

DOUBLE ISSUE

EIR

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European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, Dotzheimerstrasse 166, D-6200 Wiesbaden, Federal Republic of Germany
Tel: (0611) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE, Tel. 35-43 60 40

In Mexico: EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

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From the Editor

Although little reported in the West, the Soviet empire has committed sweeping violations of human rights in the Transcaucasus, in order to suppress the independence of Armenia. As our eyewitness report in the *Feature* shows, this is no Armenian-Azeri ethnic struggle, but the political fight of a people seeking freedom against the imperialist leadership in Moscow. Underlining this is the report of Armenian scientist Vahagn Gurzadian of the Yerevan Physics Institute, printed in the Summer 1991 issue of *21st Century Science & Technology*, that “both in the Sumgait massacre [1988] and later in Baku, the capital of Azerbaidzhan, where another massacre of Armenians took place in January 1990 . . . many Azeris at great risk to their own lives, hid Armenians in their apartments, thus saving those innocent people from their compatriots.”

The most infamous violation of rights by the other superpower, the United States government, is the prosecutions of presidential candidate Lyndon LaRouche and his associates. The new element in the updated Complaint to the Secretary General of the United Nations, printed in full as a special 26-page insert in this double issue, is a detailed account of the actions of the *tax-exempt* Anti-Defamation League. The complaint documents how the ADL has acted as the shock troops of the Anglo-American establishment’s decision to crush an uncomfortable political critic—at taxpayer expense.

One powerful country, Brazil, is putting up a burgeoning resistance to the designs backed by *both* the Moscow and Washington regimes, to suppress its sovereignty on “environmentalist” and similar pretexts. Precisely the Anglo-American crimes in Iraq are back-firing here against Bush (*Strategic Studies*).

In *Economics*, we report on the latest moves of the International Monetary Fund in Europe, Asia, and Ibero-America to wreck national economies. Schiller Institute collaborator Angelika Raimondi tells why IMF recipes cannot replace national economic planning, in a speech she has been delivering to Czech and Slovak audiences. A timely case in point: Contrast the IMF effort to force India to forfeit all independence in economic policy (p. 4), with India’s past achievement in becoming self-sufficient in food production—a model for what can and should be done (*Science & Technology*).

Nora Hamerman

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IMF, World Bank test case: India must buckle under

by Mary M. Burdman

India, the world's largest democracy, and likely by the end of the century to be the world's most populous nation, is under heavy assault by the Anglo-American establishment. The attack is being led by the International Monetary Fund and World Bank, which, while arrogantly denying they are pressuring India and claiming that India is voluntarily implementing austerity measures, are turning the screws harder to force India, vulnerable as it has not been in years due to the vast costs of the Gulf crisis, months of internal political strife culminating in the assassination of prime minister candidate Rajiv Gandhi, and the international economic crisis, to buckle under.

The IMF campaign against India has been backed by a barrage from the British press demanding the surrender of the Indian economy. A united India was the achievement of the British Raj, and, having lost the British colonial administration, the attempts of the successors of Jawaharlal Nehru are doomed, all manner of Western publications have asserted. The City of London bankers, and their friends in New York, Geneva, and Basel, are using the internal crisis in India to go for broke.

But what they are doing in reality, is creating the danger of a monumental crisis in one of the most sensitive strategic areas of the world. It was the IMF's policies which pushed Yugoslavia over the brink toward civil war and chaos. What will be the effects if the same bankers get their way on the vast Indian subcontinent, at the same time that they are threatening the Soviet Union and Eastern Europe with total economic breakdown and chaos? