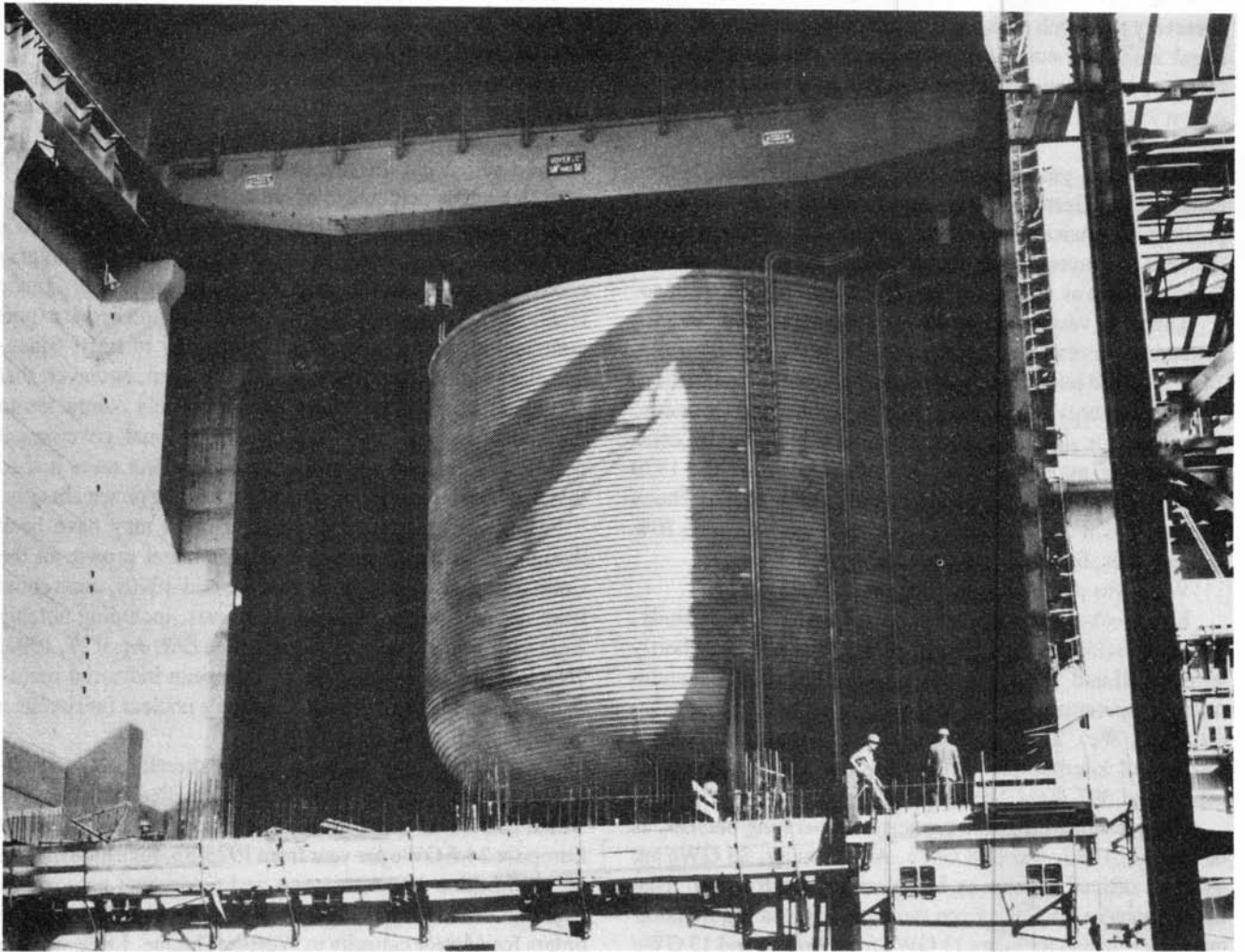
This scandal reveals once more that the violent anti-nuclear campaigns of the late 1970s and 1980s were no spontaneous social phenomena, but part of a carefully orchestrated

attempt to destabilize and deindustrialize the Western nations. Fanatical malthusians such as the late Aurelio Peccei and Britain's Prince Philip, for their own reasons, played a leading role in fostering the radical environmentalist movement and sabotaging nuclear energy. Those circles are not accidentally closely linked with the major oil companies, such as Atlantic Richfield's Robert O. Anderson, or Prince Bernhard of Royal Dutch Shell, or the Rockefeller family, all of whom were and remain deeply involved in the environmentalist movements internationally.

In the meantime, tremendous damage has been done to the world economy by the anti-nuclear campaign—damage which can be counted in tens of millions of unnecessary deaths by starvation and disease in the Third World. Vital time has been lost, which must be made up now.

The simple truth is that nuclear power—in the form used in West Germany, in particular—is the cheapest, safest, cleanest, and most universally applicable large-scale source of energy ever devised. It can be improved, in ways we shall briefly indicate here, but it is otherwise the only rational option available. It is time for rationality to return to our policymaking.

The "Productive Triangle" means a renaissance of nuclear energy—for Europe and for the world as a whole. Not only will the European nuclear programs be revived using updated new technology, but Europe will become the leading exporter of nuclear energy to the developing sector. The



Assembly of the Phenix breeder reactor, Marcoule Nuclear Center, France.

Europe of Marie Curie, Otto Hahn, and Enrico Fermi must carry through on the promise expressed in the U.S. Atoms for Peace program of the 1950s: to provide the technological basis for prosperity for the entire world population.

We shall first have a look at the present status of nuclear energy, and what sort of capabilities still exist for relaunching nuclear construction in Europe. Then, we turn to basic parameters for energy development in the Triangle and its spiral arms.

European nuclear capacities

A review of the world's major nuclear electricity power projects over the past 20-year period is revealing. If we take as the base year for comparison 1975, and examine the nuclear power plans of that time with what exists and is still planned today, the picture is one of a qualified disaster for future expectations from this most valuable engineering

branch. In recent years, new plant orders have averaged something in the range of five to six plants worldwide. For the past 15 years the OECD nations have been merely completing the backlog of plant orders decided in the 1970s, before the industry was virtually destroyed.

Nuclear plans afoot by 1975, especially in Germany, France, Italy, Spain, if completed over the next decade, would have provided continental Europe with an industrial and power base from which the declining neo-malthusian economies of the English-speaking financial world would have been far surpassed. Since the end of the 1880s, the Anglo-American elites have sought to maintain control of the world energy feedstock, hydrocarbon fuels, and especially crude oil. For this reason, the institutions of the Establishment in New York and London, which planned and executed the 1973 October "Yom Kippur" war as a cover to trigger the 400% increase in world oil prices, by 1975 decided it

necessary to launch a targeted “environmental” attack, combined with later economic, regulatory, and financial measures to, as Harlan Cleveland said when he was running the Aspen Institute’s green seminar, “take the ‘bloom’ off the nuclear rose.”

Now, 15 years after the Anglo-American faction launched the German Green movement to abort ambitious plans for German nuclear development, it is critical to examine what resources remain for rebuilding the infrastructure of Europe—East as well as West—in the coming decade or so.

There are various reasons why we take the year 1975 for beginning our review. That year is sufficiently past the 1973-74 oil shock to reflect the increased urgency of various national nuclear energy plans, especially in France and Germany. Therefore it is still a reasonable period to judge future commitments for nuclear power. Second, it is before the 1979 disaster year, when Three Mile Island (TMI), Iran oil shock #2, and U.S. Federal Reserve chairman Paul Volcker’s 20% interest rates, hit the nuclear programs hard.

What was planned by leading nations in 1975?

Kurt Beckurts, then head of KFA Jülich, issued a study, “World Nuclear Energy Paths,” which was released shortly before TMI and Volcker’s measures. At that time, the entire world’s operating nuclear capacity was at 71 gigawatts-electric (GWe). The Beckurts study, prepared for the Royal Institute of International Affairs, estimated a world nuclear capacity of 387-400 GWe by 1990.

Our present worldwide capacity of operating nuclear, as of July 31, 1990, was 338 GWe. Additionally, 88 GWe are listed in official reports as being under construction. That figure includes 25 GWe from the U.S.S.R.—a highly dubious target. It also includes 13 GWe from France and 13 GWe from Japan, meaning that more than half of all reactors listed as still under construction are included in those three countries. Looking at planned nuclear units, we arrive at a figure of 113 GWe worldwide. But again, the bulk of this is in the U.S.S.R. with 35 GWe. The other large nuclear plans still considered active are Japan with 15 GWe, Poland with 8 GWe (as of July 1989), France with 7 GWe, Czechoslovakia with 6 GWe (as of July 1989). So, the economies of Eastern Europe and the Soviet Union comprise some 45% of all listed planned nuclear units—making this a highly unreliable figure at present, given the state of disarray in the U.S.S.R. nuclear economy.

Now, let us look more closely at concrete country-by-country plans (Table 1).

The data shown for the United States represent a decline of 54% from planned levels of 1975. Most of the decline has been due to massive order cancellations by U.S. electric utilities facing bankruptcy from nuclear cost overruns. Since the mid-1970s, some 3 GWe have been permanently shut down, including Three Mile Island-2. But 109 committed nuclear projects have been canceled, for a total of 125 GWe. That, had it been completed, would have been enough elec-

tricity to provide the entire electric power requirements of Germany and France combined.

As the table shows, France is the only major industrial country which has held to its commitment (with the possible exception of Japan, which maintains such plans, but has delayed somewhat the rate of completion). France has the world’s highest percentage of nuclear-supplied electricity—70% of all electric power being generated from the nation’s nuclear grid, as of 1989. In recent years, with the sluggish economic growth of the early 1980s, Electricité de France (EdF) faced a temporary electric power glut and began export contracts to sell surplus nuclear electricity to Italy, Spain, and elsewhere. According to EdF spokesmen, however, that surplus margin has now been almost entirely contracted to the end of the century. France, as a national government policy, has decided not to build more nuclear units just so that neighboring countries can import nuclear power cheaply.

Thus, the margin of electricity which may have been thought available to fuel industrial demand growth in the Central European economies past the mid-1990s, must come from net new power plant commitments, including notably from the German nuclear industry. (See *EIR*, April 27, 1990, “Nuclear energy base crucial to European industrial reconstruction,” and July 6, 1990, “Europe’s nuclear fuel cycle: a bottleneck to economic growth.”)

Considering only Western Europe directly, the consulting group Frost and Sullivan issued a detailed study in 1975 which calculated expected new orders for nuclear plants in Europe at 24.5 GWe per year from 1975-85, for a total market of \$116 billion in construction and equipment new orders over that decade. That alone would have added 245 GWe of orders for nuclear capacity to Western Europe. Little wonder that the Seven Sisters and the Anglo-American oil and banking interests deployed assets in Friends of the Earth, the Greens, the World Wildlife Fund, and the rest to kill the European nuclear industry in its most vulnerable points—Germany, Italy, and Spain.

Nuclear ‘bill of materials’

If we examine what a “bill of materials” would require for construction of 75-250 GWe of nuclear capacity by the next 15 years or so, some interesting problems are thrown up. First of all, we have a new rate of orders for Europe’s nuclear steam suppliers—France, Germany, and the Swedish-Swiss Asea-Brown Boveri—of some 10-20 new reactor orders per year in the initial five years, with the rate tapering off toward the end of the 15-year time period. Immediately, the bottleneck of qualified engineering skilled labor is going to be felt. Germany at present has a drastic shortage of qualified engineers of any type, let alone qualified nuclear plant engineers, materials engineers, and such.

The difficulty in estimating present rates of construction of a new nuclear plant, is that most of the relevant detailed studies are from the 1970s. A detailed study was done by the

TABLE 1

Nuclear power—plans vs. reality

	1975 plans	1990 reality
U.S.A.	235 GWe by 1990 or sooner (Atomic Industrial Forum)	107 GWe—(USCEA) actual capacity; 4 more are under construction; no new reactor order since 1979
France	55 GWe (CEA's planned program, by 1985)	55 GWe completed with 13 GWe in construction
Federal Republic of Germany	50 GWe (government plan, by 1985)	24 GWe—actual installed; no more planned
Italy	26 GWe (Donat-Cattin Plan, by 1990)	0—not one watt of nuclear; no more planned
Spain	14 GWe committed or installed	8 GWe installed; no more planned
Japan	49 GWe (to be built by 1985)	29 GWe installed; more than 27 GWe additional are presently under way or planned, bringing the total to 56 GWe

Berlin DIW economics institute in 1976, and a second study, much more superficial, by Westinghouse in 1980.

DIW carried out an "input-output" analysis of the complete labor requirements of a typical PWR power plant in the Federal Republic of Germany (F.R.G.). Calculating the effects on steel, machinery, chemical industry, specialized ceramics, mining, and the necessary banking and services support for building a nuclear plant, both direct and indirect, DIW calculated that construction of one plant per year requires employment of 39,000 man-years. Of this, some 70% are involved in the plant construction; 8,000 man-years are directly from the steel and machinery sectors.

In a paper prepared to lobby against the foolish Percy-Glenn Bill, which effectively banned U.S. nuclear exports back in 1980, during the Carter years, Westinghouse claimed that one nuclear plant for export meant some 60,000 man-years of employment: 15,000 man-years of direct employment, 15,000 man-years of indirect employment, over a 6-7 year design and construction life. The study added 30,000 man-years over the entire 20-year life of the plant, to come up with a final figure of 60,000 man-years of employment per nuclear plant.

Estimates of the amount of steel required for a 1,100 megawatt-electric (MWe) unit, according to industry data supplied by Westinghouse in 1977, are as follows:

Low-grade steel	43,000 tons
Stainless steel	4,000 tons
Equipment steel	50,000 tons
Total	100,000 tons per reactor

Now, taking the requirements of building even 75 reactors in Europe, this will mean a demand increase alone of 7.5 million tons of steel consumption. If we say 250 units, that will require 25 million tons of steel of these qualities.

Energy requirements for the 'Triangle'

Parallel with the building-up of a new, highly efficient transport infrastructure, the energy economy of Europe will undergo fundamental changes. Electricity use will increase to 30% or more of total energy consumption, and nuclear energy will displace coal almost entirely in the production of electricity as well as becoming an important source of district heat and industrial process heat.

The most dramatic changes will occur in Eastern Europe, where large-scale application of nuclear energy will end the heavy dependence on coal, especially low-quality brown coal and lignite, which has caused disastrous pollution and low economic productivity. The mode of nuclear development will also switch from the very large light-water reactor units which were the predominant trend so far, to increasing use of smaller, more flexible and inherently safe second-generation units based on the high-temperature gas-cooled reactor (HTR) technology. At the same time, industries will move toward higher qualities of energy, replacing most present uses of chemical combustion-heat by electricity-based technology (including lasers, radio frequency, microwave, and plasma devices).

Fundamental parameters of energy supply

The most important parameter governing the relationship between energy use and economic growth is the *density of useful energy per capita and per square kilometer*. Subsumed under the concept of "density of useful energy" is not only the differentiation between nominal energy quantity and the quantity of energy which actually ends up doing work (as opposed to such things as waste heat), but also the technical quality of the energy. The latter is approximately measured by the energy flux-density, in watts per unit area, which characterizes the various phases of transport and application of a particular energy form within a given energy system.

Oil, for example, is generally superior to coal as a fuel, having 40-45% higher energy content per ton than anthracite coal. Consider the difference between coal and oil in transport. A single oil pipeline of 1 meter diameter can transport up to 20 million tons of oil per year. That corresponds to an average power flow of about 25 Gigawatts. Approximately the same power flow would be reached by a rail line carrying 75 trains every day, each moving 1,000 tons of coal. Compare the expenditure of effort, in manpower, energy, and capital investment.

While electricity might appear comparable or even inferior to oil and gas in terms of investment required for high-voltage lines (present technology), and while each has its particular advantages and disadvantages in various applications, electricity possesses one very crucial advantage: The energy flux-densities which can be reached in applications of electrical energy are relatively unlimited, while oil, gasoline, and gas are bound to the limitations of chemical combustion processes. Thus, for example, an oil or gas flame never reaches above 2,500°C, while plasma arcs easily reach 5,000-15,000°C. If we convert electricity to laser light, we can generate much higher temperatures, reaching all the way up to tens of millions of degrees in laser fusion experiments. Another decisive advantage of electricity is its unique capability to generate a magnetic field, and, related to this, the potentially much higher power density of electric motors compared to internal combustion engines. This distinction will be greatly enhanced through the new superconducting materials.

The advantages of electricity do not imply that it replaces other energy forms, but rather that it plays an increasingly dominant role within a harmonious system of various forms in an economy. Thus, although electricity has not replaced natural gas, the high productivity of natural gas use today is only possible in the context of a developed electricity system.

Energy flux-density is also crucial to the economics of electricity generation. Key to the unique advantages of nuclear technology, is the much higher power density compared with all conventional power sources. For the same electric power output, a nuclear plant consumes 75,000 times less weight in fuel than a coal power station.

These distinctions are important to bear in mind in examining future energy policy for Europe. We see, for example, that the nominal per capita energy consumption of the G.D.R. is 25% higher than in the F.R.G. The reality behind this figure is that the G.D.R. has a much lower living standard and productivity than the F.R.G., and also a highly inefficient energy system. Thus, the per capita consumption of *useful* energy is much lower in the G.D.R. The energy economy of the G.D.R. is nearly entirely based upon the use of brown coal, which is the least efficient form of fossil fuel. This brown coal has approximately half the heat value per ton of the anthracite coal used in some power plants in the F.R.G. One-third of the rail capacity of the G.D.R. must be

devoted to moving this low-value coal—more than 90 million tons per year. In addition, the brown coal burns less well, generates more ash and pollution. A similar situation, though less drastic, holds for Czechoslovakia, which obtains 61% of its primary energy from brown coal.

At the other end of the spectrum we have France, which derives 70% of its electricity from nuclear energy. The French nuclear energy program led to a dramatic saving of transport capacity on the French railways. Furthermore, France used the lower cost of nuclear-supplied electricity (30-50% cheaper than coal power) to increase the use of electricity in industry to 51% of total industrial energy consumption (compared to 28% in the F.R.G. and less than 15% in the G.D.R.). At the same time, French industry reduced the oil component of its energy consumption from 39% to 22%.

France's benefit from nuclear energy would be greatly enhanced if its population and industry were more densely concentrated, as in West Germany and Japan. Although the distribution of electricity by a well-maintained network involves relatively low losses in energy terms, the investment in construction and maintenance of the distribution network is large. For a given total energy throughput, these costs are inversely related to the density of consumption. Thus, the cost to deliver 1 GW of average power to an industrial city of 1 million inhabitants, is much less than the cost to deliver that same amount of power to the same population and industry distributed uniformly over several hundred square kilometers. The advantages of district heating can, of course, only be enjoyed in towns and cities.

The optimum arrangement, discussed in the 1960s and 1970s as the "nuplex concept," is to cluster industry and population around thermal electric stations (preferably nuclear) and along the main lines of power distribution. In this way, we obtain an optimum use of electricity and heat. Such clustering permits various advantageous forms of recycling and complementary use of materials among industries. The most energy-intensive activities are to be located in complexes proximate to the main lines, in such a way that the relatively largest portion of total energy is consumed within the relatively smallest area of the grid. If a portion of excess heat from an electric power station can be utilized as industrial process heat and for district heating, that heat is no longer "waste heat," and the productivity of the plant increases accordingly.

Second-generation nuclear technology: the HTR

The light water reactor (LWR) technology used in France and Germany has gained a secure place in Europe's energy supplies; over the last 20 years, however, second-generation technology has been developed, in particular the high temperature gas-cooled reactor (HTR), which offers important advantages over existing LWR technology in many applications. This reactor type employs ceramic-coated spherical

TABLE 2

Brown coal electricity production to be replaced by nuclear*

	Production TWh	Installation capacity GWe
G.D.R.	114	23
Czechoslovakia	86	18
Hungary	13	3
Yugoslavia	30	6
Total	243	50

*The capacity estimates here assume a proportion of 1:1.8 between average electricity production and nominal installed capacity, as existed in the Federal Republic of Germany at the beginning of the 1970s.

fuel-elements, cooled by inert helium gas with an exit temperature of 900-1,000°C. Unlike the LWR, which only generates electricity, the HTR can also serve as an economical source of process heat and district heating.

Here, in summary, are advantages of the HTR:

1) By operating at a higher temperature, the HTR achieves significantly higher efficiencies in electricity production than the LWR (6% higher with standard steam generation, and as much as 10% higher with direct helium turbine).

2) Because of the higher operating temperature in the primary circuit, low-temperature waste heat from the HTR can be used for district heating without reducing the electricity production. This unique "co-generation" capability means that an HTR facility can "pay for itself twice," and operate at a far higher overall efficiency.

3) With its 900-1,000°C operating range, the HTR can serve as a heat source for a variety of industrial processes, including coal gasification, thermocatalytic hydrogen production, hydrocarbon cracking, and other processes in the chemical industry, and desalination of sea water.

4) The HTR has the special property, that its reactivity decreases with increasing temperature. Even under conditions of total loss of coolants, the reactor shuts down by itself. The high thermal capacity of the fuel system precludes a "meltdown," as could hypothetically occur with the LWR. Furthermore, new coatings developed for the fuel pellets constitute a "containment building," preventing the escape of radioactive material. The HTR is so safe, that it can be built and operated in the middle of a city. It may even be possible to eliminate the expensive concrete containment wall needed for LWRs, thus cutting down substantially on cost.

5) Small modular HTR units have been developed which can be mass-produced and rapidly assembled in groups to give any desired output power. This permits great flexibility not possible with the gigantic LWR plants. Thus, in areas which lack the built-up power grid for a large plant, one or two modules could be installed first, and further modules added as the

grids expand. General Atomics projects that with mass production of 135 MWe units of American design, a multi-unit HTR plant could be built in 27 months. HTR GmbH in Germany (a joint venture formed in 1988 by Asea-Brown Boveri and Siemens-KWU/Interatom) is developing 320 MWe HTR modules based on the German "pebble-bed" design. A four-module 1,300 MWe plant could be assembled in 48 months, counted from receipt of the construction permit. The French company Framatom alone could produce enough reactor vessels for 18 modules of 320 MWe every year.

6) The HTR can be used to breed thorium into fissionable uranium-233, thus more than doubling the nuclear energy fuel base even without the fast breeder reactor.

In view of these advantages, it is reasonable to project that the HTR will play an increasingly dominant role in the expansion of Europe's nuclear energy supply.

Bottlenecks and potentials for the future

Given the greater flexibility permitted by shorter licensing and construction times for the smaller, modular reactors, it is not necessary to set a rigid schedule for energy development in the Triangle and its spiral arms. What is important now is to know within which approximate limits new construction will occur, in order to insure that sufficient production capacities are there, and permit the various nations to plan their own programs in a harmonious manner.

The most urgent immediate task, which sets a lower limit on new construction, is to rebuild the collapsing electrical energy supplies of the eastern side of the Triangle, while virtually eliminating the combustion of brown coal and lignite for electricity and heat. This involves the approximate magnitudes shown in Table 2.

In addition to this, Poland is experiencing a serious energy crisis, associated with the accelerating collapse of oil supplies from the U.S.S.R. and a high investment cost required to increase its anthracite coal production. Eighty percent of Poland's primary energy comes from coal, and any increased use of brown coal and lignite is a harmful dead-end. The official plan already calls for installation of 6 GWe of nuclear power by the year 2000. In light of the poor condition of many of the present power plants, this figure should be revised upward to a minimum of 10 GWe as an immediate, emergency measure.

The special situation of Ukraine should also be mentioned. The RBMK reactor type used in Chernobyl could never have been licensed in the West, nor for that matter could any of the nuclear reactors now operating in the U.S.S.R. Understandably, Ukrainians are unhappy about the continued operation of these reactors, especially the three 1,000 MWe RBMKs still running in Chernobyl. In addition, there are a number of pressurized water reactors in Ukraine, including six blocks at Zaporozhe south of Dnepropetrovsk, several additional blocks at Khmelnytsky in western Ukraine and near the Black Sea. Already, the Crimean station and

unit four of the South Ukraine plant have been abandoned under public pressure. Electricity production has had to be raised at conventional power stations, resulting in 5.6 million more tons of fossil fuel more than originally planned. Because of these problems, strict limits are being placed on electricity use, and certain areas are already experiencing power cuts.

Rebuilding Ukraine's power supply based on the inherently accident-proof HTR technology is a crucial facet of an urgently needed program to modernize the Ukrainian economy. The immediate priority is to replace capacity which has been, or is being, taken out of service for reasons of obsolescence and lack of safety. This would amount to an estimated 10 GWe for the immediate future. Total electricity production in Ukraine is 315 terawatt-hours (TWh) per year, larger than all the European nations except France and Germany.

Romania already declared an energy emergency in 1985, when the entire power sector was taken over by the military. This crisis was brought on by the decline of Romania's oil production, together with inadequate development of coal production. Rather than launch a huge expansion of relatively inefficient coal power generation, the solution for this desparately poor nation is to go nuclear. Immediate requirements to meet the energy crisis are estimated at 4 GWe nuclear capacity.

Within Western Europe, a disastrous energy bottleneck has arisen through the sabotage of nuclear energy in Italy. Brownouts and blackouts are now a regular feature of life, not only in the South of Italy, but increasingly in the North, too. Lack of energy is strangling Italian industry and exacerbating the chronic underdevelopment of the Mezzogiorno. This is occurring even though Italy imports increasing amounts of nuclear-produced electricity from France. On this background, the proposal of the European Labor Party for construction of 30 GWe of nuclear power capacity in Italy is hardly exaggerated. The approximate doubling of Italy's present electricity production which this measure would permit, would simply bring Italy's per capita electricity production to the level of France and Germany today. Of that 30 GWe, the first 10 GWe must be installed on an emergency basis, as an absolute minimum to prevent a devastating loss of Italy's industrial potential.

Adding up only the most urgent requirements to avoid an energy disaster within the area of the Triangle and its spiral arms, we arrive at 84 GWe. This is a minimum value, to be realized by the end of this century at the latest.

An optimal program

We turn now from emergency measures to the requirements for optimal economic development as called for by the Triangle program. For a first approximation, we have used the following four assumptions:

1) The average density of useful energy delivered per

square kilometer shall increase throughout the Triangle and its spiral arms, to the present density values for West Germany, and beyond these at a rate not less than 8% per year. This expansion is driven by the economic reconstruction of Eastern Europe and a rapid increase in exports of high-technology capital goods from Europe to the developing sector.

2) The single most efficient means to accomplish this densification process is to increase the role of electricity in industry and transportation, parallel with rapid growth of productivity in those sectors. It is reasonable to assume that as plasma and coherent-energy processing replace many of today's heat-based processes, electricity will rise to account for at least 60% of industrial energy consumption. Meanwhile, the transportation system's consumption of oil and gasoline will stabilize at a value significantly less than that in West Germany today, with the increased movement of materials, goods, and passengers being carried by mainly electricity-based rail and maglev systems for long-distance and urban transport. Combined with increased utilization of Europe's unique inland water infrastructure, these measures will reduce the average energy cost of transport per ton-kilometer and passenger-kilometer to less than half the present value.

3) Nuclear energy will increasingly displace fossil fuel combustion in the "heat market"—particularly for heating of residential areas and industrial facilities, and as a process heat source in the chemical industry. In a preliminary phase employing present-generation HTR technology, we can reasonably expect to cover 5% of the "heat market" around the turn of the century. Then, on the basis of operational experience and perfected technology, that percentage will expand to as much as 30%.

4) With increasing electrification, the demand for process heat at temperatures below 1,000°C will grow more slowly than industrial production as a whole. Two important exceptions to this, however, may develop over the coming years: coal gasification and thermocatalytic generation of hydrogen. The HTR has already been studied in connection with both these applications, and economically viable technology is already available for the first one. HTR-based brown coal/lignite gasification facilities should be included among the first phase indicated above. The areas of choice include Poland and other increasingly gas- and oil-starved nations of Eastern Europe, which possess large reserves of coal that are best exploited in the indicated way.

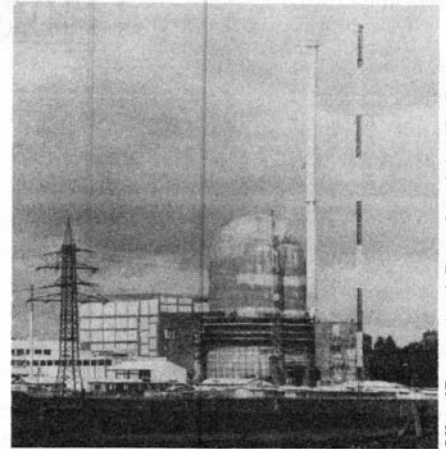
Based upon these assumptions, we arrive at the rough estimates of requirements for electricity alone, shown in **Table 3**.

The lower figure corresponds to only a slight increase above present values. The core area is approximately at the given value today, while the spiral arms fall short by approximately 500 TWh (corresponding to an additional required capacity of about 100 GWe, an increase of 20% for the whole system). At this lowest variant, the Triangle and its spiral arms consume about the same amount of electrical energy as

TABLE 3

Electricity requirements for the European Triangle

	30% of Industrial energy use from electricity	50% of Industrial energy use from electricity	60% of Industrial energy use from electricity
Average electric power per km ²	194 KW/km ²	250 KW/km ²	300 KW/km ²
Core region of the Triangle	560 TWh	720 TWh	860 TWh
Installed capacity required	115 GWe	148 GWe	178 GWe
Core region plus spiral arms	2,428 TWh	3,120 TWh	3,740 TWh
Installed capacity required	499 GWe	641 GWe	770 GWe



Gundremmingen nuclear power plant in West Germany on the Danube.

Office of European Atomic Energy Commission (URATOM)

the United States today, on one-seventh the land area.

Assuming that, as in France, 70% of electricity production is to be based upon nuclear energy, the lowest variant calls for some 350 Gigawatts of nuclear capacity in the Triangle and its spiral arms. This is somewhat larger than the present nuclear capacity of the *entire world* (311 GWe), and about three times the present installed nuclear capacity of Europe (not including the U.S.S.R.). The 350 GWe would consist of an existing approximately 115 GWe of nuclear capacity, plus 100 GWe nuclear to be added, plus replacing 135 GWe of existing fossil fuel plants by nuclear. This 135 GWe might seem rather high at first glance, but it includes 74 GWe already mentioned as emergency replacement requirements for Eastern Europe. Add to this the obsolescence of most of the power generating equipment in Eastern Europe and the replacement requirements of Western Europe due to depreciation (average lifetime of 30 years, requiring replacement of one-third of all equipment every 10 years) and technological obsolescence (including environmental considerations). We see that 100+135 GWe=235 GWe is not an unrealistic demand to be met over the next 10 years. It will, of course, require an unprecedented nuclear construction program, but one which is well within the grasp of the industrial regions included in the system.

In terms of process heat, we can use the combustion fuels consumption of West German industry as a comparison; it runs at approximately 720 TWh per year, of which 38% is in the chemical industry. To supply 5% of that by nuclear process heat around the turn of the century, would mean an average thermal power level of about 4 GW. A reasonable estimate for the Triangle and its spiral arms would be about three times this, or 12 gigawatts-thermal. This does not take account of the perspectives of nuclear coal gasification, however. As part of a first phase, pilot plants should be set up in some of the main brown coal producing regions, to perfect

the technology and gain operational experience. An HTR complex of 1 GW(th) can produce 1.2 billion cubic meters of methane per year, with a heat value of about 1.4 GW.

Nuclear energy is one key to reducing the dependence of Eastern European nations upon oil and gas imports from the U.S.S.R. The other decisive measure is to set up adequate infrastructure, giving those nations access to the Western European petroleum network. This does not mean ending all imports of fuel from the U.S.S.R., but eliminating the condition of total dependence which is incompatible with the sovereignty of the nations of Eastern Europe, and increasingly risky in view of technical and other problems in the U.S.S.R. Meanwhile, Western technology, including the HTR, can greatly benefit the extraction and exploitation of Russia's vast mineral reserves, as well as upgrade the safety and performance of nuclear power in the U.S.S.R.

As we proceed with the indicated energy buildup, revolutionary new technologies are appearing on the horizon: "hot" nuclear fusion is nearing the point of scientific breakeven, and pilot fusion power plants could be built in the early years of the next century. Using fusion, the deuterium contained in one liter of sea water can provide the energy equivalent of 300 liters of gasoline. Even before "pure" fusion plants come on line for commercial power production, the so-called fission-fusion hybrid reactor could be employed to breed fission fuel. This technology employs fusion reactions as a source of neutrons for the breeding process, and offers considerable safety and other advantages over present breeder reactor technology. Even more revolutionary are the implications of the peculiar phenomena observed in electrolytic cells using heavy water, the phenomena referred to as "cold fusion." Here much more research is required, but those controversial observations point toward the existence of new types of nuclear processes which might be exploited in technology of the future.

Senate proposes human sacrifice to quell unrest

by Leo F. Scanlon

The Omnibus Crime Bill (S. 1970) just passed by the U.S. Senate is a piece of legislation of hideous immorality which, if it becomes law, will send the United States plunging into an era of barbarism reminiscent of the last days of the Roman Empire. The bill expands the death penalty—a barbarous ritual by any standard—to include not only capital crimes, but also an array of “crimes of intent,” under which any political figure, targeted by a corrupt judiciary, could be sent to the electric chair. Indeed, it is no exaggeration to state that if the measures now proposed had been in effect the 1960s, most leaders of the civil rights movement could have been found guilty of capital crimes and executed; and that, more recently, former presidential candidate Lyndon LaRouche could have been charged with a capital crime of “intending” to defend himself against a paramilitary strike force poised to create a bloody incident in an effort to shut down his political campaign.

The Omnibus Crime Bill incorporates major elements of the work of the the Office of Legal Policy of the Department of Justice—an outfit which is part of a broader movement to eliminate the very constitutional protections which the Founding Fathers wisely devised, in the event that the nation’s leaders go temporarily insane.

The conceptual authors of the Omnibus Crime Bill claim that its leading purpose is to finally crack down on drug pushing and drug-related crime, and they are hoping that there are enough Americans blinded with rage over that issue, that they won’t object to legalized lynchings. But that is only the pretext for their actual intent: to extinguish or decapitate the political turmoil which will inevitably come as the economic depression heads toward rock-bottom, by having a police-state apparatus in place which can eliminate the political leadership of those in revolt—no matter whether those leaders have black, white, or any other skin color.

Ninety-four of the Senate’s 100 members voted on July 11 for the bill. The six senators opposed were: William Armstrong (R-Colo.), David Durenberger (R-Minn.), Mark Hatfield (R-Ore.), Edward Kennedy (D-Mass.), Howard Metzenbaum (D-Oh.), and Charles Robb (D-Va.). Although the final wording of the version passed is not yet available to the public, information released so far



Chris Lewis

PRAGUE, July 20, 1990: Citizens recently freed from the Communist dictatorship in Czechoslovakia—where the President is a former political prisoner—are dismayed to read posters about police-state justice against political figures in the United States.

indicates that in addition to adding many new categories of capital crime, the legal mechanisms which are currently used to correct judicial errors in state death penalty convictions, are to be virtually eliminated. The most common means of correcting such errors is through the use of *habeas corpus* proceedings in the federal courts to review the trial which produced the conviction and incarceration in the lower courts. This is not simply a procedural matter, since over half of the cases reviewed in this manner are overturned on appeal.

Judicial experts estimate that the changes in the *habeas corpus* procedures which S. 1970 introduces will result in 200 to 250 executions a year—based on the *present* list of crimes which are punished in this manner. One senator commented that with S. 1970, “it seems we have applied the death penalty to everything except school truancy.” By thus cheapening the value of life, the legal system comes to resemble more and more the very criminals it seeks to constrain.

No proof of killing required

Under the law’s provisions, the list of federal crimes which carry the death penalty is expanded by more than a dozen, to total at least 34, and incorporates an effort to define *crimes of attempt* and *property crimes*, such as bank robbery, as capital crimes (see box). Sen. Alfonse D’Amato (R-N.Y.), a leading architect of this scheme, told the Senate that “opponents of the death penalty will say that only crimes involving a killing can be punished by the death penalty, but no Supreme Court decision made so far is definitive on this issue.” His amendments to the bill create two new categories

of offense, providing the death penalty for major drug dealers “even without proof of a specific killing.”

The first category of offenders who would be executed under the D’Amato provisions, are drug traffickers who distribute 65 pounds of heroin, 330 pounds of cocaine, or who earn \$10 million in one year, and who are categorized as an “organizer, supervisor, or manager” of a “continuing criminal enterprise (CCE).” Such offenders now receive mandatory life in prison, thus identifying this amendment as little more than a gruesome type of prison population control. The second new category, according to D’Amato’s submission in the July 11 *Congressional Record*, “consists of a somewhat more broadly defined class of drug kingpins who attempt to obstruct the investigation or prosecution of their activities by *attempting* to kill persons involved in the criminal justice process, or knowingly directing, advising, authorizing, or assisting another to attempt to kill such a person” (emphasis added). The defendant in this case would have to be an organizer of a CCE, but would *not* have to be a trafficker as defined above. Similarly, transporting explosives with *intent* to kill, is another capital crime of attempt which does not require an actual death under S. 1970.

The most dangerous of these provisions is that which authorizes execution of someone who “is using or *knowingly directing, advising, authorizing, or assisting another* to use a firearm to *threaten, intimidate, assault, or injure* a person in committing the drug offense, or in *furtherance of a continuing criminal enterprise* of which the offense was a part” (emphasis added).

In this case, as in the provisions relating to “drug king-

What the crime bill would make a capital crime

On June 11 the Associated Press released the following list of those offenses for which courts could impose the death penalty under the Omnibus Crime Bill approved by the Senate (some are already capital offenses under current law):

- destruction of aircraft
- destruction of motor vehicle
- murder of family member of federal official
- murder of member of Congress, Cabinet, or Supreme Court
- espionage
- transporting explosives with intent to kill
- arson of federal property
- arson of property in interstate commerce
- murder of nuclear regulatory inspector
- murder in territorial jurisdiction of the United States
- murder of federal official
- mailing of injurious articles
- assassination of the President
- wrecking a train
- bank robbery

- treason
- aircraft hijacking
- murder of Agriculture Department official
- murder of federal witness
- murder of horse inspector
- murder of meat inspector
- murder of poultry inspector
- murder of egg products inspector
- genocide
- murder of foreign official
- kidnaping
- hostage taking
- murder for hire
- murder in aid of racketeering
- major crime by drug kingpin*
- attempted homicide by drug kingpin while seeking to obstruct justice
- unintentional killing by drug felon involving aggravated recklessness
- use of a firearm in violent crime or drug trafficking
- murder by prisoners serving life sentences in federal prisons.

*A drug kingpin is defined as an individual with three prior felony convictions who leads an organization with gross earnings of at least \$10 million a year and has been charged in a crime involving at least 300 times the amount of narcotics seized in a typical crime.

pins," a capital offense is defined by membership in a CCE; i.e., the same act, committed by a person not so stigmatized, is not a capital crime. With this, the tyrannical core of the Racketeering Influenced and Corrupt Organizations (RICO) statutes have now reached out and grabbed the executioner's blade, using the fascist sociological category, "continuing criminal enterprise," to establish eligibility for execution.

Execution for property crimes

S. 1970 also reintroduces one of the most horrific practices of fundamentalist regimes (typified by 19th-century Britain, or the radical Islamic legal codes of today): imposing the death penalty for crimes against property. According to the Associated Press release, the bill includes "bank robbery," "arson," "destruction of aircraft or motor vehicle" (presumably in the furtherance of some broader crime), and "wrecking a train" among capital crimes.

The bill decrees that execution shall result if one is convicted of "use of a firearm in violent crime." Seemingly innocuous, and widely supported by those who wish to prove that tough anti-crime measures do not need gun control, this provision contains a social time bomb. Recent circuit court decisions have determined that *burglary* and *pickpocketing*

constitute "violent crimes," thus placing petty criminals in the executioner's sights. These court decisions in no way respect the right of the individual citizen to defend himself if confronted by an armed intruder or mugger; they merely allow the state to murder large numbers of inadequately represented defendants, who will be overwhelmingly young, poor, and black.

The gun control provisions of the bill are themselves an unconstitutional *Bill of Attainder*, in that they prohibit specific makes and models of weapons and will have no real effect on the number of fully automatic weapons in the hands of criminals. But these provisions served to galvanize support for S. 1970 from senators who up to now have opposed the death penalty, such as Sen. John Chaffee (R-R.I.), who said, "I do not like the death penalty . . . but the assault weapons provision is worth saving."

'Habeas corpus mortuus'

The most controversial feature of S. 1970, and the one with the most immediate and bloody consequence, is the reform of the *habeas corpus* procedure which the bill will undertake. Most death sentences in America are imposed by juries in state courts on defendants who rely on court-

appointed attorneys for their defense. Lacking funds and experience, typically less than three years out of law school, with no prior experience in capital trials, these attorneys frequently commit reversible errors in the defense of their clients. If the condemned person is fortunate, his case will be taken up by an experienced attorney, who will attempt to remedy these errors through *habeas corpus* actions brought in federal courts in order to review errors in the state trial, thus stalling, and usually overturning, the imposition of the death penalty.

Chief Justice William Rehnquist has led a campaign to impose the standards of the infamous speedy-trial "rocket docket" in the Eastern District of Virginia on this process, in order to cut off federal appeals of the state convictions. Rehnquist commissioned a panel of federal judges to study the issue, but found their proposals too lenient. He then took the unusual step of "taking off his robes" and going directly to the floor of the Senate to lobby for his reform proposal.

The amendment, sponsored by Sen. Strom Thurmond (R-S.C.), substantially embodied the Rehnquist scheme, and demands that federal *habeas corpus* claims be filed within 60 days of Supreme Court action on direct review, and that final disposition occur within 90 days in federal appeals court and Supreme Court. This is a direct violation of the principles of sovereignty and federalism, since it demands federal action before state *habeas corpus* proceedings (where most of the facts introduced for review are discovered) are exhausted. The "rocket-docket" timetables imposed on the federal proceedings will guarantee that no effective review occurs.

Ritual sacrifice to control crime?

If a television station in San Francisco prevails in a pending lawsuit, it will gain the right to televise executions, thus bringing back the charming Victorian practice of public hangings of pickpockets, thieves, and starving orphans. The ritual sacrifice approach to crime control is all the more disgusting, in light of the abysmal failure of the U.S. criminal justice system, and its authors in the Congress, to even make a dent in the criminality which has been spawned by the rock-drug-sex counterculture.

The United States currently imprisons 407 out of every 100,000 of its citizens—a number greater by a factor of four than any country of Europe, with the possible exception of the Soviet Union, which was estimated to incarcerate approximately 400 persons per 100,000 during the Brezhnev era. Statistics for federal prisons alone (not state and county jails) indicate that this is a recent phenomena in the United States: In 1950, there were 17,000 prisoners in the United States. In 1981, there were 24,000; in 1990, there are 65,000; and by 1993, the Department of Justice plans to double that, bringing over 100,000 people into the prison system. At that point, the United States will be incarcerating a greater portion of its citizens than the communist tyrants in Moscow did at the height of their powers.

LaRouche: Why do you support the death penalty?

Virginia 10th C.D. candidate for the U.S. Congress Lyndon LaRouche released the following statement on July 30. It is circulating as a campaign leaflet with a large picture of a dog on it.

At a time that civilized nations have turned with disgust against the barbaric practice known as capital punishment, the death penalty, the United States is going full tilt, toward barbarism.

You and I know, that most of the politicians, who are supporting the death penalty, are doing so out of pure political opportunism. They don't care how many lives, even innocent ones, they have to fry on Death Row in order to get a few more votes for themselves, and a few more favors for the cronies they hope to bring into office with them. But, you also know, that the reason that these corrupt politicians do that, is because, in large part, the public is so desperate, over the worsening financial situation, so desperate, over the effects of the continued and growing drug traffic, that they're willing to resort to absolutely desperate measures, to take out their anger on someone. They're even willing to go as far as to lynch people, and have no hesitation, therefore, in supporting the death penalty.

But, when we look at that dog's face, looking up at us, and we can imagine the dog saying to us, asking us (perhaps your own dog), "Why do you support the death penalty? Are you hungry?" you recognize that a beast would kill only for food, or for defense, and so forth. And, even the beasts would be shocked at what we do in the name of the death penalty, in the name of law.

That is bestiality.

As the Reagan-Bush administration's farcical "war on drugs" has demonstrated, the FBI and the Department of Justice are supplanting law enforcement with a "scorched-earth" policy ostensibly aimed at the lowest rung of the drug apparatus. But this cynical policy will never have even its purported effect, so long as the people who run the drug apparatus, and international bankers who manage the drug cartel, and the Oliver North networks which trade and transport the drugs, protected by the same U.S. administration which is pushing the Omnibus Crime Bill.

Crime is not the target of this bill; the target is *you*, and those who might help you reverse the descent into barbarism.

Supreme Court nominee must reject police-state law

by Leo F. Scanlon

In its deliberations over the nomination of Judge David Souter to fill the Supreme Court position vacated by Justice William Brennan, the U.S. Senate must answer a question which is foremost in the minds of freedom fighters throughout the world: Does the United States have the political will to reject the police-state law which is choking the life out of its republican institutions? That question can be answered by determining where the nominee stands with respect to the nostrums contained in the "Truth in Criminal Justice," a series of reports prepared by the Office of Legal Policy of the Department of Justice and just published by the *University of Michigan Journal of Law Reform*. The series contains eight research papers which, taken together, outline a strategy for eliminating the constitutional limits which the Founding Fathers wisely imposed on the federal government's powers of surveillance and prosecution. Under a government as thoroughly corrupt as the Bush administration, these restrictions on government power, as embodied particularly in the Fourth, Fifth, and Sixth Amendments to the U.S. Constitution, constitute a serious obstacle to those among the Anglo-American policymaking establishment who believe that only a police-state apparatus will keep them at the helm during the tumultuous months ahead.

It is therefore of the utmost urgency that when the U.S. Senate convenes to examine Judge David Souter as a candidate to fill the vacant Supreme Court position, the Senate challenge Judge Souter to take a position of violent opposition to the proposals contained in the Justice Department study. He should not merely be challenged to take a general stand, but should be grilled in detail on each single point of the proposed revisions, which we review below, and he should not meet with the Senate's approval unless he vows to use every means at his disposal to ensure that they never become law—even if this means going head-to-head against the President of the United States. Any promises short of that will not have the required effect of reversing the current slide of the Supreme Court, and of the Bush administration, into the new Dark Age probably even more brutal and murderous than the last one.

Return of 'Star Chamber' justice

Throughout the 20th century, ever since the U.S. Department of Justice took on the unconstitutional role of federal police agency, U.S. courts have been confronted with the potential that abuses of the investigatory and prosecutorial powers of the government would become the stock-in-trade of such an apparatus.

The U.S. courts have dealt with this threat—rather ineffectively—by utilizing a series of legal precedence cases, dealing with procedural issues in criminal law, to outline law enforcement procedures which respect the constitution, particularly so with questions relating to the Fourth Amendment's limitations on search and seizure actions, the Fifth Amendment's protections against compulsory self-incrimination, and the Sixth Amendment's guarantee of a right to counsel.

What impelled the Founding Fathers to spell out these protections in the Bill of Rights, was the experience of the bloody inquisition carried out by the Star Chamber Courts established in the 17th century by the Tudor and Stuart monarchies as weapons against dissent. In a treason trial held in the Court of the Star Chamber, a panel of royal justices, rather than a jury, tried the accused. The Star Chamber was charged with discovering and prosecuting known and unknown acts of treason and dissent, and in its proceedings, the accused had no representation, no confrontation with the witnesses against him, and could be convicted of the charge if he refused to respond to interrogation (see box). These abuses, and the protections against them embodied in the Bill of Rights, are first and foremost political, and only secondarily relevant to criminal justice procedure.

This fact was turned on its head by the popularity of the writings of the radical liberal Jeremy Bentham (1748-1832), particularly his *Treatise on Judicial Evidence* and the *Rationale of Judicial Evidence*, which have become the rallying point for an attempt to reduce these issues to matters of simple criminal law. The authors of "Truth in Criminal Justice" utilize the following quote from Bentham to legitimize their own assault on the premises of the Constitution: "[If] an

accused person . . . is . . . asked any question from which evidence of his guilt may be deduced . . . he is not bound to answer it, and his silence is not to be held to furnish any legal presumption against him. . . . If all the criminals of every class had assembled, and framed a system after their own wishes, is not this rule the very first which they would have established for their security? Innocence never takes advantage of it; innocence claims the right of speaking, as guilt invokes the privilege of silence.”

In his introduction to the report, Joseph D. Grano, former deputy assistant in the Office of Legal Policy, says: “The world of constitutional procedure would be quite different were the reforms proposed by the Office of Legal Policy to be adopted. The new world would be one without *Miranda*, *Massiah* [a series of cases which address the issue of the right to counsel], the Fourth Amendment exclusionary rule, and federal *habeas corpus* review of state convictions. It would be a world in which federal courts could not employ a ‘supervisory authority’ to adopt rules . . . that intrude upon the executive’s authority to enforce the law. It would be a world in which comment upon the defendant’s failure to testify would be permissible and in which the rules of evidence would aim primarily at the discovery of truth.”

Stephen J. Markman, the author of the reports, develops a methodical blueprint for the construction of the prosecutorial police state which was so feared by the Founding Fathers. The following is a summary of the reports, in the order of their production, between 1987-89. In some cases, the reports deal with specific constitutional amendments from which the case law under discussion derives; but are in all cases aiming at the close connections among the Fourth, Fifth, and Sixth Amendments, which form the core of criminal procedure under the Constitution.

Interrogations without counsel

Report No. 1, “The Law of Pretrial Interrogation,” addresses the proposition that the *Miranda* rules governing pre-trial interrogation should be eliminated, in favor of mechanisms which permit “fair” interrogations of suspects without counsel. Even the author of the report notes that in addition to the political abuses which such pre-trial interrogation lends itself to, the Supreme Court ruling on this issue noted that physical abuse of criminal suspects had been commonplace up through the 1930s, and that incidents of torture had continued to occur up to the time of the *Miranda* decisions.

Even more important is the Justice Department’s objection to the line of *Massiah* cases which restrict the use of undercover informants once a suspect has already been indicted. The “Enterprise Theory” guidelines of the FBI already breach this principle, but the Justice Department wishes to open the possibility of the use of informants for a continuous process of frameup and indictment of targeted individuals and organizations.

Markman proposes that the warnings read to suspects

upon their arrest should include a threat to the effect that the “failure to cooperate with the interrogation” will be used to impeach any testimony they give in open court. The implications of this in the nightmare world of conspiracy indictments are enormous.

Legalizing illegal search and seizure

Report No. 2, “The Search and Seizure Exclusionary Rule,” proposes that the *Mapp v. Ohio* rules which govern exclusion of evidence gained in an illegal search and seizure should also be overturned, so that evidence found in what a court deems to be a “good faith” search could be admitted at trial. The Supreme Court endorsed the basic premise behind this scheme with a series of rulings in its recent session.

Of course, the agents of the Crown frequently made “good faith errors” in the preparation of treason and libel indictments against the American colonials, and Markman hopes to legitimize that tradition as well, going so far as to quote approvingly from a leading English case in which it was stated, “It matters not how you get it; if you steal it even, it would be admissible in evidence.”

This concept is a cardinal principle of the Thornburgh Doctrine’s attack on sovereignty, as asserted in the *Verdugo-Urquidez* case. (See *EIR*, May 25, 1990, “The Thornburgh Doctrine: The End of International Law,” by Freiherr von der Heydte).

Entrapment of indictees

Report No. 3, “The Sixth Amendment Right to Counsel under the *Massiah* Line of Cases.” The *Massiah* line of cases, which affirmed the prohibition of the government’s use of undercover agents to elicit incriminating statements from a defendant who has been formally charged with a crime, should similarly be overturned, according to the Justice Department.

Markman admits that even a population enraged by the spread of lawlessness might have difficulty swallowing the idea that the government should have the right to gather evidence in secret, even after a charge has been brought and a trial begun, so he suggests that, “It would be desirable for the Department, therefore, to undertake a ‘consciousness-raising’ program aimed at making the *Massiah* doctrine a more visible public issue. . . . This can best be done by avoiding the characterizations employed by the Court, such as ‘the *Massiah* right to counsel,’ and by speaking instead of ‘the *Massiah* right not to be questioned.’ ” Such a propaganda campaign would feature stories emotionally harping on the burdens that these procedures currently impose on isolated municipal police.

The object of the reform is to strengthen the secret informant apparatus, built up by the federal police agencies, which has become essential to political frameups. The role of this measure in expanding the entrapment capability of the

What was the Court of Star Chamber?

From the 1630s to the present day, the term "Star Chamber proceedings" have signified legal proceedings against the subject (or the citizen) in which the individual has none of the constitutional rights which Americans fashioned for themselves in the shaping of their nation. The defendant before the British monarchy's Star Chamber had no right to counsel, no right not to bear witness against himself, and no right to confront and examine his accusers. These rights were not well established in the common law courts of the time, as the trial of Sir Walter Raleigh for treason provides luridly attests.

The Star Chamber was one of the British "prerogative courts," so-called because they were governed by the royal prerogative, and not controlled by statute and common law. It had formerly served a useful function in enabling the monarchy to centralize state power, as against the centripetal tendency of the "over-mighty subject"—the dukes and earls who sought to be absolute in their own regions and who might well seek to put themselves on the throne.

But when, after the accession of Charles I in 1625, a

parliamentary opposition of unprecedented strength and coherence developed against royal policies, Charles and his councilors attempted simply to eliminate it by use of the Star Chamber and similar methods.

Three celebrated cases in Star Chamber were those of John Bastwick, Henry Burton, and William Prynne, all tried for libel in June 1637. Burton, a clergyman, published two sermons against the ceremonies of the estab-

lished Anglican Church. Bastwick, a physician, wrote against the rule of the church by bishops, as had Prynne. Each was fined £5,000 and ordered to stand in the pillory. Their ears were lopped off, and they were sent to prison for life in a remote castle. These men had done more than commit an offense against the Star Chamber decree of Elizabeth's time against unlicensed printing: they had publicly challenged some of the foundations of the theocratic state.

In 1641, Star Chamber and licensing of the press was abolished—and Bastwick, Burton, and Prynne released—when Parliament got the upper hand. The three men became heroes of the ensuing lawyers' and Puritans'

revolution to limit royal power that led to the Venetian-modeled limited monarchy of 1688. But Star Chamber and what it stood for remained a hated memory of the republican movement that forged and fought for the U.S. Constitution, because it trenched upon the sovereignty of reason of the individual mind, and upon the conceptions of justice that flow therefrom.—*David Cherry*

A
D E C R E E
O F
Starre-Chamber,
C O N C E R N I N G
P R I N T I N G,
*Made the eleuenth day of July
last past. 1637.*



Imprinted at London by Robert Barker,
Printer to the Kings most Excellent
Maestie: And by the Assignes
of John Bill. 1637.

FBI is highlighted by Markman's argument that "there is no element of compulsion—let alone compulsion by the government—when a person not in custody chooses to confide in someone whom he does not believe to be a government agent."

Discrediting the defendant

According to report No. 4, "The Admission of Criminal Histories at Trial," rules limiting the admission of criminal histories at trial should be relaxed in order to allow "admission of the conviction records of defendants and other persons whose conduct or credibility are at issue in a criminal case."

The protections afforded by the "exclusionary rules" are drawn directly from the defenses against Star Chamber treason trials, and were first attacked by Bentham, as noted above. A 20th-century assault was begun with the publication

of J. Wigmore's *Evidence*, and continued with the widespread circulation of material written by Julius Stone. This school argues that constitutional justifications for exclusion of evidence which violates "fair notice" in a trial, is a perversion of common law, and should not be respected—especially so with regard to evidence of prior convictions or bad acts.

Explicitly racist behavioral science theories about the "propensity to crime" of certain personalities are always associated with these polemics, which argue that behaviorist predictive models of human behavior are a legitimate form of trial evidence. The work of the notorious "Behavioral Sciences Support Unit" of the FBI would be greatly enhanced by Markman's proposed elimination of the exclusionary rules.

The use of court proceedings to vilify a political enemy are revived with this reform. Markman proposes to "offer

evidence of uncharged misconduct” as well as previous convictions, at trial.

Introducing corrupted evidence

Report No. 5, “The Judiciary’s Use of Supervisory Power to Control Federal Law Enforcement Activity,” recommends elimination of the power of the federal judiciary to impose “rules that impede the truth-seeking function by excluding reliable evidence in order to control the extrajudicial behavior of executive officers.” With this change, the courts would not be allowed to exclude illegally obtained evidence from trials, which is one of the few mechanisms the courts do have for constraining federal police agents.

No double jeopardy protection

Report No. 6, “Double Jeopardy and Government Appeals of Acquittals,” argues that the government be allowed to appeal “wrongful acquittals” when an acquittal is the result of judicial error in a bench trial, and where it would not subject the accused to a new felony trial. The Justice Department is irked by the double jeopardy protections of the Fifth Amendment, and is proposing this as a step toward the radical restriction of the double jeopardy clause of the Fifth Amendment.

No federal habeas corpus review

Report No. 7, “Federal *Habeas Corpus* Review of State Judgments,” proposes ending the practice of federal *habeas corpus* review of state judgments—an action which is already part of S. 1970 just passed by the Senate.

Silence interpreted as incriminating

Report No. 8, “Adverse Inferences from Silence,” recommends that juries be permitted to draw adverse inference from a defendant’s silence, particularly overturning the *Griffin v. California* line of cases, which have held that permitting adverse comment and inferences concerning a defendant’s failure to testify violates the Fifth Amendment’s prohibition of compelled self-incrimination; and the *Doyle v. Ohio* decisions, which limit disclosure and consideration at trial of the defendant’s silence before trial.

In this report, Markman also outlines the basis for weakening the principle that a criminal conviction can only be secured upon “proof beyond a reasonable doubt.” Markman complains that defenders of the Fifth Amendment falsely assert that “the government should have to ‘shoulder the whole load’ in a criminal case, establishing guilt without any help or cooperation from the defendant. The Constitution, however, does not say this; it only says that a person cannot be compelled to be a witness against himself.”

This radical notion is unfortunately well established in modern U.S. criminal practice—a product of the trend that RICO author G. William Blakey calls the “merging of law and equity” in the 20th century, and that is implicit in RICO’s breach of the wall separating civil and criminal requirements

for proof.

The head of the Office of Legal Council during the Nixon administration, William Rehnquist, has been intimately associated with this project from that day to this. His contemporary, James Vorenberg, later a key figure in the creation of the Law Enforcement Assistance Agency, was the head of the Justice Department’s Office of Criminal Justice, the earliest predecessor to the Office of Legal Policy. Vorenberg worked very closely on criminal code matters with Charles Fried, who became the solicitor general during the second Reagan administration, when these reports were prepared. The head of the Office of Legal Council during that time was Charles Cooper, who, in turn, had been a law clerk for Rehnquist after he was appointed to the Supreme Court. The critical role of the Office of Legal Counsel is highlighted by Associate Justice of the Supreme Court Antonin Scalia, who served as head of the Office of Legal Council during the Ford administration.

The DoJ and drugs

The grouping of lawyers and legal experts who back this shift to a police state can make no claim to any previous success in fighting crime, and therefore have even less ground to claim that their current proposals will do so, either. This is the same grouping which, collectively, has presided over (and in some cases directly assisted) the spread of the rock-drug-sex counterculture during the 1960s and 1970s. The explosion of crime in the 1970s and 1980s is a direct result of that shift in social values. Yet, there is not one word devoted to this issue in all the 1,000-plus pages of “Truth in Criminal Justice.” In fact, any initiative coming out of the Justice Department purporting to fight drugs is a sick joke, so long as a number of their more prominent figures—such as Criminal Division head Henry Barr, onetime Supreme Court nominee Douglas Ginsburg, and former U.S. Attorneys William Weld, Frank McNamara, and others—have been surrounded by reports that they admitted to using “recreational” drugs. The Justice Department has made no effort to deny press accounts of cocaine sales going on in the halls of the Justice Department’s headquarters. And why has the Justice Department mounted a lawsuit in order to exempt its employees from mandatory drug testing?

In an effort to conceal this hypocrisy, Justice Department officials cloak their proposals in the jargon of “procedural matters,” because in fact, they have accepted the drug trade all along as an “instrument of policy.” The involvement of Charles Cooper and other paladins of this cabal in the coverup of the Oliver North Iran-Contra drug-running apparatus is only the most recent demonstration of that orientation.

Judge David Souter therefore has heavy responsibility to Americans today, and to future generations, to declare his violent opposition to everything proposed by this grouping, lest he, too, become an accessory to crimes committed against the U.S. Constitution before and upon the bench.

Federal prisons used as slave labor pool

by Jeffrey Steinberg

Two hundred years ago, the British East India Company's radical utilitarian social engineer Jeremy Bentham, a rabid enemy of the American Declaration of Independence and Constitution, designed a model prison system that doubtless made Adolf Hitler and Hjalmar Schacht drool with envy. Bentham's scheme, dubbed the "Panopticon," was peddled as the perfect "utilitarian prison"—a slave labor camp designed to minimize the number of prison guards required to maintain order and calculated to bleed the most calories of work out of each of the prisoners. The entire prison was a factory, in which human manual labor was the primary source of energy, in which the work stations were designed to also serve as the eating tables and even the beds of the prison inmates at night. Above the doorway of the Panopticon (meaning "all-seeing eye"), Bentham proposed a sign reading: "Had they been industrious while free, they need not have drudged here like slaves."

Bentham's slave labor camp was peddled all over Europe at the time as a "prison reform" proposal—specifically aimed at averting a government budget crisis and economic depression. The full title of the proposal made this point clearly: *Panopticon—Or, the Inspection House—Morals reformed—Health Preserved—Industry invigorated—Instruction diffused—Public burden lightened—Economy seated, as it were, upon a rock—The Gordian knot of the poor-laws not cut, but untied—All by a simple idea in architecture.* Bentham's two other great contributions to "social reform" were a book on banking called *In Defense of Usury*, and a series of letters cataloguing his and his brothers' travels throughout Germany and Russia studying methods of capital punishment.

It would be an exaggeration to say that the current U.S. federal prison system is a replica of the system developed by Bentham. But it is a precise statement of fact, that the federal prison system and the "reform" represented by the November 1987 U.S. Sentencing Guidelines puts that system well on the road to Bentham's Panopticon.

No way out

During the Reagan years, some of the leading Benthamites among the American criminal justice establishment, in-

cluding Harvard University's James Vorenberg and James Q. Wilson (the latter also a member of the President's Foreign Intelligence Advisory Board), began peddling the idea that the existing criterion for sentencing of federal prisoners was too arbitrary, and based too much on judicial discretion. They came up with an alternative, which was ratified into law in 1987 as the U.S. Sentencing Guidelines. Under its provisions:

- The federal parole board was effectively eliminated, with the exception of cases involving crimes committed prior to the enactment of the new law, parole of federal prisoners for good behavior, first offenses, etc. By the end of the decade, it is expected that the Parole Board will be entirely out of business.

- The parole system was replaced by a point system, which calculates various factors, including past criminal record, use of violence or possession of a weapon during a crime, status within the criminal organization, and the specific statute violated; and arrives at a mandatory sentence.

The number of points calculated in the pre-sentencing report absolutely determines the length of the sentence to be served. Gone is the notion of rehabilitation, since *nothing that the convicted person can do during his prison term can reduce the length of his sentence.* Gone is any degree of judicial discretion or mercy, since *the judge plays no role whatsoever in determining the length of the sentence.*

There is one sole exception to this rigid scheme: The federal prosecutor alone has the authority to file a motion waiving the sentencing guidelines and recommending an alternative sentence. And the only criterion for a federal prosecutor activating this loophole is a convicted criminal's willingness to sign on as a government snitch.

In just the first few years of the new U.S. Sentencing Guidelines, the federal prison population has soared to currently 64,000. Experts project that the population of the federal prison system will pass the 100,000 mark by the year 1993. An estimated 80% of the population in federal prisons is there on drug-related charges. The present population of state and county prisons is estimated at one million, and is expected to increase at a similar rate to the federal system, particularly if states begin passing bills paralleling the federal prison and sentencing "reforms."

In keeping with Bentham's utilitarian calculus, the prison population—with longer, fixed sentences—is now emerging as the largest single pool of unskilled and semi-skilled labor in the United States. Most of the federal prison facilities, with very few exceptions, have been transformed into low-skill, low-energy assembly plants and repair factories. One private corporation, Unicorp, manages all of the federal prison labor shops, paying a graduated wage scale that begins at 11¢ an hour and peaks at well under \$1 an hour. With the exception of medical waivers, every federal prisoner works a five-day, 40-hour week. Unicorp is currently among the largest "employers" of non-service workers in the country.

Racist FBI targets black leaders

What follows is the text of a sworn affidavit by an FBI official who reports that it has been FBI policy to single out black elected officials for political persecution and selective prosecution, and that this policy is based on a racist contention that black people are "genetically inferior." Although the FBI is currently targeting constituency-based political leaders of all races, it is also undeniable that such naked racism is gaining popularity among the Anglo-American elites, and that those elites are encouraging it in the hopes of unleashing brutalizing racial warfare in the United States. The affidavit, by Hersch Friedman, a former Marine who now practices law in the state of Georgia, was read into the Congressional Record on June 2 by Rep. Mervyn Dymally (D-Calif.), who called for an immediate congressional investigation of the charges contained therein. "Such a policy," Dymally charged, "represents the ultimate abuse of power, and places at risk more than 6,700 elected officials mandated to serve the people of this nation." The affidavit was also made part of the proceedings of a Washington, D.C. citizens' grand jury which has been formed to investigate Justice Department wrongdoing in the case of Washington, D.C. Mayor Marion Barry.

The undersigned Hersch Friedman, having been duly sworn, hereby deposes and states that the following is based upon his personal knowledge, as intended for use in the connection with the above-captioned matters. . . .

In February 1979 . . . I was requested to work as an undercover agent of the Federal Bureau of Investigation on a number of occasions. . . .

Shortly after I began working with the FBI in 1979, I was made aware of the unofficial policy of the FBI, which was generally referred to by Special Agent John MacAvoy as "Frühmenschen" [a made-up German word meaning "early humans"—ed.]. The purpose of this policy was the routine investigation without probable cause of prominent elected and appointed black officials in major metropolitan areas throughout the U.S.A.

I learned from my conversation with special agents of the FBI that the basis for this policy was the assumption by the FBI that black officials were intellectually and socially incapable of governing major governmental organizations and institutions. An upshot of the FBI's Frühmenschen policy in Atlanta was the investigation generally referred to in the Atlanta FBI office as "blue eyes, green eyes, brown eyes."

This investigation specifically referred to "blue eyes" Elgin Bell, who was a top ranking black police officer in Atlanta

who had blue eyes. "Green eyes" was Maynard Jackson, who at that time was the mayor and is again mayor of the city of Atlanta, who has green eyes. "Brown eyes" is [Atlanta Police Commissioner] Reginald Eaves (of course), who has brown eyes.

The investigation had targeted these particular individuals with the aim of prosecuting them if possible, even though there was no probable cause that had started the investigation. The Frühmenschen policy of the FBI and the "blue eyes," "green eyes," "brown eyes" investigation were conducted throughout this period—1979-1982. . . . During this time Special Agent John MacAvoy was the first supervisor of the Eaves investigation. FBI agents and an Atlanta police detective assigned to work with the FBI would routinely discuss the progress of their investigations with me.

I understood that over a dozen indictable cases against white appointed officials and others in the Northern District of Georgia were dropped and investigations were discontinued altogether during this period of time, while great effort was put forth in connection with the Frühmenschen policy and pursuit of the blue eyes, green eyes, brown eyes cases, notwithstanding the absence of indictable cases against these three particular targets. . . .

'We've got to get the Frühmenschen!'

Special Agent MacAvoy, in the presence of others, routinely made remarks regarding the targets of this investigation's efforts, which the undersigned took as strictly racist. An example of these remarks used in connection with his investigation of elected and appointed black officials in the Northern District of Georgia would be: "We've got to get the Frühmenschen." . . .

I told Special Agent MacAvoy that there appears no basis for believing that Commissioner Eaves was about to break any law involving the abuse of public office and [there was] no basis therefore for pursuing him. In light of that, I asked him why the FBI continued to focus on Eaves. His reply was simply that they would pursue the investigation because Eaves was a "Frühmenschen" and would thus have to break the law, meaning in time.

MacAvoy used "Frühmenschen" to describe black people. The undersigned understood from this and his knowledge of the investigation by the FBI, that the investigation of Eaves and the other black elected and appointed officials in the Northern District of Georgia was based upon suspicions and racial bias and not upon reliable information and evidence.

In conclusion, as far as the undersigned is aware, the Frühmenschen policy of the FBI and the blue eyes, brown eyes, green eyes investigations of the FBI are ongoing at the time of his release in 1982.

I have read the foregoing statement and hereby certify that it is true and accurate to the best of my knowledge and belief. Signed by Hersch Friedman.

Thatcher co-thinkers aim terror against Germany

by Nora Hamerman

On the night of July 31, as she prepared to leave Great Britain to visit U.S. President George Bush, Prime Minister Margaret Thatcher went on television and admitted that she supported the substance of an anti-German outburst made last month by former Trade and Industry Minister Nicholas Ridley. "I think apart from the way in which Mr. Ridley said it, some of the things he said . . . were in tune with people's feelings, because naturally some people, particularly those who lived through the last war, feel a number of apprehensions."

Ridley was forced to resign after he was quoted in a newspaper interview July 12 saying that moves toward joint European monetary policy were "all a German racket designed to take over the whole of Europe." Most offensive of all, Ridley said, "I'm not against giving up sovereignty in principle, but not to this lot. You might just as well give it to Adolf Hitler." Ridley's remarks, studded with insulting references to "the German *people*" as "the problem" in themselves, were the first official endorsement for a drumbeat of British warnings that the freeing of East Germany from the Communist dictatorship would somehow revive Hitler's Third Reich.

RAF right in tune

Thatcher's words confirm what she had previously denied, but many Germans and others suspected—that Ridley said what Thatcher thought. Curiously enough, this line was simultaneously echoed in Germany itself by the Stalinist hardliners of the Red Army Faction (RAF) terrorist gang, also known as the Baader-Meinhof.

In a letter confessing responsibility for the July 27 bomb attack that nearly killed Bonn Assistant Interior Minister Hans Neusel, the RAF charged that he was a "symbol of the unbroken political continuity of the Third Reich and German fascism." The letter speaks of "imperialism in its West German version reaching out to grab for annexation of the territo-

ry of the G.D.R.," the former Soviet-occupied zone of East Germany, and slandered the upcoming all-German elections for parliament as aiming for "a new Reichstag of the Fourth Reich."

The RAF is also circulating a pamphlet which asserts:

- that Hans Neusel and the French ministry of the interior launched the TREVI (international coordination group against terrorism, founded in 1985), and that Neusel has been overseeing the training by the West German GSG-9 anti-terrorism brigade of special Turkish police squads operating against the Kurds. That is why Neusel was attacked on July 27;

- that Neusel is the "personified, though indirect, embodiment of the continuity of German fascism from the Third Reich to the Greater Germany that is heading towards the Fourth Reich." He has been overseeing state efforts to crush terrorist underground bridgeheads in Europe like the Groningen and Hamburg Hafenstrasse squatters and the Copenhagen Christiania compound;

- that West Germany is the flagship of the "Europe 1992" effort, enlarged by the conquest of the formerly socialist bloc in Eastern Europe, to build a "F.R.G./Western Europe world power" which is stabilizing the imperialist power bloc against the "Trikont," the Third World. The socialist bloc ceases to be a base of support and solidarity for the Trikont;

- that the conquest of Eastern Europe by the new "F.R.G./Western Europe world power" is the third assault by German capitalism in this century, carried out this time not by military weapons, but by weapons of business and politics. This is to consolidate the European power bloc for its intentions of launching a new round of looting of the Third World; and

- that the Socialist government in Spain of Felipe González is becoming a special target of the "anti-imperialist"

offensive because it is trying to profile itself as a “reliable member of the core states of the European power bloc.”

Why the violent reaction?

On July 28, Lyndon LaRouche commented on the British establishment’s obsession with “Fourth Reich” nightmares. “We have a process on the continent,” he reemphasized, “such that whatever happens to the Soviet Union, its pieces, and as a whole, that this part of the world, of Eurasia, and also Eastern Europe, will not survive, without the success of the reunification of Germany, as a keystone of the economic expansion of what is presently Western, continental Europe.”

Moreover, “without the double-digit rate of growth in Eastern Europe, which can be achieved rather credibly, simply by an effective reunification of Germany, and the high, single-digit rate of growth, which can be achieved and sustained (these are both real growth, not just nominal growth) in Western Europe, as a side effect of the same process, it will not be possible both to meet the urgent requirements of coping with the physical economic crisis to the East of Western Europe, and also to generate the means for meeting some of the Third World crisis, the revival of the U.S. and British economy, and so forth.”

He continued: “Without that growth, the situation for the Soviets is sufficiently hopeless, that . . . we are looking at the threat of war, in which Moscow turns to whatever remains of its own military capability, which would be the dominant capability of the world at that time, to find, by military means, a solution which is not available by other means.”

Improbable as it seems, Moscow finds itself indebted, primarily to Germany, and to Japan, not merely for goods, but for investment goods, in order to develop infrastructure, agriculture, and industry. Therefore, LaRouche noted, “the Russians find themselves perversely caught having a self-interest, in the success of what Helmut Kohl, the Chancellor of Germany, is sensibly attempting; and an even greater interest in the success of what I have proposed, to the same effect.

“On the other hand, this produces a violent reaction, from the Anglo-Americans, who see this relationship between Russia, or Moscow, and a Western Europe centered upon the German-dominated Triangle, as being the long-feared danger, as [19th century geopolitician] Karl Haushofer would pose it, of the Eurasian land mass ganging up against the poor shreds of the Anglo-Saxon Rim countries.”

But the geopolitical aspect is “only a part, though a significant if incidental part, of a general character of the Anglo-American Establishment, at this time.

“First of all, the Establishment at the top is dedicated to the revival of, and revenge for, the pagan imperial Roman Empire, against the putative destroyer of that Empire, Christianity, and also, the Judaic Ten Commandments. . . . In fact, in the extreme, the Establishment, including elements such as the leadership of the Anglican Church and other churches, including the leadership of the Church of Scotland,

are openly advocating the Anti-Christ, as is Prince Philip, for example, with his tendency toward the Gaia worship proposition,” LaRouche said.

“So, they’re gnostic, or, actually, outrightly satanic, in this *passion* for revival of pagan Rome: the Emperor Diocletian’s pagan Rome, or that of Julian the Apostate, as much as Tiberius and Nero.

“The second feature of this, is ecology, this insane cult ecology, bordering down to animal rights terrorism, which is a commitment, sort of a revival of the Code of Diocletian, as a commitment to the global empire.

“Thirdly, on about the same level as the commitment to geopolitical cult insanity, is a cult commitment to what I have delighted in describing from a Tokyo vantage-point, as the ‘American flea market economy,’ or, in Germany, we call it the *Flohmarktwirtschaft*,” LaRouche said, referring to the Adam Smith school of pillage. “So, we have these four tenets which I’ve indicated, of the Anglo-American Establishment’s policy, against what they see as a tendency for the emergence of the Eurasian land mass around a successful German development concept.

“Obviously, the Anglo-Americans wish to do two things: sink the German economy, stop the unification, at least to the point of making it a failure, or a crushing failure for Germany, and pitting Germany against Moscow. That’s the game plan, with the U.S. probably taking the Russian side this time, against Western continental Europe.”

Reunification process speeds up

On Aug. 3, West German Chancellor Helmut Kohl and his East German counterpart Lothar de Maiziere answered the efforts of the Anglo-American oligarchs and their RAF co-thinkers with an initiative to move up, from Dec. 2 to Oct. 14, the schedule for the all-German elections.

The move, promoted with references to a “state of emergency,” must be seen as a preemptive step to shore up the economic and political side of the unification process before the expected inflationary and recessionist effects of the crisis in the Mideast (and in the U.S.S.R.) hit Western and Central Europe.

Remarks by Kohl’s chancellor minister, Wolfgang Schaeuble, in a radio interview Aug. 4, hint that such broad strategic considerations—not economic pressures as such—are what was discussed in the secret surprise meeting between Kohl and de Maiziere on July 31—the date of Thatcher’s “Ridley” confession. Schaeuble said the earlier election date has the main purpose of “creating clear conditions” for unity of the two Germanys, which is to be completed as soon as possible.

While the economic-social situation in East Germany is increasingly unstable, it is far from being a real emergency. The original election date of Dec. 2 had already been promoted with reference to the worsening economic-social crisis situation in the Soviet Union.

'Gang of Ancients' desperate to keep grip on China

by Mary McCourt Burdman

The tanks are rolling in the streets of Beijing again, this time in anticipation of some or any demonstrations or disturbances during the September Asian Games. Reports are circulating that the underground resistance to the Communist Party regime in China will use the presence of international diplomatic and press visitors to Beijing for the Games, which begin Sept. 15, as an opportunity to stage protests, as they did during the visit of Mikhail Gorbachov in May 1989.

Some Chinese students have threatened to set themselves on fire to protest the repression, and the Chinese National Security Department has reportedly issued a circular, warning of disturbances from the underground pro-democracy movement. Leaflets have appeared in China demanding sanctions against the Games and calling for democracy and freedom.

But the democracy movement is not the greatest threat to the Beijing government's grip on the country. The breakdown of China's economy, which has generated a 100-million strong "floating population," has created total disorder. The police and security forces rant continually about "armed gangs" and other criminals threatening public security through robbery, explosions, sabotage, and murder.

The authorities are certainly nervous. Tanks and armored personnel carriers, which had not been seen for some time, have reappeared in the streets of Beijing in the past 10 days, Western correspondents reported from there July 31. One Chinese resident reported a tank in the university district, carrying soldiers wearing combat helmets. There have also been large-scale troop movements in the city: Convoys of up to 300 soldiers have been seen along Beijing's main avenue during the day, and helicopters have repeatedly flown over the city. There is also a substantial increase in the numbers of People's Armed Police in the streets.

Bogus liberalization

So much for the steps China has taken to "liberalize." Those steps, the nominal release of a few hundred dissidents from prison and of astrophysicist Fang Lizhi from the U.S. Embassy June 24, were only done for consumption in the United States, Britain, and Japan to help those governments promote their pro-Chinese policies at home.

The great problem is, that with the "Gang of Ancients,"

the octogenarians now leading China, the country has no chance. This group will gather in their wheelchairs at the seaside resort of Beidaihe in August to conspire with and against each other, before the fall CP plenum, veteran China correspondent Simon Long wrote in *The Guardian* July 31. Deng Xiaoping, 86, is still on top, as far as can be determined, but the battles among rivals are not their primary concern. Holding on to power they have held for 60 years is. Vice President Wang Zhen still asserts the continued importance of "Mao Zedong's comrades in arms" and the Communists' World War II "Yenan spirit."

Wang was reportedly in a helicopter watching the June 4 massacre operations. Another, Peng Zhen, 87, has influence in the legal and security networks now run by Qiao Shi. At this point, all the mechanical statements about "Party unity" only assert that the Party leadership is unified in "basic principles"—retaining power. Peng Zhen expressed the Party leadership view best, in statements attributed to him when he heard about the Beijing massacre: "Now the ship is sinking. The pressing task for the moment is to get across the river in this ship before it sinks, rather than disclose which direction it will take."

Martial law was never lifted in Beijing: The People's Armed Police, who are armed with AK47s, are under the command of the Peoples Liberation Army. And the dissidents were never "released." None have been exonerated, charges still stand against them, and all are being watched and could be arrested again at any time.

Beijing's mayor, Chen Xitong, noted for his support for the Tiananmen Square massacre, asserted June 21 that the Asian Games "would be free from terrorism." He told Kyoto press of Japan that Chinese security would be on alert. He said that China has "increased production of such 'mild' weapons as tear gas since the Tiananmen Square incident last year, while beefing up its riot squads." Some 500,000 "citizens" and 100,000 students would be mobilized to "help assist the squads during the Games."

There are consistent reports of underground resistance groups in mainland China. Early in July, the Chinese-language *World Journal* reported that representatives of the "China Communist Revolutionary Committee," which has been active on the mainland since the end of the Cultural

Revolution, met with leaders of the Paris-based exiles' organization, the Federation for a Democratic China, in Tokyo in March. The Revolutionary Committee asked the FDC to announce that the meeting had taken place, and that Committee members include high-level Communist Party members.

Mass rallies for death

The week of July 16, Qiao Shi led a national meeting of public security directors in Beijing. Although he claimed the "decisive victory" over the "counter-revolutionary rebellion" last year, has "shown the world that the political situation in China is stable and the communist leadership and socialist system enjoy profound support among the masses," Deputy Minister of Public Security Gu Lingfang was not so sanguine. He told the meeting that "the situation as far as China's public security is concerned is basically stable, but challenging."

A month earlier, Gu had told the National People's Congress standing committee that "hostile forces and hostile elements at home and abroad have intensified acts of sabotage [and] stepped up their counterrevolutionary propaganda and incitement." Gu focused on the tremendous rise in "criminality" during 1990: One million criminal cases were filed this year already, he said, an increase of 260,000 over last year, and a rise of 25% in major crimes since last year. Gu said public security departments should adopt "all necessary measures in accordance with the law" to crack down on crime.

These measures include the hideous "public rallies" in which tens of people are tried at once. Death sentences are rampant, and anyone sentenced to death is immediately led away from the rally and executed. In Fujian province July 23, two men were executed after a mass trial of 186 people. Two more were executed in Liaoning for dismantling and selling 30 agricultural power transformers. Pornography now carries the death sentence, and in Shenzhen, a 26-year-old official was executed for "taking bribes" July 16. Hebei province increased death sentences 25% from last year. In Dalian, after such a mass trial, 10 people were executed for "bribery and corruption" June 27.

Unrest on all the borders

Serious unrest continues in Tibet, Inner Mongolia, and Xinjiang province in China's western interior. On July 1, Hong Kong's *Cheng Ming* reported that there were some 20 rallies and demonstrations for independence in Inner Mongolia between December 1989 and April 1990. One huge demonstration of 80,000 people, herdsmen, workers, and students, was followed by another of 40,000 in the capital city of Hohhot May 26-28. Seven people were killed and over 200 injured by the Chinese authorities. The border was sealed, and Beijing reportedly sent representatives to Ulan Bator, the capital of the Soviet-dominated country of Mongolia.

The reports are to some degree confirmed by the fact that the official Chinese media reported that Politburo Standing

Committee member Qiao Shi, the head of internal Party security, toured Inner Mongolia for *nine days* during an unspecified period in late May. Qiao called the situation "comparatively stable," a more serious evaluation than the usual "stable," and emphasized the need to develop the economy for "good social order."

The first week in August, Qiao Shi was in Xinjiang province, which was rocked by an uprising by a group of the Turkic-speaking Muslim population April 5-6, in which hundreds may have been killed. The Army has been trying rapidly to upgrade its skills in "riot and disturbance quelling" in Xinjiang. Qiao Shi called for "no relaxation in the fight against separatism."

Cracking the whip on Tibet

Communist Party head Jiang Zemin went to Tibet the last week of July—the highest-level CP official to visit there in 10 years. He announced in Lhasa that "stabilizing the situation" should be the top priority for Tibet, and fulminated against the Tibetan separatists "at home and abroad creating disturbances and violating social order."

He called for special attention to education, "to enable students to know from childhood that Tibet is a sacred and inseparable part of the motherland and that without the Communist Party of China, there will be no socialist new Tibet." Jiang's visit was preceded by a delegation from the State Council, and the Tibet Communist Party held a congress the week of July 16, where emphasis was placed on developing the economy to promote stability.

Soviet leaders apparently have few illusions about the situation in China. After interviewing a group of top Soviet Asian experts in Moscow, *Hindustan Times* correspondent Bhabani Sen Gupta wrote July 23 that there are serious problems, despite the growing "warmth" of Sino-Soviet relations. "We will be cautious about China," Dr. Georgi Arbatov of the U.S.A.-Canada Institute told Gupta, who also interviewed Deputy Foreign Minister Rogachov, Institute of Oriental Studies head Dr. Mikhail Kapitsa, and Institute of Far Eastern Affairs head Academician Mikhail Titarenko. Titarenko told Gupta, "We will not forget what we have learnt from experience" with China.

On China's internal situation, these Soviet specialists had three perceptions, Gupta wrote: the first, that the cleavage between the leadership and population, especially the urban population, is far from resolved, and may burst out again in the near future. One expert stated that the Chinese made a great mistake by centering several universities in Beijing, while in the U.S.S.R., they are widely dispersed, with only one in Moscow.

The second view is that the Chinese leaders may be able to bring about the minimal necessary political changes in the next few years to avoid another explosion, but the third view was that China's economic realities are getting grimmer and grimmer, making outbursts of social discontent quite possible.

Castro's Sparta prepared to collapse

by Gretchen Small

Fidel Castro's annual July 26 speech celebrating the 38th anniversary of his assault on the Moncada barracks, this year vividly displayed the desperation gripping the Castro regime over its dim prospects of holding onto power. With Castro's hard-line East bloc allies no longer in existence, Moscow and Washington coordinating efforts to replace him with a "condominium government," and a collapsing economy, Castro told his loyalists in Havana that they must "fight, fight, fight, resist, resist, resist" for the cause of "socialism or death."

The Castro regime has little else but fanaticism left to it. For 31 years, the country has been run as a modern Sparta, educating its elite in Eastern Europe and sending its youth abroad to fight military adventures and run revolutions. That game has ended, as troops have been recalled from Nicaragua as well as Africa. On the domestic front, the regime provided advanced health care for its population, and told its people Cuba was a self-made paradise compared to the rest of the developing sector.

What Castro called "unexpected international events," and the "catastrophe in the socialist bloc," have buried that "self-made" myth forever. Castro has been left to wail, "Who would have imagined that the socialist bloc would collapse like a house of cards? Who would ever have imagined that the U.S.S.R. itself would have the difficulties and the problems it has now?"

Social programs will have to be cut, because Cuba no longer is certain of where it will be able to secure its resources, Castro stated. "Trade with a few countries of the former socialist community . . . has practically disappeared." The Soviet Union is already unable to meet its contracts, and deliveries of some products have been cut by 50%, he announced. "The situation with fuel is tense, very tense." Preparations are being made to declare "an exceptional peacetime period," if, as is quite possible, Cuba receives only half, or less, of the oil it uses today, he warned.

Austerity in Cuba has already become unbearable. The monthly ration of beans, a prime source of protein in a meat-poor diet, is only 10 ounces. Each Cuban is entitled to one pound of chicken every nine days, and a pound of beef every 27 days. Eggs, fish, and rice are not rationed, but few goods are available at Cuban grocery stores.

The country has no cushion left with which to face the crisis which looms ahead. As of now, Cuba is believed to have only \$40 million in foreign reserves, while Cuba's total export earnings hover around \$600 million annually. The

Soviet Union, Cuba's number-one trading partner, announced in July that beginning in January 1991, Cuba, like others, will have to pay hard currency (i.e., not non-convertible rubles) for its trade with the Soviets. Cuba's second-largest trading partner, East Germany, already adopted the same hard-cash policy, and has conditioned its aid on Havana adopting policy changes.

Cuban experts report the "exceptional measures" being drawn up by the Castro regime to survive in the face of the cuts in international aid, boil down to the "Cambodianization of Cuba." The economy will be put on a war footing, and large numbers of urban dwellers will be forced out of the cities into the countryside, to farm or gather wood.

Will the superpowers crush Cuba?

With political upheaval in Cuba a given, Moscow and Washington have begun coordinating, if uneasily, their operations to channel that coming upheaval so as to ensure an orderly transition to a post-Castro regime amenable to both capitals of the would-be world condominium.

Thus the once professedly anti-communist leadership of the Cuban exile movement which answers to Washington, is sounding remarkably pro-Soviet. The head of the Cuban National Foundation, for example, Jorge Mas Canosa, reported in Madrid at the end of July that he and other Cuban exile leaders had met in Miami in May with "high Kremlin officials" to discuss the future of Cuba.

According to Madrid's *El País* newspaper, Mas Canosa and friends promised Moscow's men that if the Russians help towards a peaceful solution, "we, tomorrow, can guarantee their presence on Cuba. We want to have the best diplomatic relations with the Soviet Union, the greatest possible commercial ties, the only difference being that we will pay everything in dollars."

El País commented that the policy of the exile community is beginning to coincide with Soviet foreign policy interests. No wonder. Mas Canosa claimed the Cuban exile community has amassed a \$21 billion fund to restore the Cuban economy, more indeed than Castro has to offer.

This was no rump caucus. The chief of Latin American relations in the Soviet foreign ministry, Yuri Pavlov, participated in the May pow-wow with the Cuban exiles, along with top Soviet policymakers Georgi Arbatov and Fyodor Burlatski and "other Soviet deputies," all invited by the Jiri Valenta Institute for Soviet and Eastern European Research in Miami, *El País* reported.

Mas Canosa would never have held a strategy session with such a high-powered Soviet delegation on the eve of the Bush-Gorbachov summit, without the approval of Washington. Mas Canosa is a close friend of President Bush's son, John Ellis "Jeb" Bush, and the Cuban National Foundation which he heads is heavily funded by the National Endowment for Democracy, and works "closely" with the U.S. intelligence community.

A weak Fujimori assumes power in Peru

by Peter Rush

In the midst of the worst crisis ever to face his country, Alberto Fujimori assumed the presidency of Peru in an inaugural ceremony July 28 in the capital, Lima. His inaugural speech was notable for the absence of any indication of how he intends to deal with the economic collapse, which has plunged a majority of Peruvians into abject poverty, and threatens to halt economic activity in the near future if nothing is done to change the country's course. And the cabinet he has chosen is extremely weak, being a congeries of political unknowns from both the right and the left, which no observers believe capable of surmounting the country's difficulties.

In his inaugural speech, he focused on secondary issues, such as a crackdown on corruption in government, certainly needed after five years of misrule by outgoing President Alan García and his APRA party, and a reform of a judicial system in which thousands of prisoners have spent long periods in jail awaiting their first pre-trial hearing. The closest he came to discussing the economy was to announce his intention to request emergency powers to levy new taxes to finance welfare programs to protect the poorest Peruvians from the effects of increases in prices for food and other basic commodities. He also said he wanted to reassign and retrain many public employees, in order to increase the efficiency of the state bureaucracy, rather than fire them, as is being done in Brazil.

On the biggest question of all, how to confront hyperinflation reported to have hit 93% in July, the collapse of the currency, the deep depression of industry, and the crisis of providing food to the population in the midst of a disastrous drought and no money for food imports, Fujimori merely said that elements of a program would be announced soon by Finance Minister Juan Carlos Hurtado Miller (who is also the prime minister).

Since his surprise showing in the first round of the presidential election in April, where he qualified for the runoff against ultra-monetarist Mario Vargas Llosa, Fujimori has been the subject of intense pressures from the International Monetary Fund (IMF) and its supporters inside and outside Peru to confront this crisis by a classical "shock" policy, in which all state-controlled prices are raised sharply without compensating increases in wages, interest rates are jacked high, large numbers of state employees are summarily fired,

and the public sector is rapidly "privatized."

Sources in Peru have confirmed that on the day of Fujimori's inauguration, IMF director Michel Camdessus, and U.N. Secretary General Javier Pérez de Cuéllar, a Peruvian, both spoke to the new President to pressure him to announce just such a "shock" program, complete with price increases of 500% or more. This advice was similar to that proffered several weeks ago by a special "Informal Committee" of supposed "notables" assembled by Pérez de Cuéllar in June. On the committee were Wells Fargo banker and former Peruvian Finance Minister Carlos Rodríguez Pastor, and top Mexican banker Jesús Silva Herzog, among others. The committee disbanded two weeks ago in a huff after Fujimori rejected their demand to be entrusted with naming at least eight members of Fujimori's cabinet plus the head of the Central Bank.

Weak cabinet, military unrest

All commentators have observed that Fujimori appointed an extraordinarily weak cabinet. Prime Minister Hurtado Miller is a political lightweight, an eclectic economist, and member of the right-wing Popular Action party of former President Fernando Belaúnde Terry. Three members of the cabinet are Marxist leftists, including an education minister from the Maoist-dominated Teachers Union. And the key post of Industry Minister was given to Guido Pennano, a protégé of top oligarch Manuel Ulloa, the former Finance Minister under Belaúnde Terry who opened up the economy to the drug trade. Pennano is best known for his view that Peru depends on the flow of drug dollars that Ulloa's policy facilitated, and that nothing must be done to stem these billions of dollars flowing annually from the jungle into Lima, and into government coffers.

Facing political weakness and lacking an electoral majority in the Congress, Fujimori moved quickly to try to establish his authority over the Armed Forces. After appointing retired military officers to three cabinet posts—Defense, Interior (which controls the police), and Fisheries—he announced, just hours after his inauguration, that he was replacing the heads of both the Air Force and the Navy. He gave no reasons for his decision, and told reporters that "the President doesn't have to give reasons for his actions." Air Force Commander Gen. Germán Vucetich has been accused of corruption, while the Navy high command is known to have opposed Fujimori's election and to have contemplated a coup against him on election day.

Fujimori also moved to shake up the National Police Force, retiring the director general and the heads of the three main branches of the police, along with 35 other officers, some of whom have been accused of openly protecting drug trafficking in the Amazon jungle city of Iquitos.

Whether or not these moves render him secure from military coup d'état, they are no substitute for a competent program to restart the national economy and defeat the narco-terrorist plague afflicting the country.

Italian intelligence: Libya financed Bush

by Joseph Brewda

In testimony before a special Italian parliamentary committee on terrorism in June, Adm. Fulvio Martini, the chief of Italian military security services (Sismi), made shocking declarations about the United States and President George Bush. The occasion for Martini's testimony was the tenth anniversary of the mysterious downing of an Italian passenger airliner on June 27, 1980 near Ustica, Italy. Admiral Martini said that the probable party responsible for that terrorist incident was the U.S. or French government. In his testimony, Martini noted the continuing close, if covert, relationship between the Libyan government of Muammar Qaddafi and the United States of George Bush.

Determining the parties responsible for the incident has long been a vexing problem. An Italian DC-9 Itavia airline company passenger jet, on a routine flight from Bologna to Palermo, suddenly disappeared without warning near the city of Ustica, killing all aboard. The little technical information that exists on the downing shows that a missile was responsible.

The *U.S.S. Saratoga*, which was in nearby Italian waters in the Tyrrhenian Sea, would have had routinely monitored the nearby plane with its radar. The U.S. government claims that the aircraft carrier had turned off its radar. It had no information to offer Italian investigators, it insisted. Just as oddly, the ship that picked up the DC-9 wreckage was owned by Infremar, a well-known French intelligence proprietary. The proprietary failed to find any relevant plane parts which would have indicated what happened.

Given no evidence of responsibility, the standard story has been: The Libyan terrorist regime of Muammar Qaddafi was responsible.

'Either the U.S. or France'

In his testimony, Martini came right to the point: Either the U.S. or France, and not Libya, was responsible for the massacre. A hypothetical Libyan MiG could not have had sufficient fuel to return to its base after a mission in the Tyrrhenian Sea, unless one or more Libyan fighter jets had utilized a foreign airbase, he reported. The only countries present in the Tyrrhenian Sea with sufficient armed forces capable of carrying out such operations are the United States and France, he added. Martini reported that the idea that the

Saratoga had turned off its radar is not credible.

When asked why the Libyans have been so quiet about possible American or French culpability for the tragedy, Martini stated that relations between Libya, France, and the United States are not what they appear to be. In 1980, the French were on a military collision course with Libya over the Libyan invasion of Chad. Yet, the French also did the maintenance work on Libyan aircraft in Chad at the same time, aircraft which were used to kill French soldiers. He also noted that the Americans, who officially have no diplomatic relations with Libya, maintain 5,000 workers inside Libya. The British do the same.

Then he came to the real bombshell. "It is not black or white. For example, despite the political-military tension, the Qaddafi regime has regularly honored the royalties to American oil companies. And not only that. On the occasion of the American election campaign, Libya financed the Bush campaign through the Texas oil companies. . . . Qaddafi supported the election of George Bush."

The curious U.S.-Libyan relationship

While it is not certain what the Italian intelligence chief was referring to, the covert relationship between the Qaddafi regime and the U.S. government has long been notorious in informed circles. According to credible reports, it was the U.S. National Security Council, under Henry Kissinger, and the CIA, which installed Qaddafi in power in 1969. The Bechtel Corporation of California and the Vennel Corporation of Texas were the instruments the U.S. chose for this purpose; the former CIA station chief for Syria, Wilbur Crane Eveland, was the case officer, it is said.

Moreover, that same year, the NSC reportedly established the now notorious Propaganda-2 Freemasonic lodge as a cover for the Anglo-American destabilization of Italy. Libya is a former Italian colony. Qaddafi and P-2 have been involved in several joint operations, it has been alleged, for example, in joint sponsorship of Sicilian and Sardinian separatism. Several efforts to overthrow Qaddafi have been betrayed by P-2 elements within Italy, it is said.

Despite public tension between the U.S. and Libya, Libyan oil production continues to be dominated by the United States. These firms reportedly include Exxon oil, the Rockefeller-family linked firm which had been closely associated with George Bush's late father Prescott Bush. Exxon reportedly remains the most important Libyan oil company. Armand Hammer's Occidental Petroleum has also dominated Libyan oil production. Hammer had been convicted of illegally funding Richard Nixon's presidential campaign in 1968. One of George Bush's first acts as President was to pardon Hammer. Yet another firm is Charter Oil of Georgia, which while close to the Carter administration also included former President Gerald Ford on its board. Brent Scowcroft, the current National Security Adviser, and Kissinger clone, had been a paid Charter consultant.

P-2 probe continues despite denials

by EIR Staff

Italian Premier Giulio Andreotti got a skeptical reception on Aug. 2, when he delivered a report to the parliamentary committee investigating the illegal Propaganda-2 Freemasonic lodge. Andreotti reportedly said that after checking with the U.S. Central Intelligence Agency and the Swedish government, he had found no confirmation of recently aired charges that P-2 was complicit in the unsolved 1986 assassination of Swedish Prime Minister Olof Palme, and that the CIA and U.S. President George Bush were involved in the conspiracy.

Andreotti's testimony followed a request from Italian President Francesco Cossiga in a letter dated July 3. Cossiga demanded an investigation of charges aired by self-described former CIA employees Richard Brenneke and Ibrahim Razin over the publicly owned RAI television channel, TG1, at the end of June and in early July.

The RAI video crew that prepared the interview with Brenneke on Bush and P-2 came under heavy attack after the CIA denied the charges July 23. A violent press campaign was launched accusing the TG1 journalists of everything from being "unprofessional" to "communists" who targeted the U.S. intelligence community in order to cover for East bloc involvement in terrorism. But in a telephone interview with *EIR* July 24, one of the top executives of TG1 forcefully rejected the charges, pointing out that TG1 is planning to air a program on the East German secret police and its former deputy chief, Markus Wolf.

TG1 sticks to its guns

The leading journalists in TG1 were close to the late Christian Democratic leader Aldo Moro, who was kidnaped and killed by the Red Brigades in 1978. The inquiry into P-2's U.S. connections is linked to that crime.

The director of TG1, Nuccio Fava, who would retire on Aug. 1, stated July 24 that he will not budge from his position. "I was indelibly stricken by the tragedy of Aldo Moro," he said, "and not only professionally. My conscience is clear. I am deeply convinced that one must look into the darkest periods of our recent history, to the still-unsolved mysteries of this country. This is what we tried to do at TG1, by presenting testimonies and facts. We did it in the case of the airplane that crashed in Ustica in 1980. We did it in Hungary on the tracks of the terrorist Carlos and Abu Abbas; and in Sweden, Germany, Switzerland, and the U.S.A. to confirm the hypothesis that Licio Gelli was involved in the death

of Palme. I have always been convinced that not only for terrorism but also concerning the P-2 and all the other dark aspects of the secret services, no citizen and no journalist can spare efforts to find the truth, or at least to understand." The journalists of RAI backed Fava.

On July 29, TG1's Ennio Remondino promised in the daily *Corriere della Sera*, "The inquiry into the CIA, P-2, and Italian occult powers continues, and I am preparing a followup. I have just returned from the United States, where I have pulled together hundreds of letters, which prove that we are on the right track."

"I have found about a thousand documents," which provide leads about the "current accounts for CIA operations, and the full names of Italian figures involved," Remondino told *Corriere*: "Now I feel relieved. I know that I have gotten closer to the truth, even though it may be a fearful truth." Remondino reported that while he was in the U.S., his briefcase filled with television material and cameras "strangely" disappeared.

Two days later, on July 31, TG1 broadcast a new interview with Richard Brenneke taped by Remondino in the United States. Remondino began by stating that Brenneke had worked for the CIA as a contract agent, and showed the relevant documentation from the Portland, Oregon trial, which acquitted Brenneke of the charges of lying, precisely for having said he was a CIA agent. Brenneke repeated that the "Agency" financed groups which "could be considered terrorist groups" in the 1970s and that he was involved in such operations.

CIA-East bloc joint operations

Remondino asked: "But, the CIA used to give money and weapons together with the Eastern countries to the same terrorists?" "Yes," answered Brenneke, "that's what it is. At the end of the 1960s and at the beginning of the 1970s in particular, this was considered a means of obtaining those results which the chiefs of the secret services pursued." Can you give details, asked Remondino. "In Czechoslovakia weapons, pistols, hand grenades, explosives like Semtex were bought. . . . At the end of the 1960s and at the beginning of the 1970s, I used to deal with Czechoslovakia. In some circumstances I met some terrorists; the persons with whom I dealt were not considered terrorists; they were persons who used to help out the U.S.A."

So, asked Remondino, it is a sort of big game among secret services, and we common citizens, the countries, the states, the parliaments, are the victims, with the dead, the terrorist attacks, and the bombs? "There is an organization," Brenneke explained, "a series of clubs, of organizations, that make deals outside of the control of the government, that do business and always did so outside the government's authority. And these organizations are united; their objectives, their ends in many cases are the same. And the ordinary man? Well, this is the real world, this is what happens in reality."

Book Review

The state made criminal: Nazi law and lawlessness

by Molly Kronberg

In the Name of the Volk: Political Justice in Hitler's Germany

by H.W. Koch

St. Martin's Press, New York, 1989

325 pages with index, hardbound, \$35.

The study of Nazi Germany in all its aspects has retained, for historians and laymen alike, an enormous fascination—and one not to be attributed simply to the murderousness of that regime (for bloodbath, slaughter, and even genocide were not unique to Nazi Germany); nor one to be accounted for by its duration (the Nazi nightmare lasted but 12 years); nor even one to be explained by the fact that it precipitated the greatest war the human race has yet endured.

No: Above all, the reason the study of Nazi Germany is so horribly spellbinding now, 45 years after the death of Adolf Hitler and the collapse of his Reich, is that these horrors occurred in the heart of Europe, in a country both cultured and humane, a stronghold of the Judeo-Christian principles that have shaped our Western civilization.

The lessons of Nazi Germany, with which we grapple to this day, and are by no means sure our society has learned, is that a cultured, civilized Western country may descend into the depths of depravity and murder, into a lawless, heartless, godless pursuit of genocide. The fascination of the study lies in this: How do we understand it? How do we guard against its happening, somewhere, sometime, again? And indeed, is it not happening again today, if not in the West, in Western institutions—like the World Bank and International Monetary Fund—respectable gentlemen all, who so casually cut off millions of human beings in the Third World, and leave them to die? Do not we Americans see in our time, in our own country, what might again become, as Dr. Leo Alexander called them at the Nuremberg Trials, the “small beginnings” from which grew up the legalization, acceptance, of stark murder? In America today, this means the legalization

of euthanasia, for example: the Nazi crime *par excellence*, for which the U.S. convened its own military tribunals after the war in order to try the perpetrators. And yet, today, we scarcely seem to notice—as so many Germans scarcely seemed to notice when the state became the criminal, under Hitler.

The present book, *In the Name of the Volk*, written by a man who was born the year that Hitler came to power, and who grew up in Hitler's Germany, concerns itself with one of the important conundrums of the Nazi eruption: the fact that every action Hitler took—from his accession to power, to his unimaginable *Endlösung*, his “Final Solution” to exterminate Europe's Jews—he undertook “legally,” ensuring at every step that his action, or contemplated action, met the requirements of “law.” To achieve this maniacal legalism, to achieve his boast that *his* revolution would be made from within the institutions of German law, not against them—the approach which earned him, in the 1920s, the nickname “Adolphe Legalité”—Hitler, of course, was compelled to pervert and contaminate every aspect of the legal system of Germany. And it is one part of that perversion and contamination, that Koch examines in this book.

The subject Koch explores, is the creation and function of the *Volksgerichtshof*, the National Socialist People's Court which presided over crimes of treason against the Nazi state. And, as Koch emphasizes at the outset of his book, the study of this subject “provides us with frightening evidence of the ease with which the instruments of a state based on law can be transformed into the means of its destruction.”

For the *Volksgerichtshof* (VGH) based itself on a principle of German law older than Nazism—that of *Treu' und Glauben*, “Loyalty and Faith”—and the leap which the German courts of law, and the German judiciary, made from old, well-founded legal practice into the nightmare world of Hitler's law, is strikingly simple to characterize, if not to fathom. It was the leap from the rule of law, to the rule of men—that gigantic distinction of which our own Founding Fathers warned us; and, although gigantic, not a distinction always easy to perceive. For, if one is fortunate enough to have a decent, moral, humane ruler, it is not always so obvious that his one-man rule is dangerous—not because of what it is in itself, but what it may lead to. And when Adolf Hitler is the absolute ruler, the very fount of law, the disaster is complete.

What happened to the German courts and judges, was not different from what happened to all the institutions of the German state, in Hitler's hands: complete fusion of loyalty to the country, with loyalty to the man. To most living within it, it happened almost imperceptibly, a step at a time. To the outcast, to the Jews, it was a hecatomb; to others, it came more slowly, in the shadows.

Where the Constitution of the Weimar Republic, with all its defects, had attempted to assert the primacy of *Law*, not ruler, Nazism asserted—and Hitler *embodied*, in his own

person—the primacy of The Man. Characteristically, Hitler never repudiated the Weimar Constitution; that would have gone counter to his fundamental principle, of revolution within the law. Rather, Hitler took up that one fatal defect in the Weimar Constitution—Article 48—which permitted the declaration of a state of emergency, suspension of the other clauses of the Constitution and all the rights they guaranteed, and direct rule by presidential decree. Twice in February 1933, Hitler caused to be issued such decrees; but, with his mania for legal dictatorship, that was not enough. Thus, in March 1933, still at the very outset of his rule, Hitler secured the votes of 82% of the Reichstag (every party except the Socialists), for his Enabling Act, his—as it were—permanent state of emergency. So great was his passion for legalism, that Hitler had the Enabling Act renewed three times, twice before the war, and once during it. So great was his confidence in his power to hypnotize, that Hitler declared to the Nazi delegation in the Reichstag, “If any one of you believes that my actions are determined by anything else but my love for Germany, then I give him the right to shoot me down.”

And from that day, Hitler ruled constitutionally, legally, and with unimarginably terrible effect.

And yet, nothing Hitler did could have—or, at least, should have—come as a surprise. In 1930, three years away from power but already Germany’s most prominent politician and head of its largest party, his every word caught and carried in the press, Hitler appeared as a defense witness in the treason trial of supporters of his in the Army.

In his testimony, Hitler laid out his program for his legal revolution. The presiding judge asked him to explain a remark attributed to him, that, when the Nazi Party came to power, “heads will roll in the sand.” Yes, Hitler replied, he *had* said that. And then he added: “May I assure you that when our movement, in the course of a *legal* struggle, comes to power—a *German State Court will come*, November 1918 will find its revenge, and then heads will roll” (emphasis throughout is added).

Asked by the judge how he envisioned his party coming to power, Hitler replied: “The National Socialist movement will endeavor to attain its aims *by constitutional means*. The Constitution prescribes for us the methods, *but not the aims*. In a constitutional manner we shall obtain decisive majorities in the legislative bodies in order that, from the very moment of our success, *we may cast the state in the form which corresponds with our ideas*”. The judge: “You mean by constitutional means?” Hitler: “*Jawohl!*” (Yes, absolutely).

Thus was his Enabling Act voted up in 1933, the constitutional basis of his rule. The following year, on Aug. 2, 1934, every member of the German Armed Forces swore his undying loyalty, not to the country, not to the state or its Constitution, not to the office of Chancellor or Führer, but to a man: “I swear by God this holy oath to Adolf Hitler, Führer of the German people.”

And so, too, with the judges and the lawyers, the men to whom, in 1936, Reich Commissioner of Justice Hans Frank deliriously cried, “There is no independence of law against National Socialism. Say to yourselves at every decision you make: ‘How would the Führer decide in my place?’ In every decision ask yourselves: ‘Is this decision compatible with the National Socialist conscience of the German people?’ Then you will have a firm iron foundation, which, allied with the unity of the National Socialist People’s State, and *with your recognition of the eternal will of Adolf Hitler*, will endow your own sphere of decision with the authority of the Third Reich, and this for all time.”

The VGH was to become, under Chief Judge Roland Freisler, a dreaded instrument for execution of Hitler’s will against whatever domestic opposition might be found. And yet, writes Koch, as with so many other institutions of the period, its beginnings were little marked, nor did they seem a lawless innovation. Formed April 24, 1934 at Berlin, the VGH had almost exclusive jurisdiction over treason cases. It operated within the penal code, not under some new law devised for it; says Koch, “neither the legal basis for, nor the legal procedure of, the VGH differed significantly from treason trials of the past.”

It was 1922 amendments to the treason law—made in the wake of the assassination of Foreign Minister Walther Rathenau—which enacted that he who was accused of treason would be tried without right of appeal. It was those same 1922 laws which suspended the ancient German legal maxim, *Nulla poena sine lege* (“no punishment without law”). Too, the legal basis of the VGH’s judgments was scarcely different from those obtaining before Hitler: The 1871 penal code, and the types of treason defined in German law since the late Middle Ages: *Hochverrat* (high treason) and *Landesverrat*.

What changed was not the law, nor the structure of the court: It was the judges’ *interpretation* thereof, based on the “eternal will of the Führer,” and the barbaric harshness of the sentences. As war and conquest unfolded, so did the reach of the VGH: All Germany, Germans in other lands, and non-German “terrorists” in the occupied countries. Only Jews, after 1943, were not subject to its jurisdiction; comments Koch, “As ‘inferior people,’ they were not worthy of the rule of law.”

Beyond Freisler

As Koch has written it, *In the Name of the Volk* suggests in various ways that the central issue of any study of the Nazi judiciary, is what I have stated it to be at the outset of this review. For example—and rightly—Koch rejects the post-war myth that has grown up around Roland Freisler, the venomous and merciless chief justice of the VGH, made particularly infamous by his role in the 1944 trials of the conspirators against Hitler. That postwar myth has made of Freisler the cause and repository of, and the force and animus

behind, all the evils of the People's Court. Certainly, Freisler was evil—sadistic, fanatical, and brutal, without question. But the evil inherent in the VGH, and the Nazi judiciary, and Nazism overall, is far vaster than Roland Freisler. No generalities or overviews excuse Freisler, nor diminish the criminality, the inhumanity, of his conduct, nor can historical and political generalities exculpate any individual for the guilt of his own actions. But Koch, rightly, wants to go further in his history than simply saying Freisler was a monster, and calling that an adequate explanation of the VGH.

So he examines, in considerable detail, the evolution of the VGH: its roots and background in pre-Nazi legal practice. He reviews the background of its judges—who, after all, were not Nazi brownshirts whom Hitler had elevated to the bench; they had been judges and attorneys before Hitler ever came near power. Implicitly, by developing this wealth of detail, Koch raises once again the question I referred to at the outset of this review, the one which haunts any historian of the Nazi period: How did it happen?

For historians today, with access to a voluminous archive of material documenting the most minute and intimate transactions of the Nazi government—the largest such archive ever compiled—it is not so difficult to say what happened. It is as difficult as it ever was, to say why. Nor is that a question that any historian of the Nazi period has been truly successful in answering. But Koch, like a growing number of, especially, German historians (among them one might name Eberhard Jäckel, Sebastian Haffner, and Matthias Schmidt; and, on the English and American side, Charles Flood, Richard Hanser, and John Dornberg), performs an important service in creating the preconditions for examining the question more closely, by collating and presenting the raw material of the Nazi period, and illuminating it with thoughtful commentary.

The riddle of how Hitler was *possible*—not what he did, or how he did it—is *the* lesson of 20th century history that we in the West must unlock, because what Hitler did, he did in the West, in the heart of Western civilization. The key to the riddle lies somewhere in the tension between two outlooks: on the one hand, the outlook of what one might call the average German, in the aftermath of World War I and the punishing Versailles Treaty, that his country needed a strong national government dedicated to giving Germany back its place in world affairs; and, on the other hand, the outlook of Adolf Hitler—that he would build a state, a nation, and a world based on a mass cult of *Gnosticism*, paganism in power, to annihilate the two things he hated most. Those two things were Judaism and Christianity, the bedrock of Western civilization; and, like the Gnostic Marcion of the second century A.D., Hitler feared and loathed Judaism for evangelizing the Gentiles; he loathed and feared Christianity, as being (in his words) the “greatest Jewish lie,” a sort of Judaism for the Gentile.

Koch has certainly not defined the riddle in those terms,

and no more than his predecessors has he answered it. But the postwar German historians among whom he is counted are giving us in exemplary form the data from which to proceed. That it is German historians who are doing the most serious and competent work in this area today, is easy to explain: They care more than any others, they are more concerned that the question be answered.

'From the prison in which the politician's career expires, the influence of the statesman is raised toward the summits of his life's providential course. Since Solon, the Socratic method has become the mark of the great Western statesman. Without the reemergence of that leadership, our imperiled civilization will not survive this century's waning years.'

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U.S. invasion was long planned

A CIA-Mossad agent at the center of arms-for-drugs scam says the U.S. lied about why it invaded.

Col. Eduardo Herrera, chief of police for the U.S.-installed government of Panama, told a group of Panamanian legislators that the capture of Gen. Manuel Noriega was just an excuse used by the Bush administration to invade last Dec. 20 and kill thousands of Panamanians. According to *El Panamá América* July 29, he said, "They were interested in coming in here no matter what, and they did it."

Herrera reported that prior to the U.S. invasion he had worked out a plan to land in Panama with a force of "Panamanian, Israeli, and South American commandos and overthrow Noriega." But "when Washington found out the plan was likely to succeed, they almost threw me in jail."

He was told that for the U.S. there were "more important" strategic considerations than Noriega, he said. In fact, said Herrera, someone in the U.S. Senate Intelligence Committee warned him "that they would alert Noriega if there was any attempt to assassinate him."

Herrera is no Panamanian super-patriot. A longstanding collaborator of the Israeli foreign intelligence agency Mossad, Herrera is a confessed CIA agent who is privy to some of the damning details of the drugs-for-arms Iran-Contra operation run out of the Reagan-Bush White House.

So why would Herrera, who owes his current job to the U.S. government, be unmasking the Bush administration's lies?

For one thing, it is a warning to Washington that it had better protect him. Herrera was at the center of an operation, sanctioned by the U.S. gov-

ernment, in which a shipment of Israeli weapons made their way to a ranch owned by Colombian cocaine kingpin Gonzalo Rodríguez Gacha. This operation is becoming unraveled, with disclosures that have the potential to do great harm to the Bush-men.

In 1988, Herrera, then Panama's ambassador to Israel, was recruited by then-Assistant Secretary of State Elliott Abrams to organize a force modeled on Oliver North's Nicaraguan Contra operation to topple Noriega. For the project Abrams allocated at least \$1 million in Panamanian government funds seized by the U.S. Herrera traveled to Washington, and met with officials at the White House, the CIA, and the State Department. He was put on the payroll to the tune of \$4,500 per month.

Israeli reserve Col. Yair Klein was hired to help Herrera organize this Panamanian "Contra" operation. Klein was the source of the "Israeli commandos" Herrera says were part of his planned anti-Noriega operation.

Klein was also the source of the "South American commandos" Herrera refers to, since at that time Klein was in Colombia training hired assassins for the cocaine cartels, according to Colombian authorities. Since things were getting hot in Colombia, early in 1989 Klein approached the Caribbean government of Antigua with a proposal to establish what he said would be a school to train "VIP security guards." In reality, it would train Herrera's "Contras" and other hit-men.

He also sought permission to import weapons for the training. Anti-

gua's defense chief Clyde Walker said in a sworn affidavit that he consulted with local CIA agent Robert Hogan, and with the CIA station chief for the eastern Caribbean, Robert Kenning. The CIA vouched for Klein, said Walker. Nonetheless, Antigua said "no" to both of Klein's requests.

"When I was informed that the training school was not approved, I was most disappointed and shocked and had no other alternative but to divert the equipment to the Panamanian entity who paid for it," said Klein, in an affidavit first published in the U.S. in *EIR* on June 1. The "equipment" he refers to, are the Uzi machine guns and the Galil rifles found at the ranch of Colombia cocaine cartel chief Rodríguez Gacha.

According to Klein, "the understanding between myself and the Panamanians was that absolutely nobody should be aware of the information except the CIA who I was told gave its blessing and approval."

To cover up the trail, a number of misleading reports—known in the "spook" business as "confetti"—have been leaked through the media. One of these is a purported secret Colombian intelligence report published by *El Tiempo* on July 16, which claims that Klein's proposed training school in Antigua was solely a project of the Medellín Cartel, to train both their hit squads and Tamil guerrillas from Sri Lanka.

The story, reprinted by the press worldwide, omitted any mention of the involvement of the CIA and Herrera's "Contras." But it did blame Libya's Qaddafi, always a safe bet as a bogeyman.

Worse still is an article published by Colombia's *El Espectador* on July 19, which lies outright that Antigua's defense chief Walker "refused" to provide official investigators with the names of the CIA agents he dealt with.

International Intelligence

Czechoslovakia's Havel hits 'smallness' of mind

What history in Central Europe has been suffering from most, is the fear of small souls, declared Vaclav Havel in his opening address to the Salzburg Festival in Austria on July 26. Havel's speech, covered by the media mostly in distorted form, elaborated on specific features of people's minds in Central Europe, as observed by Havel over the years:

- Once in revolutionary mobilization, Central Europeans work hard for freedom, but once they've gained it, they turn depressed and grow afraid of the giant tasks that are to be carried out;

- There is a strong tendency among people in Central Europe to "miniaturize history," to hide in ethnic or other exclusive corners to build up an identity of their own;

- There is also a related tendency to rewrite history in such a way that it is based on lies and new lies; to state the truth is rarely comfortable;

- Lying creates fears of being detected; the fears are small ones initially, but turn into real problems later. Most problems of past European history were caused by the fears of the small souls that people had and still have today, even after the democratic revolutions.

Because of these factors, politics in Central Europe is often like the labors of Sisyphus, and Havel confessed to having experienced the problem himself when he took office after the Czechoslovak revolution at end of last year. All of a sudden, he and his advisers realized that "this is the end of poetry, prose begins now. . . . We were thrown into the cold water and were forced to swim."

Continuing demise of the Soviet Communist Party

Twenty-eight Ukrainian members of parliament, including the republic's vice president, have quit the Communist Party of the Soviet Union (CPSU), marking the next major leap

in Ukraine's drive to achieve in practice its proclaimed sovereignty, and eventually its full independence. The walkout was led by Vice President Valery Grynirov.

During the one-week interim after Ukraine's former President, Vladimir Ivashko, was kicked upstairs to become deputy chairman of the CPSU, and before the July 23 election of Ivashko's successor, Leonid Kravchuk, Grynirov had functioned as Ukraine's interim President. In that capacity he had attended the July 20 Moscow combined meeting of the U.S.S.R. Presidential and Federation Councils, held to work out the "new Union Treaty."

Most of those leaving are joining the Ukrainian Democratic Party, one of the political party arms of the Rukh independence movement. The walkout thus represents a step toward Rukh's gaining a parliamentary majority, and toward the formation of a multi-party government in Ukraine, and the elevation of a figure like Grynirov to the post of President.

In related news, leaders of the striking Ukrainian mine workers met on July 26 with Prime Minister Vitali Masol and other cabinet members, but ejected Communist Party boss Stanislav Gurenko from the meeting. As one miners' delegate expressed it: "The CP should have no say in these matters."

Will Britain get rid of the monarchy?

"There are faint signs of a revival of republicanism" in Britain, wrote *Financial Times* of London commentator Michael Prowse on July 30, in a feature that calls for the British to "leave the nursery," and to stop treating the royal family "like gods" and giving "archaic titles" to the country's elites. According to Prowse, numerous articles have recently appeared that agree with his point of view.

"Having lost an empire, Britain revels in the pomp and ceremony associated with the Windsors," complains Prowse, who stresses that in the next decade, British taxpayers will fork over nearly £80 million "to support the household and official activities of the richest woman in the world."

Prowse argues against those who say that the Queen is just a ceremonial figure, noting that she "does have real powers." Most important, she "stands at the apex of a divisive class system which still greatly impairs economic efficiency and social cohesion. Britain is not burdened just with a royal family. It also labors under the weight of dukes, marquesses, earls, barons and other medieval relics, many of whom still retain vast holdings of land and other assets. Archaic titles and other privileges are the hallmark of an immature society, of a people that cannot grow up and face the challenges of a meritocratic world. It is time the U.K. left the nursery."

Prowse concludes: "Britain would be a healthier and less hypocritical country if it took democratic principles seriously. No family should be treated like gods. There should be no titles. The head of state should be elected and serve a fixed term. He or she should also pay taxes like any normal citizen. Let the Windsors compete for the post alongside the Browns and the Smiths of this world."

East German communist woos left swamp in West

Gregor Gysi, head of the East German communist party (PDS), toured West Germany at the end of July to organize an alliance of left organizations that will run in the upcoming all-German elections.

The founding group of this alliance, which will run under the name Left List/PDS, met for a two-day conference in Cologne, West Germany. Gysi, who totally dominated the event, was greeted by the 300-400 participants—former or current members of the left-wing Social Democracy, trade unions, Communist Party, Greens, Maoist organizations, ecological groups, various East German left formations, plus assorted unorganized socialists and Marxists—with frenetic applause.

Gysi appealed to this gaggle not to miss the unique chance to form a single united left coalition, and participants signed up by the hundreds to be contacted for local and regional "Left List/PDS initiatives," to be

organized in the near future.

According to Gysi, this left alliance has the historical task of counterposing itself to the coming "right-wing Germany," which is going to be one of the worst exploiters of the Third world. "When Kohl says Europe, he means a German Europe, which will rise as a superpower and even dominate Japan," said Gysi. "The attempts by the other parties to manipulate the election laws to the disfavor of the PDS confirm the fears of our European neighbors in the face of German reunification."

Not even attempting to deny the reality of "40 years of Stalinism," he argued, that "the reality of 40 years of imperialism" saw even more severe crimes.

Waldheim was member of anti-Nazi resistance

Austrian President Kurt Waldheim was not only *not* a Hitler collaborator, but was a member of the Austrian resistance, states Oswald Lewinter, editor-in-chief of the West German Jewish magazine *Semit*, in an interview with Reuters news agency which is reported on in the *Jerusalem Post* July 22, under the headline, "Waldheim fought against Nazis, German-Jewish magazine reports."

The report is a powerful blow to the spurious charges against Waldheim circulated by the Anti-Defamation League and the U.S. Justice Department's Office of Special Investigations, on the basis of Soviet-supplied disinformation.

According to Lewinter: "I have tracked it down and got something different from what [World Jewish Congress head Edgar] Bronfman and others have been telling the world."

Lewinter states that his information came from a highly decorated member of the French Resistance, who gave him a sworn statement before an assessor of court in Vienna last March. This informant, referred to by Lewinter as "Herr X," was an Austrian who deserted from the German Army and fought in the French Resistance.

Herr X attended the same school as Waldheim, and swore that Waldheim's

name appeared on a list of members of the Austrian Freedom Movement that he had seen. After the war, Herr X worked for the French government, and was Waldheim's main interrogator when Waldheim was assigned to France as a diplomat in 1948 and his credentials were accepted.

Trinidad crisis tests joint armed intervention

The attempted coup by a fringe Black Muslim group in Trinidad and Tobago, which began on July 27 by taking top government officials hostage, had the effect of testing the multilateral military intervention mechanisms of the Caribbean Regional Security System (RSS).

Jamaica and other Caribbean nations sent troops into Trinidad to help put down the rebellion. American troops were also deployed, although Washington denied it. The RSS maintains close coordination with the U.S. Southern Command in Panama, and the U.S. and Venezuela deployed warships into the Gulf of Paria.

The crisis broke when the rebel group, led by former policeman Imam Yasin Abu Bakr, seized Parliament, the national TV and radio station, and took hostage Prime Minister A.N.R. Robinson, several members of his cabinet, and opposition members of Parliament.

Abu Bakr's uprising coincided with a summit meeting of the heads of state of the Caribbean Community in Jamaica, whose prime minister, Michael Manley, has long advocated a multinational force to police the hemisphere. Although Manley was unable to host the meeting due to illness, his colleagues quickly assembled the multinational force in nearby Barbados, supposedly to await a request for assistance from the government of Trinidad. But the Jamaicans (and probably others) started to go in on July 30, without a request being made public.

Sharing Manley's call for a multilateral intervention force is Venezuela's President Carlos Andrés Pérez, who has been calling for the creation of a strategic oil reserve for the hemisphere, in which oil-producing Trinidad would play a role.

● **EXECUTIONS** of prisoners in China are being carried out at the rate of 2-3 per week in each and every major city and province. Prisoners are being tried at "mass rallies," after which they are immediately led away and shot.

● **POPE JOHN PAUL II** sent an apostolic letter to the clergy of Ibero-America, on the occasion of the Fifth Centenary of the Evangelization of America in 1992. Asking priests not to get involved in politics, and to reject Marxist ideas, the Pontiff said that, in the past, a mistaken interpretation of the Church's "preference for the poor" had led many priests and nuns to become too political, even violent.

● **THE SOVIET** state prosecutor has "instituted criminal proceedings" against former KGB Gen. Oleg Kalugin for having betrayed "state secrets" to the press, *Izvestia* reports. General Kalugin has attacked the KGB's methods, as well as its close ties to the Communist Party. He was spy Harold "Kim" Philby's "babysitter" for many years.

● **ISRAELI** Science Minister Yuval Neeman stated on July 27 that Israel has chemical weapons and would use them in the event of an attack on Israel. The head of Israel's Mapam Party, Eliezer Granit, counter-charged that Neeman was "in the same category as Saddam Hussein and Qaddafi."

● **SHAHPOUR BAKHTIAR**, the exiled former prime minister of Iran, spoke out on French television against the Mitterrand government's decision to release five Iranian terrorists who were being held in French jails, in return for the freeing of hostages. "I think that the West may have the illusion that by making concessions to the moderate clergy, they will benefit. This is an illusion," he said.

The Palme murder coverup: the case of Pat Lynch

by Herbert Quinde

Italian investigators charged with responsibility for probing possible U.S. CIA involvement in the Feb. 28, 1986 assassination of Swedish Prime Minister Olof Palme would do well to focus their investigation on the National Security Council-housed "Get LaRouche" strike force. It was that group of intelligence community operators—including career CIA man Walter Raymond, President's Foreign Intelligence Advisory Board member Henry Kissinger, Propaganda 2-linked NSC consultant Michael Ledeen, NSC staffer Roy Godson, Wall Street "spook" John Train, NBC producer Pat Lynch, and "former" CIA employee and Anti-Defamation League hatchet Mira Lansky Boland—which out of the Reagan-Bush White House coordinated an elaborate coverup of the Palme assassination.

The key to the coverup program was the knowingly fraudulent claim that the American statesman Lyndon H. LaRouche, Jr. was behind the Palme murder, a lie that was encouraged from the moment of the assassination by such leading Soviet government figures as Georgi Arbatov, then Moscow's chief "America expert."

Within hours of the shooting, Arbatov gave an interview to Radio Moscow in which he "signaled" that Moscow would cooperate with a coverup so long as the crime was pinned on "extreme right-wing elements." Within days, Arbatov and other Soviet spokesmen were speaking much more precisely about Lyndon LaRouche and his associates in the Swedish "European Workers Party" (actually named the Swedish Labor Party).

The "Get LaRouche" strike force was formally constituted in April 1983 as the result of a years-long campaign by Henry Kissinger to erase LaRouche's influence on Reagan administration policy by having the political economist framed up and jailed. The fact that the black propaganda

effort was launched within weeks after LaRouche's Strategic Defense Initiative proposal was publicly adopted by President Ronald Reagan is suggestive of Soviet coordination from the very outset.

According to court testimony and other eyewitness accounts, Wall Street investment counselor John Train hosted a planning meeting at his New York City townhouse to launch a broad-based propaganda offensive against LaRouche to create the proper political climate for the eventual frameup. Strong circumstantial evidence suggests that Train was assigned the coordinating role in the effort as part of a secret NSC propaganda program euphemistically called "Public Diplomacy" which targeted opponents of the Reagan-Bush administration's Iran-Contra fiasco. Walter Raymond headed the "Public Diplomacy" program as part of his responsibilities as the NSC liaison to the U.S. intelligence community.

Raymond NSC associate Roy Godson, a longtime LaRouche-hater, formally attended the Train session on behalf of the government. NBC producer Pat Lynch, the ADL's Mira Lansky Boland, Dennis King, and a dozen or so other "journalists" also participated.

It was NBC's Pat Lynch and Mira Lansky Boland's boss at the ADL, Irwin Suall, who later linked up with the Soviet government to poison the Palme assassination probe with the confetti attacks on LaRouche.

In all high-level political assassinations, the coverup is an integral part of the killing, usually planned in advance. The trail of the assassins is always illuminated by studying the forces that converged on covering up the act. In the case of the Palme murder, the fact that the coverup was conducted by a task force of the Project Democracy apparatus which was then scrambling to conceal a foul East-West trail of arms smuggling and dope trading is relevant. Even more to the

point is the fact that “Get LaRouche” strike force coordinator John Train was multiply linked to the Swedish Bofors interests who were at that very moment being probed by Palme for their role in the arming of Iran.

Pat Lynch, ‘vigilante journalist’

To aid the Italian and other investigators probing the possible CIA ties to the Palme murder, *EIR* offers the following account of the strike force operation—focusing for dossier purposes on one of the leading players in that secret government operation—Patricia Lynch, a television producer nominally employed by NBC News.

Lynch faces charges, in a \$30 million lawsuit filed July 6 in Illinois by Lyndon LaRouche and two associates, of conspiring to extort money from an elderly political supporter of LaRouche’s, Mrs. Harriet Driver. The suit says that Lynch attempted to coerce Driver into giving false testimony against two friends of LaRouche. A malicious “robbery” prosecution was immediately dropped against these friends, as soon as they subpoenaed portions of Lynch’s videotaped interviews with Mrs. Driver as part of their defense (see *EIR*, July 20, 1990, p. 59).

On March 18, 1986, less than three weeks after Palme was gunned down in Stockholm, Pat Lynch weighed in by helping to throw investigators off the trail of the real assassins, who to this day have yet to be brought to justice. NBC Nightly News broadcast an item by Lynch’s colleague Brian Ross reporting that a Swede allegedly linked to LaRouche was the leading suspect in the assassination. Irwin Suall, the head of the Fact Finding Division of the Anti-Defamation League, was interviewed, avowing that it was conceivable that a person affiliated with LaRouche could commit such a crime.

Earlier in the day, Lynch had telephoned the CIA in Washington and wanted “to tell PAO [Public Affairs Officer] that a member of Lyndon LaRouche’s organization is being accused of involvement in the murder of Sweden’s Prime Minister Palme,” according to an entry in a CIA log obtained by *EIR*.

The same day, an *EIR* journalist contacted the CIA. The log entry reads, “The *Executive Intelligence Review* and the CIA are victims of a Soviet disinformation campaign. Victor Gunnesson [sic], who has been arrested in the assassination of Swedish Prime Minister Palme, is portrayed as a member of the European Workers Party—allegedly connected with LaRouche outfit.” The CIA response to *EIR*’s call, according to the log entry, was “Cannot find anyone here interested in talking to *EIR*. We of course would vehemently deny that the CIA had any connection with Palme’s assassination.”

Strike force gears up

By later that very same day, American political pundits were apoplectic, as two LaRouche-affiliated candidates for statewide office in Illinois won the Democratic primary for

lieutenant governor and secretary of state, establishing that the LaRouche wing of the Democratic Party was potentially unstoppable as a factor in national politics—something already known to Democratic Party pollsters, as well to U.S. intelligence operatives politically associated with then-Vice President and former CIA director George Bush.

The “Get LaRouche” strike force went into high gear to undermine the political as well as the financial base of LaRouche’s movement. For the next several weeks, tens of thousands of news articles labeling presidential candidate LaRouche a “political extremist” littered the American political landscape. In May, a key piece in the disinformation campaign was printed in the *Wall Street Journal*. Its theme was the canard that LaRouche and associates were exploiting the elderly by soliciting political contributions from them—the subsequent pretext for the judicial persecution of LaRouche. Co-authored by Lynch and professional LaRouche-hater Dennis King, the *Journal* article was published through the intervention of John Train, the Anglo-American “spook” investment banker who was playing a coordinating role in the witchhunt.

Although the U.S. media temporarily forgot the “Palme affair” as they attempted to contain the growing perception that LaRouche might indeed be a viable presidential candidate in 1988, the Soviets did not. Article after article appeared in the Soviet and Soviet-influenced press naming LaRouche and associates as likely authors of the Palme killing. *Vremya*, a Soviet TV news program, on March 21, 1986, denounced the Swedish police for releasing Viktor Gunnarsson when it was clear that he was not the assassin. On the *Vremya* program, the announcer characterized LaRouche’s Swedish friends as an “international pro-fascist organization.” The mill continued to grind for months in multiple articles in *Izvestia*, *Krasnaya Zvezda*, the Polish weekly *Polityka*, and the French Communist Party daily *L’Humanité*, among others, where on occasion LaRouche would be named as somehow behind the killing, in cahoots with or on behalf of the CIA. The Soviet weekly *New Times* of Sept. 15, 1986 highlighted the Palme affair in an anti-LaRouche pastiche titled “Nazism without the swastika.”

The Soviet press campaign went so far as to present a crude one-hour “docu-drama” about Palme’s killers on Jan. 27, 1987, in which a Russian actor portrayed LaRouche as a jackbooted neo-Nazi.

Seemingly inspired by the Soviet media’s example, Pat Lynch produced another “scoop” on LaRouche and the Palme affair. On Dec. 4, 1986, nine months after the murder, with still no suspect in Swedish custody, NBC Nightly News broadcast a report that the notebooks of an *EIR* editor, seized by federal authorities in the 400-man assault on Oct. 6-7, 1986 on the offices of companies which published LaRouche’s writings, had been turned over to Swedish police authorities in connection with the Palme inquiry. The sensationalist account reported that entries in the notebooks, which

were to be part of the evidence in the now-famous Boston trial of LaRouche and associates, referred to by Viktor Gunnarsson, the suspect who had been released by Swedish authorities. In fact, such entries did exist, as reporter's notes preparatory to a special report *EIR* published in October 1986 entitled "A classical KGB disinformation campaign: Who killed Olof Palme?"

Former LaRouche prosecutor John Markham made the astounding revelation in a court hearing in Roanoke, Virginia, that Pat Lynch, who apparently is not a U.S. government official, called him to say that Swedish police officials were en route to the U.S. and that he, Markham, and his employer, the U.S. Department of Justice, had better have the notebooks ready for inspection. The FBI and the DoJ complied.

The malicious intent of Lynch's ploy, as well as the bad faith displayed by the DoJ/FBI complicity, is evident in the sequence of dates. The Swedish police were given the notebooks in December 1986. *EIR*'s 100 page-plus *Special Report*, which was a full exposure of the JFK-assassination-style coverup of Palme's murder, had already been published and widely distributed throughout major Western capitals, including Washington, D.C.

Almost ten months after Palme's murder, it was clear there was no "LaRouche angle" to the investigation. Only Pat Lynch, the Soviet KGB, the U.S. Department of Justice, and the ADL thought so. The day after the December 1986 NBC "news" broadcast, a UPI wire from Stockholm reported that the police denied the existence of a link to LaRouche, and further complained about the pressure being put upon them by NBC to target LaRouche and his friends.

The wire read in part: "There is a disproportionately great interest among journalists in the United States in one of the leads we have followed up during the investigation. Every time NBC or some other agency from the United States calls us about this we look at each other at police headquarters and say, 'Oh no, not again.' "

The ADL's input

Lynch had zealous backup from the tax-exempt Anti-Defamation League in her "active measures" campaign. Irwin Suall, a right-wing social democratic operative linked to the U.S. State Department-funded National Endowment for Democracy, the "legal" arm of North's Project Democracy apparatus, as well as the head of the ADL's "counteraction" team, worked to pin the Palme murder on LaRouche.

Three days after the NBC broadcast, the Dec. 7, 1986 edition of the *New Orleans Times Picayune* reported that Suall described Gunnarsson as "not a hard-core member" but a "sympathizer" of LaRouche's Swedish group. Gunnarsson's only affiliation with LaRouche had been his signature, one among thousands, on a political petition circulated by a pro-NATO party influenced by LaRouche's ideas—something Suall had to know: "Suall said he visited Stockholm last summer," reported the *Times Picayune*, "to look into

LaRouche's operations there and was questioned by Swedish investigators. He said he was later questioned by a Swedish consul official.

"Suall said he gave the FBI a written report on his findings but that nothing in that report shed any light on the assassination." The Louisiana daily also reported that Suall had helped Swedish authorities in locating an American member of the European Labor Party in the U.S. who allegedly "disappeared" after the Palme killing.

It is of historical note that NBC News played a pivotal role in ensuring that the assassination of President John F. Kennedy was never resolved, according to researchers who have spent years reviewing the case. It was an NBC hatchet-job news segment on New Orleans District Attorney Jim Garrison that served to undermine the most productive investigative leads that could have gotten to the bottom of the complex plot that altered the course of American history.

National security fantasies and the LaRouche prosecutions

Hiding behind "freedom of the press," producer Lynch has done her best over the years to perpetuate the bogus and spiteful theme that LaRouche and associates were in the habit of assassinating people and kept secret Swiss bank accounts for such activity. Throughout the investigation, grand jury, and multiple trials of LaRouche and his associates, prosecutors such as Assistant U.S. Attorney Kent Robinson were substantially driven by such wild "national security" fantasies to convict him, according to sources close to the case and internal documents declassified by the CIA.

As early as March 4, 1984, the "First Camera" show on NBC aired an "exposé" by Pat Lynch, aimed at undermining LaRouche's policy influence at the White House. Lynch produced a segment for "First Camera" which included an interview with a professional FBI snitch who had previously cooperated with NBC in sabotaging the JFK assassination investigation. Gordon Novel appeared on camera with his face and voice electronically masked and made the ludicrous statement that he had information that LaRouche had ordered the assassination of President Carter, members of his cabinet, David Rockefeller, and Joseph Luns, then NATO secretary general, among others via radio-controlled bombs installed in the world leaders' private phones!

On May 1, 1986, Lynch again produced a "news" segment in an attempt to revive the "LaRouche angle" in the Palme affair. Forrest Lee Fick, a stringer for the CIA and the FBI, appeared on the segment charging that a LaRouche associate had ordered him to set up the assassination of Henry Kissinger. After both broadcasts, government officials were contacted by LaRouche spokesmen, who were assured that the charges were considered spurious.

Although Lynch appeared to be retailing Soviet disinformation, it is curious that she bragged on numerous occasions in candid conversation that much of her information on

LaRouche was obtained from the CIA. According to one report, she averred that James Jesus Angleton, the former head of the CIA's counterintelligence division and a darling of both British and Israeli intelligence, was one of her best sources.

Only more than three years after the fact, in late summer 1989, with LaRouche imprisoned, did the truth start to surface in the Palme case. On Aug. 24, the Swedish daily *Expressen* was headlined, "Soviets knew that Palme was going to be murdered." The *New York Tribune* of Aug. 28 picked up the story under the title, "Soviets knew of Palme murder plot early, may be involved too, Swedes say." The *Washington Times* carried a small item on the story on Sept. 1. The *Washington Inquirer*, a weekly in the nation's capital, on Sept. 8 ran a bold headline: "Palme murder coverup—Soviet role revealed."

The gist of the stories was that the Swedish government had been suppressing audio-surveillance tapes made by Swedish counterintelligence officers of a senior Soviet diplomat stationed in Stockholm who was known to be a Soviet spy by Western intelligence agencies. The bugged conversation was made the night Palme was killed. The Swedish translator of the audio-tape had written a report, also suppressed, saying that "the intonations and other peculiarities in the conversation showed the Soviets had both initiated and carried out the murder," according to *Expressen*.

Former Polish Ambassador Zdzislaw Rurarz, who had worked for Soviet intelligence and defected in Tokyo in 1981, told the *Washington Inquirer* that he "always suspected the Soviets of being behind the Palme assassination. He pointed out that they had produced a slick film that was shown throughout Europe that put the blame on the CIA and the Lyndon LaRouche organization to divert attention from their own culpability."

But Swedish officials made another startling revelation. They admitted that the audio-tape had been made available to U.S. intelligence as well as the intelligence agencies of other NATO countries, within hours of being recorded the night Palme was killed.

Although this was a political bombshell suggesting that under the "peace-loving" leadership of Mikhail Gorbachov, a Western head of state could have been assassinated under Soviet auspices, not a peep was heard from the White House, the Department of Justice, the State Department, or the CIA. Pat Lynch and NBC did not cover the story even after it broke in 1989. Irwin Suall's "anti-communist" posturing ADL, which almost daily issues a press release, never addressed the story.

The Project Democracy operatives at the United States Information Agency (USIA), who are paid by taxpayers to diagnose and counter Soviet disinformation, did nothing, although informed of the story by *EIR*. Walter Raymond, number-two man at USIA and a former specialist in political propaganda at the National Security Council, didn't lift a

finger. Herbert Romerstein, another Project Democracy agent and ADL asset whose official duty was to counter Soviet disinformation, told *EIR* it was not his job to clear LaRouche of the malicious slander even though he possessed all the information to do so.

Raymond, as indicated above, was in charge of the "public diplomacy" dirty-tricks program to protect the Iran-Contra arms- and drug-peddling apparatus identified with Oliver North from public scrutiny and criticism. Raymond has been named in court testimony by former Reagan-era NSC executive staffer Richard Morris (see *EIR*, May 25, 1990, p. 58) as one of the senior operatives from the CIA, who, while assigned to the NSC, led a campaign of defamation accusing LaRouche of being a communist—in order to protect Project Democracy's Contra operations.

Who really wanted Palme dead?

On Aug. 30, 1989, the *New York Tribune* was the only publication after *EIR* to ask the question headlined in its front-page story: "Did West hide Soviet role in Palme slay plot to aid détente?" In many ways, despite ignorant popular perceptions of Oliver North's "freedom-loving" activities, the Iran-Contra affair was part of the international political foreplay which has put Bush and communist leader Gorbachov politically in the same bed.

In mid-1985, as the Iran-Iraq war raged, agents of Khomeini fanned out across the globe to purchase weaponry. Prime Minister Palme, under United Nations auspices had assumed the task of trying to negotiate a settlement between the two Persian Gulf states. In June 1985, a scandal pulled the rug out from under Palme when it was discovered that a Swedish ordnance manufacturer, Bofors Industries, had been secretly selling tons of weapons and explosives to Iran. Palme ordered a crackdown on Bofors exports to Iran. About the same time, Oliver North and his NSC compatriots discovered Iranian "moderates" who were suddenly happy to trade American hostages in Lebanon for weapons.

Of interest to serious investigators might be the bizarre fact that Pat Lynch's cohort in attacks on LaRouche, John Train, is financially linked to Bofors and the extended international gun-running network that was raking in profits through its illegal sales to Iran.

Bofors is a wholly owned subsidiary of Nobel Industries, whose majority shareholder, Erik Penser, is also a major stockholder of the recently reorganized Swedish financial institution PKBanken. During the late 1980s, the Wall Street investment firm, Train, Smith Counsels, of which Train was 75% owner, was sold to the English Trust Co. of London. The British firm got 50% of Train's business, and English Trust was in turn acquired as a wholly-owned subsidiary of PKBanken.

It was Penser who facilitated the financing for Karl Erik Schmitz, the Swedish arms merchant who coordinated Bofors shipments to Khomeini.

The Dope, Inc. ties to Pat Lynch's NBC

by Scott Thompson

NBC news reporter Pat Lynch's campaign to frame statesman Lyndon H. LaRouche, Jr. for the murder of Swedish Prime Minister Olof Palme, as part of the "Get LaRouche" task force effort instigated by Henry Kissinger and the Anti-Defamation League of B'nai B'rith (ADL), has been supported by powerful financial interests behind NBC's parent company, the General Electric Co. These same interests are linked to international drug-money laundering and to the insider-trading crimes of Ivan Boesky.

Before and after the General Electric Co. consolidated control of RCA Corp. and its NBC subsidiary—in fact, throughout the period of Pat Lynch's malicious slanders against Lyndon LaRouche—NBC had been financially linked to the notorious Hong Kong and Shanghai Bank. As the authors of *EIR*'s bestselling book *Dope, Inc.* showed, the HongShang is not only the premier bank laundering proceeds from the "Golden Triangle" of Southeast Asia, but ever since the 19th century "Opium Wars" the HongShang has provided the seed money for each new opium crop. The HongShang and its financial allies have mounted a political vendetta against LaRouche, since 1978-79, when, in a series of *EIR* articles that led to the writing of *Dope, Inc.*, associates of LaRouche exposed the HongShang's heroin connection and stopped it for several months from taking over the Marine Midland Bank, Inc. At the time of the first NBC 30-minute broadcast against LaRouche in 1984, two RCA board members represented the financial interests of the HongShang, pointing to clear malice from the Drug Lobby.

The HongShang

From 1984 to 1986, while Pat Lynch was cranking out one malicious slander after another against LaRouche, the General Electric Co. shared control of RCA/NBC with the HongShang through its Marine Midland's subsidiary. This control was effected by the position on RCA's board of: John R. Petty, Chairman & Chief Executive Office of Marine Midland Banks, who was also a director of the HongShang; and, Robert R. Frederick, President & Chief Executive Officer of RCA, who was a director of Marine Midland Bank.

In 1978-79 *EIR*, supported by New York State Superintendent of Banks Muriel Siebert, had managed to hold up for months the HongShang's attempt to bring offshore drug money-laundering onshore, through the purchase of Marine Midland. But, the ADL-connected lawfirm of Skadden,

Arps, which is the largest among merger and acquisition law firms, assisted Marine Midland to line up Federal Reserve Chairman G. William Miller and others to overrule Siebert. (See *EIR* June 1, 1990, "Skadden, Arps: ADL-linked law firm services Dope, Inc. clients"). No wonder RCA/NBC had a vendetta against LaRouche and his *EIR* associates!

Another important consultant to NBC at the time of its slanders against LaRouche was Henry Kissinger, whom *Dope, Inc.* exposes for having covered up the role of Red China in "Golden Triangle" opium/heroin production at a time when Chinese Communist intelligence was massively drugging U.S. servicemen in Vietnam: all so that Kissinger could pursue his "China card" policy hoax. Dr. K was not the only member of his global consulting firm, Kissinger Associates, Inc., linked to NBC. In his 1989 Financial Disclosure Form to become Assistant to the President for National Security Affairs, Gen. Brent Scowcroft, who had just resigned as vice chairman of Kissinger Associates, Inc., revealed that he, too, was a consultant for NBC-WRCTV in Washington, D.C. Moreover, Gen. Scowcroft had to recuse himself from any dealings with GE (the parent company of NBC since 1986), partly because he had owned over \$250,000 of stock in the company. But, General Scowcroft's most interesting recusal was from the HongShang's Marine Midland Bank for reasons Gen. Scowcroft does not state.

This HongShang connection to NBC has continued after its complete takeover by GE. On July 30, 1990 the *Wall Street Journal* unveiled a partnership between a subsidiary of Gordon Investment (in which the GE Capital Corp. is a major investor) and Hong Kong tycoon Li Ka-shing to buy the huge junk-bond portfolio that Michael Milken had stashed with troubled Columbia Savings & Loan Association of Beverly Hills, California. (See article, p. 19.)

Ivan Boesky and merger mania

Although the General Electric Co. had always held a substantial share in RCA and its NBC subsidiary, starting in December 1985 GE initiated the process for a merger that was completed in June 1986 at a cost of \$6.4 billion. At the time of this merger, which made RCA/NBC a subsidiary of GE, the General Electric Co. under chairman John F. Welch had long since dropped its motto "progress is our most important product," turning from manufacturing to what Ivan Boesky called "merger mania." From 1981, when Welch became chairman, through 1987, GE acquired 338 businesses, while selling off 232 traditional product lines.

Only two days after the RCA/NBC deal was concluded, GE made its second most important acquisition, when GE Financial Services Inc. acquired 80% of Kidder, Peabody & Co., a Wall Street firm that was notorious at that time for its sharp dealing with Ivan Boesky. Like any other LBO bandit, GE used Kidder to sell off hunks of RCA to help pay for its takeover. But, in February 1987, Kidder merger and acquisition star Martin Siegel, who had just joined Michael Milken

at Drexel, Burnham, Lambert, pleaded guilty to charges stemming from his insider-trading activities at Kidder with Boesky and agreed to pay a penalty of \$9 million. GE attorneys subsequently reached an agreement with then U.S. Attorney Rudolph Giuliani by which, without admitting or denying guilt, Kidder agreed to pay the government over \$25 million in fines. However, after the fines were paid, Kidder, together with GE Capital Corp., were again making like leveraged buyout bandits with raids on Federated Department Stores and Montgomery Ward, according to *Fortune* magazine of May 9, 1988.

Two cronies

The chairman of RCA Corp. from 1981-86, when the LaRouche slanders were aired by Pat Lynch, who also became a board member of GE from 1986 to 1988 after its merger with RCA, was Thornton Bradshaw. Before joining RCA in 1981, Bradshaw had for decades been president of Atlantic Richfield Co. (ARCO), working under his lifelong crony, ARCO chairman Robert O. Anderson, who was also a founding board member of Kissinger Associates, Inc. Like Henry Kissinger, who ran a vendetta against LaRouche since at least 1974, according to U.S. government documents, Bradshaw, too, had reasons for supporting Pat Lynch's malicious treatment of LaRouche.

Both Bradshaw and crony Anderson are environmentalist kooks. Not only were they both members of the U.S. Association of Aurelio Peccei's Club of Rome, that openly called for the elimination of 2-3 billion predominantly darker-skinned people by the year 2000, but Anderson helped set up a Citizens' Committee for the Year 2,000 to help implement Cyrus Vance's genocidal State Department *Global 2000 Report*. This 18-member committee, receiving substantial government funds, also included Russell E. Train of the World Wildlife Fund and former World Bank president Robert McNamara.

(Russell Train is the cousin of Wall Street financial adviser John Train, who ran a salon in the spring of 1983, where NBC's Pat Lynch, the ADL's Mira Lansky, and others met to instigate the "Get LaRouche" task force.)

Not only have LaRouche and his associates consistently exposed the genocidal intent of these eco-fascists, but LaRouche also mobilized scientific and technological resources that would have negated ARCO's attempts during the Carter administration to get an \$80 billion government slush fund for developing oil shale. A study by the Fusion Energy Foundation showed that since the 1960s, over 100 million have died as a result of the failure of the government to develop fully the potential of nuclear energy. The Fusion Energy Foundation was subsequently illegally shut down in 1987 as a result of the malicious prosecution instigated by NBC's Lynch and the ADL.

Anderson and Bradshaw are also top officials of the misnamed Aspen Institute for Humanistic Studies (being spec-

tively chairman and vice chairman of its board), which, from Aug. 2-5, 1990 during its 40th anniversary celebration featured President George Bush and Prime Minister Margaret Thatcher as its main speakers. Aspen was founded in 1948 by University of Chicago president Robert Hutchins, and his protégé Robert O. Anderson had been groomed in Hutchins's "Great Books" project to finish John Dewey's destruction of classical education in America.

While Bradshaw ended up a partner in RCA with the drug money-laundering HongShang bank, his crony Robert O. Anderson also gained notoriety for helping launch the career of Swiss-based commodity dealer Marc Rich, who has since been indicted in the largest tax fraud case ever prosecuted by the U.S. Justice Department. When the 51-count indictment was announced, an Assistant U.S. Attorney also denounced Rich for "trading with the enemy," because he bought \$200 million worth of oil from Khomeini's Iran at the height of the hostage crisis, when Iranian assets were blocked. This oil was for a Bahamian refinery that was employing President Carter's brother Billy to secure Iranian and Libyan crude. ARCO also had two subsidiaries in Libya. And, in 1981, ARCO met with Col. Abdusalam Jalloud, the known ring-leader of East German/Libyan intelligence cooperation to mount terrorist operations, to discuss ways to restore full diplomatic relations after Libya's invasion of Chad.

Since leaving ARCO, Anderson became president of Hondo oil, which makes him a partner of the notorious "Tiny" Rowland (born R.W. Fuhrhop) of Lonrho PLC, which is a junior "British East India Company" operating in Africa and the Middle East. British sources have informed *EIR* that "Tiny" Rowland was part of a "back-channel" through which the British government gave Iraq's Saddam Hussein the green light to invade Kuwait.

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Will the real dopesters be brought to justice?

by Kathleen Klenetsky and Steve Komm

The Bush administration may soon surpass the Carter administration as the most drug-tainted government in U.S. history. That is the direction in which the cocaine scandal surrounding U.S. Attorney General Richard Thornburgh is moving.

EIR has previously reported that two top former aides to Thornburgh, Henry Barr and Richard Guida, are targets of a grand jury probe into illicit cocaine use in Pennsylvania, and that a current key Thornburgh assistant, Richard Weatherbee, may also soon be implicated. In fact, Guida, the number-two man in the Pennsylvania State Attorney General's office under then-Governor Thornburgh, had already pleaded guilty in March to one count of cocaine use, although he did so in order to avoid a more serious indictment for cocaine distribution. That plea bargain was nullified by Assistant U.S. Attorney Gordon Zubrod in July, on the grounds that Guida had failed to live up to his agreement to reveal everything he knows about cocaine use by current and former Pennsylvania state officials.

According to court papers, one of those key former state officials is Henry Barr, who has served under Thornburgh in various capacities, most recently as his special assistant in charge of all Justice Department criminal investigations, including drug probes. As a result of growing outrage over the coverup that has been put in place to protect Thornburgh's pals, Barr himself may soon be indicted on drug-related charges.

The latest development in the Thornburgh drug ring came July 30, when Sen. Arlen Specter (R-Pa.) submitted a formal request that the federal government name a special prosecutor to investigate the allegations against Barr.

Thornburgh's double standard

The way in which the investigation of Thornburgh's former lieutenants has been carried out so far stands in sharp

contrast to another celebrated drug trial, that of Washington, D.C. Mayor Marion Barry.

The fact that the Justice Department has lavished millions of taxpayers' dollars and countless man-hours on its years-long pursuit of Barry and his associates, at the same time that Thornburgh's aides have received super-special handling, has not gone unnoticed in Washington, where a number of spokesmen for the black community have angrily pointed to the gross hypocrisy.

And it's not just black Democrats who are furious about the blatant discrepancies between the handling of the Guida-Barr case and that of Mayor Barry. Don Bailey, the former auditor general of Pennsylvania, fired off a letter to Senator Specter July 17 on the Guida-Barr travesty. The government can "spend a few million dollars to expose Marion Barry (who has nothing to do with law enforcement)," wrote Bailey, "but Pennsylvania's top criminal law enforcement officer [Guida] can plead to a misdemeanor possession of cocaine charge. How can you explain such irrational, unbalanced, distorted use of our law enforcement machinery? How can you explain such injustices?"

EIR has obtained a copy of Bailey's letter, which is believed to have spurred Specter's call for a special prosecutor. It reflects the frustration felt by many in Thornburgh's home state over the agonizingly slow pace of the federal probe and the continuing coverup.

Bailey's main point is that an independent prosecutor must be appointed immediately to take over the investigation into Thornburgh's former aides. He writes that a special prosecutor is needed because "those conducting the investigation here [the state capital Harrisburg] cannot possibly be free of either complicity or personal considerations, no matter how good the intentions of some may be. . . ."

"How was Richard Guida able to avoid investigation and

prosecution for so long,” asks Bailey, “while so many others received intensive pressure and relentless pursuit, like Budd Dwyer?” (Bailey is referring to Budd Dwyer, former treasury secretary of Pennsylvania, who committed suicide after being framed up by Thornburgh’s friends.)

“The answer is simple,” Bailey rhetorically replies. “Richard Thornburgh owns the essential elements of the criminal justice system in Pennsylvania. If you have the right friends—whether it’s HUD corruption, drug dealing and usage, PennDot contracting, or doing a friend a favor—decisions affecting investigations or prosecutions in Pennsylvania seem to be made for personal and/or political reasons. Whatever is happening here is a travesty—it’s indecent and it’s wrong. There are just too many examples of abuse.”

Bailey is especially angry about the way federal prosecutors and the FBI have handled the Guida drug case, especially the deal that authorities made with him, under which he was allowed to plead guilty to a misdemeanor count of cocaine possession, instead of standing trial on felony drug trafficking charges.

“The FBI is more intent on assuring us of how limited Guida’s activities were than on really investigating this thing in depth,” charges Bailey. “This whole process is a mockery of decency. . . . As I have been told, this whole thing will be made to appear as a minor yuppie, casual, cocaine ring—nothing more.”

Thornburgh’s son a druggie?

But the real shocker in Bailey’s letter is the allegations he presents that Thornburgh’s own son, Bill, may also have been involved in drugs.

“Even more disturbing matters have surfaced à la Richard Thornburgh,” writes Bailey. He reports that two people have come forward to say that they had “done cocaine” with Bill Thornburgh.

“They claim to have partied with Bill at the ‘mansion’ (meaning the Governor’s mansion) during Mr. Thornburgh’s term,” writes Bailey. “During Christmas of 1988, young Bill Thornburgh came to Harrisburg on leave from the Navy” and an individual who claims to have used drugs with Bill “came into possession of his [Bill Thornburgh’s] driver’s license during a cocaine party. He referred to it as his ‘trump card’ in case of trouble.

“What is particularly obnoxious about all of this is the open and notorious way it was bandied about—with no fear of consequences,” Bailey continues. “Most disturbing of all are some indications that as early as 1982, state authorities were aware of ‘heavy marijuana use by Bill Thornburgh,’ but nothing was ever done about that either. If you have the right friends in Pennsylvania,” comments Bailey, “you have nothing to fear; if you have the wrong enemies, you will be hounded to death—literally.”

The Bailey letter was reported in the Mexican newspaper *Unomasuno* by journalist Rodolfo Medina. Medina, in the

magazine *7 Cambio*, wrote that Thornburgh’s critics accuse him of having “installed a system of administrative fascism.” Thornburgh is angry at Mexico in the war on drugs “because he doesn’t understand that a country, other than the U.S., can demand respect for its laws, and of International Law.” “Perhaps,” he wrote, “he is accustomed to dealing with unredeemable drug addicts . . . and believes that government-to-government relations should be conducted in the same tone.”

Stonewalling on prosecutor

So far, the Bush administration is stonewalling on Senator Specter’s request for an independent prosecutor. The Justice Department said July 31 that it was “unlikely” that Thornburgh would appoint one. But that arrogant response could backfire, because it fuels the belief that Thornburgh is using his influence to protect his friends.

The administration’s hand may be forced by the increasing exposure the Barr-Guida scandal is garnering. As one Washington observer put it, “Do you think Bush can afford to have an AG whose key people have allegedly been snorting coke for years?” Bush “tried to make such a big deal about his War on Drugs, and that’s turned out to be a big flop. What’s going to happen when it comes out that a guy whose job it is to prosecute drug-runners has been surrounded by a bunch of dopeheads? They’re trying to paint Barry as a dope fiend, but the real dope fiends are tied to the DoJ!”

On July 31, the day after Specter’s request, the *Washington Post* ran a lead editorial on the Guida-Barr situation. Provocatively headlined “Drug Users in High Places,” the editorial stated that “The special position of these alleged drug users makes it not only reasonable but imperative that investigations, and if necessary, prosecutions, go forward. . . . If these two men were cocaine users while at the same time being charged with prosecuting traffickers, they will have been guilty of a terrible betrayal of public trust and private duty. And if this is the case, it will be urgent to look into the possibility of corruption, blackmail, and the subversion of investigations during their tenure.”

The editorial questioned whether Barr was “using drugs while he held his Justice Department position,” and implicitly ridiculed Thornburgh’s contention that he knew nothing of any cocaine use among his most trusted people.

The Thornburgh drug-ring scandal is exploding just as the jury in the Barry trial was about to begin its deliberations as *EIR* went to press. Mayor Barry, who has recently lashed out against the “satanic” tactics used by the prosecution and labeled the Justice Department’s witchhunt against him the “\$50 million folly,” is trying to preempt the race-riot scenario which some fear may be unleashed if he is convicted. The Mayor told reporters July 30 that there is absolutely to truth to the press gossip that race riots are in the works. “You obviously don’t realize that we [the black community] have grown as a people the last 20 years. We will not destroy that which we have worked so hard to build up.”

Clement: 'Gephardt is a Bush Democrat'

by Susan P. Johnson

Two months ago, St. Louis Democratic candidate Nick Clement stood outside the shut-down Chrysler plant and challenged his opponent in the 3rd Congressional District, incumbent Richard Gephardt, to a debate. On July 31, one week before the Aug. 7 primary, Clement's persistence paid off. As the city reeled from thousands of defense-aerospace layoffs—including from the leading employer, McDonnell Douglas—radio station KXOK pulled the Democratic House Majority Leader out of the bipartisan men's room for a half-hour round of radio hosts' questions to the two candidates on the national economic crisis. "There is no bottom to the collapse unless we make a fundamental change in policy and start producing," said Clement. He outlined the looting of the physical economy by "a credit system based on junk bonds and speculation," blasting Gephardt for his intimate collaboration with Bush to continue that looting.

Gephardt tried to portray himself as having battled Bush and Reagan. His proposals, punctuated with the word "competitiveness," were to 1) tax the rich, 2) cut defense, and 3) retrain workers for unspecified jobs.

The first question was the deficit. Clement responded, "Gephardt says, 'Balance the budget no matter what, everything is on the table. Bush, you want to cut defense—I'm your man.' He's a Bush Democrat. Cutting the budget and raising taxes will only make things worse. What we have to do is issue \$2 trillion in Treasury credits into the productive sector, right now, on an emergency basis, and in the longer term get back to national banking on the Alexander Hamilton model." Gephardt agreed that the deficit can't be overcome in one year; the Republicans hadn't even proposed a budget, so he can't be blamed for agreeing with theirs; and the reason for the present deficit summit is that the problem is much worse than Bush had claimed.

European revolution will revitalize U.S.

The second question discussed was whether the United States can compete with a unified Europe. Gephardt called for a new onslaught against Western European "unfair trade," and private investment in Eastern Europe.

Clement said, "The reunification of Germany has to be the greatest single event of my lifetime—with the wonderful republican revolutions that are taking place in Eastern Europe. What they are beginning to do is what LaRouche laid out, it's called the Triangle program," referring to economist

Lyndon LaRouche's program for a "European economic miracle" centered on a high-speed rail triangle encompassing Paris-Vienna-Berlin. Clement continued, "This will totally revitalize Europe's industry and begin to help pull ours back up. There is nothing we can do without a recovery here!"

He slammed Majority Leader Gephardt for the 1986 Gephardt-Bradley tax bill, which killed all remnants of President Kennedy's investment tax credit approach, and declared that if the United States had followed LaRouche's championing of the Strategic Defense Initiative, the space program, and fusion power, the present economic disaster would never have occurred. Gephardt whined in reply: the final version of the tax bill wasn't his alone.

The final round of questions addressed the "environment." Clement insisted that, instead of wiping out 750,000 jobs and wasting trillions more dollars as the Clean Air Bill will do (which Gephardt and his friends pushed), the funds must go into scientific and technological progress. Gephardt said, "If we destroy the environment, there will be no economy at all. We must strike a sensible balance." Clement pointed out that it is not question of a tradeoff; as the Japanese have shown, he elaborated, investment in the highest technologies is the environmentally soundest approach.

The hosts thanked the candidates "for a very provocative debate—especially from Mr. Clement." Off the air, the business-show moderator told Clement, "LaRouche is right on target when it comes to macroeconomics," and invited the candidate back on the station by himself, for an hour, to elaborate LaRouche's approach.

The local ABC affiliate evening broadcast carried a segment on the Gephardt-Bush deficit soap opera, followed by closeups of Clement campaigning at an intersection, along with a short clip of Clement on the LaRouche economic recovery program. While not mentioning Gephardt's opposition, ABC's national broadcast lambasted Gephardt for his persistent whining about the "great difficulty" in producing an agreement in the bipartisan budget summit.

On its Sunday morning broadcast on July 29, the ABC affiliate had carried a debate among Missouri 2nd Congressional District candidate Leif Johnson and his two Democratic opponents. The moderator asked Johnson, a longtime friend of LaRouche's (who is himself on the ballot as an independent Democrat in Virginia's 10th C.D.), "Why would the voters have confidence in LaRouche, when he is a felon in federal prison?" Johnson shot back, "Why would they have confidence in George Bush, who put him there? Bush, along with Ollie North and the Project Democracy crowd, the secret government who ran the Iran-Contra crimes." Johnson completed his response by describing how LaRouche's attorney, former Attorney General Ramsey Clark, had addressed attendees at the Copenhagen session of the Conference on Security and Cooperation in Europe last month, on the judicial fascism that made LaRouche America's foremost political prisoner today.

ADL, satanists gang up on pro-life movement

Fourth in a series, by Kathleen Klenetsky

What do the Anti-Defamation League of B'nai B'rith and satanist networks in the United States have in common? They are both waging a full-scale war against the pro-life movement, with the aim of fending off any legislative or judicial restrictions on abortion.

The ADL has launched an aggressive legal campaign to prevent any moderation in the 1973 Supreme Court's *Roe v. Wade* decision legalizing abortion.

While the ADL is battling for abortion in court, self-avowed satanists are manning the abortion clinics to defend the rights of women to kill their babies. According to information obtained through MagickNet, the computer bulletin board network which calls itself "the world's largest electronic coven," witches are serving as "guards" at abortion clinics across the nation in a coordinated effort to prevent pro-life demonstrators from convincing women not to abort their babies.

One center of such activity is Orange County, California, where the witches are in the leadership of the Orange County Pro Choice Coalition. In its newsletter last autumn, the coalition warned of two weeks of Operation Rescue activities, planned to coincide with the trial of Randall Terry and several other Operation Rescue leaders.

"This hit is vital to Operation Rescue," said the newsletter, "so it is most important that we make an *especially* strong showing in order to defeat them. We're hoping to break their organizational back. Now is the time to recruit your friends, relatives and neighbors."

Although there is no evidence that the ADL and the satanists are formally collaborating, the ADL has leaped to the satanists' aid on several occasions. Last year, for example, when some Texas state legislators introduced a bill criminalizing certain satanic ritualistic practices, the ADL's Dallas office attempted to block its passage, claiming it would infringe religious freedom.

ADL: anti-abortion=anti-Semitism

The ADL has vociferously defended abortion. In 1989, it filed a series of *amicus curiae* briefs when the Supreme Court was considering several state laws that would have encroached upon *Roe v. Wade*. Two of these briefs were filed by honorary ADL chairman Kenneth Bialkin, the attorney for fugitive drug kingpin Robert Vesco.

The briefs were based on the theory that anti-abortion

statutes adopted by Illinois, Minnesota, and Ohio represented a threat to religious freedom. Bialkin's brief argued that they violated the establishment clause of the U.S. Constitution "by endorsing one religious theory of when life begins," and thus imposed an "impermissible burden on a woman's free exercise of religion by restricting her fundamental religious interest in deciding whether to continue a pregnancy."

When the Supreme Court in June upheld the Minnesota and Ohio statutes (which required some form of parental notification when minors seek abortions), the ADL issued a press release lamenting the decision. Thomas Homburger, chairman of ADL's national Civil Rights Committee, was quoted: "Regrettably, the Supreme Court did not share ADL's view that Minnesota's and Ohio's efforts to regulate abortion impermissibly interfere with a minor's personal and religious freedom. . . . The challenged statutes . . . reflect the religious view that abortion is morally wrong and that life begins at conception. When the state imposes that view on women, it violates the First Amendment by interfering with an individual's religious beliefs."

But the ADL has gone beyond a mere legal defense of abortion, and is now trying to smear the pro-life movement as "anti-Semitic"—solely because it favors restrictions on abortion! This bizarre charge is being justified on the grounds that Jewish moral law requires an abortion to be performed, if the life of the mother is in danger. People such as Susan Schneider, the editor-in-chief of *Lilith* magazine (named for a Talmudic demon who devoured infants) and lecturer at ADL events, have twisted this position to claim that any curbs on abortion are anti-Semitic, because they would interfere with a Jew's freedom of religion.

That claim is in itself anti-Semitic, according to Rabbi David Zweibel, of the New York-based Agudath Israel organization. Zweibel told *EIR* that, while it is true that Jewish law (*halacha*) mandates an abortion if the mother would otherwise die, the Jewish religion is "very pro-life," and many Jews favor curbing abortions. "Anyone who says that to support some restrictions on abortion is being anti-Semitic, is himself being anti-Semitic," Rabbi Zweibel said.

In an article in the summer 1990 *Lilith*, in which Schneider thanks ADL officials for providing her with material, she contends, "The interests of Jews are threatened now because abortion rights has become the bellwether for this country's tolerance for diversity. . . . Jews favor retaining the right

to abortion as set out in *Roe v. Wade* because we have an investment in protecting religious freedoms and in promulgating justice.”

Schneider’s implication that all Jews favor unlimited abortion is a lie, as Rabbi Zweibel made clear. Indeed, Agudath Israel filed an *amicus curiae* brief with the Supreme Court calling for the overthrow of *Roe v. Wade*. Zweibel noted that his group’s brief differed sharply from one filed by the ADL in the same case.

The ADL’s “anti-abortion equals anti-Semitism” line publicly surfaced in March, when the *Jerusalem Post* ran an article by Laura Kam-Ischaroff of the ADL’s Israel office, charging that “increasing anti-Semitic manifestations in the volatile debate on abortions are worrying Jewish leaders in the U.S.” She reported that, at an ADL seminar in late 1989, *Lilith*’s Schneider warned “the abortion issue has become a pernicious amalgam gluing together anti-Jewish and anti-women feelings.” In her *Lilith* piece, Schneider claims that “Anti-Semitism suffuses the anti-choice [anti-abortion] movement.”

And what are Schneider’s sources for these charges? In addition to Sally Greenberg and Jill Kahn of the ADL, she credits Chip Berlet—a “researcher” on “right-wing activity” who was formerly associated with the pro-drug *High Times* magazine! Both Greenberg and Berlet have been active members of the “Get LaRouche” operation, which has put pro-life spokesman Lyndon LaRouche and a number of his associates in jail. Indeed, Schneider has bitterly complained that the pro-life movement is too open to LaRouche’s ideas.

Pure evil

What exactly is it that the ADL is defending? Abortion has a long historical association with the most evil forces in society, such as gnosticism, which, not accidentally, are the same forces which have been battling to destroy Judaism and Christianity.

The mental outlook of the hard-core pro-abortionist is best shown by quoting a member of MagickNet, one Chip Gordon, author of *The Magician’s Dictionary*. “I am getting tired of a world in which the importance of children is all that anyone can talk about,” Gordon said recently on MagickNet. “Adults are important too. . . . You ought to realize that there are some who find the preoccupations of people who are reproducing to be very obnoxious. . . . There’s far too much importance in our society placed upon children for their own sakes.”

Gordon’s hostility to mankind in general is explicit. “Five going on ten billion people on this planet and the fools still believe that breeding kids is so holy that parents have the divine right to act as dictators and thought police. . . . What really annoys them is that the world isn’t falling all over itself in adoration of their spoiled brats! Time for compulsory birth control!”

Is this what the ADL means by “religious freedom”?

Campaign forums show North as drug pusher

by Jeffrey Steinberg

Oliver North, the Marine lieutenant colonel who helped bungle the United States into the biggest foreign policy tragedy since Vietnam, has thrown his hat into the political arena. On June 23, 1990, the Freedom Alliance announced in the premier issue of its newsletter, *The Free American*, that the darling of Project Democracy had agreed to chair the new organization. In his acceptance letter, North promised: “Freedom Alliance intends to put into the hands of millions of freedom-loving and pro-family Americans the facts on the crucial issues of the day.”

LaRouche For Justice (LFJ), the congressional campaign committee for Lyndon LaRouche Jr., who is running for U.S. Congress in Virginia’s 10th Congressional District from a federal prison in Rochester, Minnesota after being railroaded for his opposition to North’s Contra operation, began a series of public forums in LaRouche’s district in northern Virginia during the first week of August to air some “facts on the crucial issues of the day” which neither North nor any of the other Iran-Contra troops wish to share with the public. The flyer announcing the forum series was headlined “Ollie North: Pusher or Patriot?”

First and foremost among the facts presented at the LFJ forums was the witting involvement of North and his coterie in some of the seediest drug-running and narco-terrorist operations in recent decades.

Ollie North, the pusher

Fact: North’s personal notebooks, recently released to the public by the presiding judge in his federal trial, are loaded with entries showing his direct knowledge of drug links by leading figures in the illegal Contra resupply operation. For example, on March 26, 1985, North refers to Rafael Quintero as “Secord’s Agent. Should be on shore when arrivals occur.” A week later, on April 3, North’s same notebook reads, “Rafael Quintero—(captured)—known narcotics trafficker—Enrique Camarena.” On Jan. 14, 1985, North had noted, “Rob Owen John Hull-no drug connection-Believes,” a reference to John Hull, a Costa Rica-based Contra supply officer whose hacienda was widely reported by Drug Enforcement Administration (DEA) investigators to be a transshipment point for Medellín Cartel cocaine shipments bound for the United States.

Miami police report buried

Fact: As early as Sept. 24, 1984, the Miami Police Department had provided to the FBI a detailed report on leading figures in the North resupply network who were helping to fund the Contras with cocaine profits. When the information was passed to a senior member of the North interagency task force at the White House, FBI Deputy Director Oliver Revell, the Miami Police Department report was buried.

The Miami police investigation stated clearly: “[Francisco] Chanes is a narcotics trafficker” and “was giving financial support to anti-Castro groups and the Nicaraguan Contra guerrillas; the monies come from narcotics transactions.” The Miami police memo identified Frank Castro, another figure in the resupply operations in Miami, as a convicted marijuana smuggler who imported 425,000 pounds of pot into the United States.

Fact: By no later than May 1986, Oliver North had opened up a “second channel” for negotiating the arms-for-hostages deal with Ayatollah Khomeini. Congressional records identify that “second channel” as Mansur al-Kassar, a known international terrorist and narcotics smuggler. The Syrian al-Kassar had been convicted of heroin, hashish, and marijuana smuggling in several European countries. He was identified in Central Intelligence Agency files as a known KGB operator, and had been linked to several major international terrorist incidents at the time he came under the protective umbrella of North and Project Democracy.

One of al-Kassar’s deepest terror links was to Palestinian Abu Abbas, the mastermind of the *Achille Lauro* ocean liner hijacking in which a disabled Jewish-American passenger was drowned by the terrorists. Al-Kassar is still today a prominent suspect in the Pan Am 103 bombing in which 270 people died, and in the car bomb assassination of West Germany’s most powerful banker, Deutsche Bank chairman Alfred Herrhausen.

Despite an Interpol rap sheet a mile long, al-Kassar was wined and dined by North and was eventually paid several million dollars for delivering Soviet-made weapons to the Contras.

North worked with ‘Dope, Inc.’

Fact: Colonel North worked intimately with the dope lobby’s Anti-Defamation League (ADL) throughout the Iran-Contra affair, ushering ADL official Rabbi Morton Rosenthal into the White House to deliver a diatribe against the Sandinistas’ alleged “anti-Semitism,” and using ADL national chairman and mob lawyer Kenneth Bialkin to arrange covert funding of missiles for Iran by Saudi billionaire Adnan Khashoggi.

Bialkin had been found guilty in a federal civil proceeding in New York in 1980 of masterminding fugitive Robert Vesco’s looting of the Investors Overseas Services of hundreds of millions of dollars. Those stolen funds helped finance Vesco and Medellín Cartel figure Carlos Lehder Ri-

vas’s opening of the Caribbean cocaine pipeline into the United States.

Fact: North’s and former State Department Assistant Secretary of Latin American Affairs Elliott Abrams’s Project Democracy circle arranged for the U.S. State Department to pay over \$100,000 to a Honduran company, Semco, to deliver “humanitarian aid” to the Contras knowing that the company was owned by Juan Ramón Matta Ballesteros, a major international dope smuggler. Matta Ballesteros was convicted on July 26 of conspiracy to kidnap, torture, and murder DEA agent Enrique Camarena in Guadalajara, Mexico in February 1985.

North worked with Camarena’s murderers

Fact: At the Camarena murder conspiracy trial in federal court in Los Angeles, California in June, a DEA informant, Laurence Victor Harrison, testified that CIA officials attached to the Contra resupply effort had used the Mexican ranch of Rafael Caro Quintero as a training site for Central American “freedom fighters.” The same ranch was the location where Camarena and a second DEA employee were tortured to death.

According to Harrison’s debriefings by DEA agents and separate reports by retired DEA undercover agent Michael Levine, the Mexican Cartel was protected by North and Project Democracy as part of a deal in which drug cartel pilots flew arms supplies to Contra bases in Central America and were permitted to bring drugs into the United States on the return flights. These facts represent the mere tip of the iceberg of Oliver North’s role in flooding the streets of America with illicit killer drugs.

Yet, in his new role as “conservative” political rabble rouser, North proclaims that the government must crack down much harder on drug users. Calling drug interdiction and eradication “useless” at a recent public event in Maryland, North called for get-tough measures to decrease the demand for drugs inside the United States.

It is ironic that the most recent piece of “get tough” legislation, the 1990 Omnibus Crime Bill, could land North in the electric chair—as a drug “kingpin”—were he to be prosecuted for the Iran-Contra dope operations cited here.

As LaRouche campaign spokesmen pointed out at the recent northern Virginia forums, during the first Reagan administration, Lyndon LaRouche had proposed an all-out war on drugs as the most effective means of overthrowing the Sandinista regime in Managua, Nicaragua. LaRouche cautioned against “taking sides” in a no-win competition among rival drug mafias through the Contra program as proposed by North and Project Democracy.

As White House documents show, North and Project Democracy joined in with the ADL and Henry Kissinger to frame up and jail LaRouche when the four-time presidential candidate threatened to publicly blow the Contra cocaine connection.

Ford slated to win despite legal trouble

Rep. Harold E. Ford (D-Tenn.), Tennessee's only black Congressman, held an early lead over his two Democratic primary opponents in a second attempt for a ninth term.

Ford was indicted by a federal grand jury in 1987 on bank and mail fraud charges stemming from allegations that he had taken payoffs disguised as loans from former bankers Jake Butcher and C.H. Butcher, Jr. Ford spent 11 weeks on trial in Memphis before a mistrial was declared in April when jurors deadlocked. The location of a second trial was then transferred to another district.

Ford is one of numerous black elected officials being targeted for legal persecution aimed at eliminating them from office. Ford is, however, favored to win back his seat in the November elections.

Senate approves public financing of campaigns

The Senate took a major step toward implementing Project Democracy's one-party police state, when it voted July 30 for public financing of congressional campaigns.

Ostensibly crafted as a means of curbing soaring costs of campaigns and curtailing special interest influence, the bill calls for a variety of measures to encourage candidates to comply with voluntary spending limits. For candidates who agree to spending ceilings, the bill would provide government paid "vouchers" for radio and TV advertising worth 20% of a candidate's permissible level of campaign spending.

The bill would give additional financial assistance to candidates who

face attacks from independent groups and Political Action Committees which are supporting an opposing candidate, and offer direct funding for candidates who comply with spending limits while facing opponents who do not.

The legislation would ban PACs from making any contributions in federal elections.

The legislation is the first step toward the kind of police-state regulation of political campaigns called for by Lloyd Cutler's Committee on the Constitutional System, and related groups. This is the first congressional campaign financing bill that has been voted up by either house.

Although playing up to public concern over the general economic situation and what is interpreted as flagrant government "waste" in campaign spending, the legislation would in effect eliminate the influence of constituency groups, who would no longer be able to contribute to the campaigns of their candidates without jeopardizing their election.

The legislation is opposed by most Republican senators and is threatened with a presidential veto.

A similar measure in the House produced a broad rank-and-file revolt. The major complaint was that the bill's spending limits would affect incumbents who face vigorous challenges in primary and general elections. The House measure would place a 50% limit on contributions from PACs and would restrict use of independent expenditures.

Social Security removed from budget calculations

The House agreed on July 30 to remove the Social Security Trust Fund from the Gramm-Rudman deficit cal-

culations beginning in October 1992.

The bill, proposed by Rep. Byron Dorgan (D-N.D.), and accepted in a 413-15 vote, would also tie any decreases in the payroll tax to cuts in benefit levels unless benefit levels are specifically exempted from such cuts by a two-thirds vote of Congress.

The Trust Fund was previously calculated on the plus-side of the budget, and the measure would, therefore, push the deficit much further from the Gramm-Rudman targets.

In the Senate, Sen. Patrick Moynihan (D-N.Y.) is reintroducing his plan to cut the Social Security payroll tax 1% from 7.65 to 6.65%. The Moynihan measure also calls for placing the Social Security Trust Fund off-budget.

Armed Services slashes defense, SDI

The House Armed Services Committee voted on July 31 to kill the B-2 bomber, block plans for mobile missiles, and slash funding for the Strategic Defense Initiative (SDI). The B-2 was reinstated from the floor after Iraq's invasion of Kuwait.

Committee Chairman Rep. Les Aspin (D-Wisc.) said the vote to cut research and development funds for the MX and Midgetman mobile missile systems was done in order to put Bush on notice that "the two-missile ICBM modernization program has failed to achieve the political consensus necessary for deployment of both systems."

The committee also stripped \$2 billion from the \$4.7 billion White House request for the SDI. House liberals were overjoyed over the move by the committee. "I was out running at six this morning just because I was

exhilarated," said Rep. Ron Dellums (D-Calif.).

Another Senate bill now in committee would seriously curtail spending on bases in Europe and Korea, endangering the transfer of the 401st Tactical Fighter Wing, formerly based in Spain, to a planned new NATO base in Crotona, Italy.

Burton seeks more measures against AIDS

Responding to the somewhat doctored, but nevertheless shocking, figures recently published by the World Health Organization which upped their 1989 estimates of the number of people infected with the HIV virus by 2 million, Rep. Dan Burton (R-Ind.) again called for tougher public health measures to meet the AIDS epidemic.

Burton lambasted House members on July 30 for having just passed legislation which allowed those infected to work in hospitals and in food-processing industries. Ridiculing the optimistic propaganda "safe sex" advocates, Burton pointed to the Florida statistics which gave rise to the suspicion that mosquitoes might have transmitted AIDS around the Miami area. "The problem is," said Burton, "that there is concern because they do not know all the ways that the AIDS virus is being transmitted."

Burton pointed out the cases in the Soviet Union where AIDS may have been transmitted through breast feeding as well as to the recent case in Florida where a woman may have contracted the virus from her dentist in spite of the fact that he wore gloves and a mask. "We are finding," Burton continued, "that AIDS is being transmitted in several ways that cannot be

explained, that the Centers for Disease Control and the [Department of] Health and Human Services continue to say it cannot be spread that way."

Burton called for a program of routine testing, education, and contact tracing. He warned his colleagues that "it is extremely important that we get our head out of the sack in this body, and in the other body, and at the Centers for Disease Control in Atlanta and Health and Human Services and come up with a comprehensive program to deal with this terrible pandemic that faces every one of us in the United States of America and the world."

Gonzalez attacks police measures in S&L bill

Although most congressmen have been jumping on the bandwagon to tighten the police measures against the targeted S&L executives, the measures were harshly criticized by the man chairing the hearings on the S&Ls, House Banking Committee Chairman Rep. Henry B. Gonzalez (D-Tex.).

The legislation, which strengthens criminal penalties for certain banking offenses, boosts funding for federal criminal investigations, and creates a financial fraud unit in the Department of Justice, useful for DoJ fishing expeditions against possible political opponents, was passed 424-4, over the objections of Gonzalez. Gonzalez was apparently not informed prior to the bill that it would be brought up on suspension.

Gonzalez called the legislation "a bastard bill with all the defects from such a birth." Gonzalez pointed out that the bill permits wire-tapping for bank-related offenses, increases criminal penalties for bank crimes, and

creates new bank-related criminal offenses. In his remarks in the debate on the bill, Gonzalez noted that most of those measures would have no bearing on the S&L offenders, since any crimes involved in the S&L debacle were committed years ago.

Gonzalez also opposed giving the new commission subpoena authority, calling such a move "unprecedented." "I think it is a mistake," he said, "to give a commission of this nature, with no responsibility to the electorate, the power to go on a witchhunt for publicity for any other purposes."

Budget talks collapse, recriminations fly

Both sides are maneuvering to make the most out of the collapse of the "budget summit." The summit itself, established in order to work out bipartisan support for a fascist austerity plan, was characterized from the beginning by attempts on both sides to lay the blame for the ensuing suffering on the opposite party.

Democrats felt that time was on their side and that as the cost of the savings and loan cleanup swelled and with the threat of across-the-board cuts approaching, they would be the political beneficiaries. The refusal of House Republicans to accept new taxes also meant that Bush did not have his troops under control to follow any tax hikes that might come out of the summit. Democratic National Committee Chairman Ron Brown characterized the collapse of the summit as the "unraveling" of the Bush presidency.

The White House is said to be planning to go out on the offensive to pin the blame for the collapse on the "foot-dragging Democrats."

National News

Iran-Contra, Bush coverup in S&L crisis

The left-wing German daily *tageszeitung* on July 27 pointed out the role of the Iran-Contra scandal in the S&L crisis and noted Bush's role.

Washington correspondent Rolf Paasch picked up on two *Houston Post* articles and a 1989 book, *Inside Job*. He noted:

- Federal Deposit Insurance Corp. head Edwin Gray informed Reagan of grave irregularities in the S&L sector in the mid-1980s, but was removed from his job on direct orders from Don Regan in June 1987;

- Vice-chairman of the banking deregulation commission that covered up the dimensions of the S&L crisis at the time was George Bush.

- One motive for the coverup may have been evidence of connections of some S&L banks to Oliver North's Iran-Contra deals; a serious investigation of the S&L cases may soon pose the same question that emerged during the Iran-Contra hearings: Where was George?

- Investigating judges looking into 25 S&L and two bank cases were ordered "from the top" to drop their investigations.

Tax rebellion grows in New Jersey, Massachusetts

Tax increases are provoking increasing rebellion among taxpayers in New Jersey and Massachusetts.

The "growing tax rebellion" against the \$2.8 billion tax package in New Jersey "is rapidly turning into a general protest against unresponsive government," the *New York Times* reported July 29. "I'm getting hundreds, literally hundreds of phone calls and letters," State Sen. Gabriel Ambrosio told the *Times*, and "99% of them are adamantly against the tax package."

In Massachusetts, a proposal to repeal Gov. Michael Dukakis's \$1.8 billion tax increase will be on the ballot in November. The bill would roll state fees back to their 1988 levels and cut the state income tax for

two years to repay residents for a \$740 million tax increase enacted last year.

"If the threat of bankruptcy is required to get their attention, then that's what you have to do," said Barbara Anderson, executive director of Citizens for Limited Taxation, which petitioned for the legislation along with the Massachusetts High-Tech Council, a group representing 225 companies.

Secretary of Administration and Finance Edward Lashman, however, warned that it would "mean thousands of kids not going to college, thousands of elderly being kicked out of nursing homes, thousands of families not getting the support they need with abused children."

Social services lobbyist Judy Meredith told the *Boston Globe* that "People will be dying in hidden corners all over the state. The impact of withdrawing services always means that people will die. They may die slowly, but they will die."

Marshall says Bush is dead to him

U.S. Supreme Court Justice Thurgood Marshall said July 26 on ABC's Prime Time Live that he considered George Bush dead to him. Marshall is the last liberal member of the Supreme Court after the resignation of Justice William Brennan.

Asked to rate Bush's performance on civil rights, Marshall said, "Let me put it this way. It is said that if you can't say something good about a dead person, don't say it."

"Who?" asked host Sam Donaldson. "Bush," Marshall replied. "He's still alive, Mr. Justice," said Donaldson.

"You're damned right he is. I just don't understand what he's doing. . . . I think somebody's calling his shots. I mean this last appointment [of Supreme Court nominee David H. Souter] is the epitome of what he's been doing. I never heard of Judge Souter. I don't have the slightest idea" of Bush's motives.

"If he [Bush] came up for election I'd vote against him. No question about it. I don't think he's ever stopped" running for re-election.

Thornburgh admits 'S&L fraud' a fraud

Attorney General Richard Thornburgh admitted to the Senate Judiciary Committee July 24 that there is "very little prospect that there is much in the way of real assets to go after" in the alleged cases of "thrift fraud."

"I would mislead you if I thought any substantial portion of the assets will be recovered. There has been an enormous depreciation of some of the assets that are recoverable," Thornburgh, who has tried to focus all blame on S&L "criminals," said. "I wish it were otherwise, but the prospect of large-scale recoveries at this point are dim."

Thornburgh said that of the \$2.5 million in restitution ordered by courts this year, only \$50 has been repaid. Of the \$3.1 million ordered in 1989, \$2,700 has been repaid; and of the \$5.8 million in 1988, only \$21,000.

Du Pont heir is on the ballot for Congress

Lewis du Pont Smith, congressional candidate for Pennsylvania's 5th C.D., announced July 31: "Ladies and gentlemen, it is now official. As of this morning, I am on the ballot."

Smith's campaign is causing pandemonium in the "blueblood" corridors of power and throughout his district. Smith's one-minute radio ads feature the stirring theme of Beethoven's Fifth Symphony. Smith says on one ad on taxes, "On this issue, I agree with Lyndon LaRouche—President Bush, read my finger!"

Smith renewed his challenge to his opponents, Samuel Stretton (D) and the incumbent Rep. Richard Schulze (R), to join him in a series of seven "Lincoln-Douglas"-style debates in every corner of the district.

Smith released a 100,000-run leaflet entitled "Dope, Incorporated" and Judge Lawrence Wood," which exposed Wood's role in driving former Chester County Re-

Briefly

publican Chairman Theodore Rubino out of power in 1973, paving the way for a "blueblood" takeover of the GOP. In 1985, Wood had ruled Smith was mentally incompetent because of his political backing for LaRouche.

KYW radio reported that Wood was considering withdrawing hearing Smith's appeal of the incompetency ruling. Wood said on the air, "I suppose his point was that I was some sort of a blueblood, and I went after Rubino because he was an Italian. Everyone who knows me knows that's not true."

Don't raise taxes, LaRouche urges Bush

Congressional candidate for Virginia's 10th C.D. Lyndon LaRouche, told President Bush on July 21 that he should not raise taxes "Because we are in a depression; and to increase taxes in a depression is both the height of economic insanity, and would be a politically suicidal act for George Bush and company in any case."

"George had promised he would not raise taxes, and people say he lied," LaRouche said. "Well, I think George should decide not to become a liar, and not raise taxes, for a very simple reason: We are now in a depression." Official government figures indicate the U.S. is in a recession and "Under these circumstances," he said, "Let the Congress suspend Gramm-Rudman."

"What George must do, is tell the truth: that we're in a deep depression.

"I'm not suggesting that George do nothing to alter taxes; yes, the tax rate on the upper brackets, and in capital gains should be increased. I repeat: The tax rates on the upper personal income brackets, and capital gains brackets, should be increased.

"However, that should not represent a net average increase in the tax rate. Because, what we put in, as added tax rates, on the one side, we must take out in investment tax credits on the other side.

"That is, people with large incomes should be encouraged by tax policy, to do what they did during the Kennedy adminis-

tration: put their savings into areas which increase employment and per capita output, physical output especially, of the U.S. economy, and be compensated for that; whereas, if they decline to make such investments, then, let the taxes fall on the upper brackets of their income at the highest rate. I think George would agree with that: We wish to increase the tax revenue base of the United States, under depression conditions. We wish to put people back to work in productive jobs, not flipping hamburgers, or pancakes, in the fast food stand. Therefore, investments in industry, in machine-tool shops, in basic economic infrastructure, utilities, and so forth, must be encouraged by copious amounts of credit at low interest rates for those kinds of investments, and by investment tax credits.

"So, let's get money going to the place where it does the most good. And, let's tax at the relatively lower rate, those citizens with larger incomes, who do the most good for their nation."

Cosmonauts seek U.S., Soviet space effort

Soviet cosmonauts Gen. Alexei Leonov and Valeriy Kubasov, who linked up with three American astronauts in space on the Apollo/Soyuz Test Project 15 years ago, called for joint U.S.-Soviet shuttle and space station programs at the Kennedy Space Center July 26.

Previous calls for renewed U.S.-Soviet cooperation have centered around a joint manned mission to Mars, which had been raised three years ago by Gorbachov with Reagan. Kubasov stated, "We have a very good orbital station [Mir] but not a good transportation system." He asked why the U.S. should spend time designing the U.S. Space Station Freedom from scratch, when the U.S. could use the Mir. On the other hand, he said, the Soviets don't have anything like the Shuttle, and asked if the Soviets could use that.

The cosmonauts claimed that there is already money for cooperation in the Russian space program.

● **NORMAN AUGUSTINE**, the head of Martin Marietta, has been appointed to head the NASA review of long-range goals for the space program for the National Space Council, Vice President Dan Quayle announced July 25. It is supposed to present its first report in four months.

● **HENRY KISSINGER** seemed to be "socially unacceptable," shoved off into a corner during the opening ceremony of the Nixon Library in Yorba Linda, California in late July, and not allowed to accompany the dignitaries on tour of the museum, according to an attendee.

● **LYNDON LAROCHE**, congressional candidate for Virginia's 10th C.D., had the second-highest amount of out-of-state contributions (99%) for House races according to a July 31 *Washington Post* article about campaign contributions from out-of-state contributors.

● **THE PRO-LIFE** movement is expanding their activities to include the fight against euthanasia, according to the July 31 *New York Times*. Society for the Right to Die spokesman Doron Weber told the *Times*: "The pro-life groups . . . seem to exercise a disproportionate amount of power."

● **TAX BREAKS** to NCNB bank holding company totaling \$950 million allow it to engage in predatory pricing, according to an *American Banker* article reprinted in the July 25 *Investor's Daily*, "The government has created a monster," says Chris Williston, president of the Texas Independent Bankers Association.

● **THE INTERIOR** Department will hold regional public meetings seeking comments on "the national goal of 'no net loss' of wetlands." Meetings are scheduled for: Bismarck, N.D., Aug. 17; Peoria, Ill., Aug. 20; New Orleans, La. Aug. 27; Olympia, Wash. Sept. 5; Anchorage, Alaska Sept. 7; and Providence, R.I. Sept. 17.

Editorial

LaRouche proven right on Mideast war

On July 4, Lyndon LaRouche warned of the grave danger of war in the Middle East. At that time he expected that Israel would be directly involved in the fighting. While he had thought that such a war might not occur for six months, not three weeks later the area has indeed exploded. It should be noted that Anglo-American and Israeli intelligence sources vigorously denied LaRouche's hypothesis.

The developing scenario was already clear then, in outline. A deliberate campaign was being waged by the Israelis and British to isolate and provoke an outburst from Iraqi President Saddam Hussein. There had been major takeovers of the leading Israeli press by Bronfman-connected British interests, and the government in Israel had been captured by hard-liners who rejected negotiations with the Palestinians.

Notwithstanding the ostensibly regional nature of the conflict, LaRouche emphasized the role of the superpowers, with the former superpower Britain playing a key role in instigating a war scenario. Any disruption of the oil supplies would introduce an element of incalculability into the economic picture and make President Bush's attempt to cover over an escalating U.S. depression, more difficult. However, from the point of view of a certain faction in Britain, it is highly desirable to force austerity on the United States and clip the economic wings of the Germans.

LaRouche foresaw a sequence of events which would be orchestrated so that Israel would launch war. The desired end-result would be a condominium arrangement for the Middle East, with the Islamic-Arab "menace" as the primary target of what might turn into a major population war, even including an exchange of chemical or nuclear weapons.

Events as they are unfolding minute by minute, have again proven LaRouche to be correct.

The important thing is not the immediate events before us, but the criteria which LaRouche emphasized when he made his assessment several weeks ago. It is necessary to be absolutely clear that a certain faction in Britain is controlling both the Iraq side of this busi-

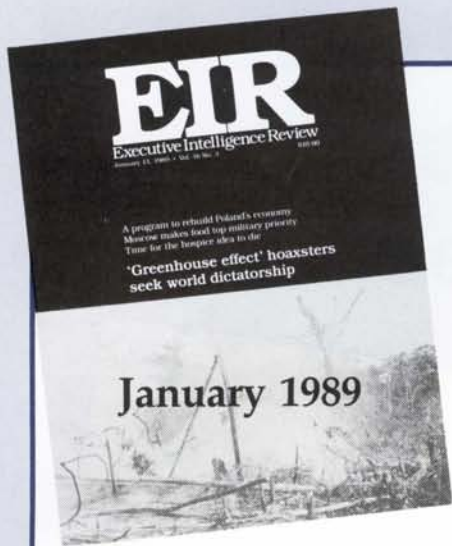
ness, and the Israelis. On the one side we have Bronfman, the Hollinger group, Robert Maxwell—all British-run; and on the other, we have Britain's Tiny Rowland controlling the Iraqis, as evidenced by his recent role "mediating" the release of a British nurse accused of espionage.

The murder of Dr. Gerald Bull, the president of Space Research Corporation, was a case in point of how the Iraqis were manipulated into launching the invasion of Kuwait. Bull was professionally assassinated as he left his apartment in Brussels, Belgium. He had been involved in modernizing weapons for the Iraqi government. While this was probably an Israeli operation, the British press began a campaign against the so-called Iraqi war drive at about the same time that the murder occurred, including a big press hype about the so-called Iraqi super-cannon. This was calculated to make the Iraqis feel isolated from Western support while they were threatened by the Israelis. The Israelis had threatened to launch a preemptive strike against the Iraqis. Iraq's move into Kuwait afforded them a certain advantage in face of a possible Israeli attack.

The Middle East has always been a place where "the Great Game" was played, to borrow Rudyard Kipling's term for intelligence warfare. To understand what is happening, we must identify the role of the grouping around Thatcher in Britain which is working with the cosmopolitan, or Bukharinite, faction in the Soviet Union, and which is presently controlling policy within the United States. Part of the Great Game is British control of the Israelis and the Iraqis.

This is balance-of-power politics played by experts: Play everybody against everybody, so that you come out on top.

To believe the propaganda against Saddam Hussein, comparing him to Adolf Hitler, is a grave error. The present war danger is very real, and with it the danger of a global, uncontrolled financial collapse. The danger, however, does not lie in how Iraq and Israel respond to each other, or Iraqi aggression against Kuwait, but in great power, balance-of-power politics.



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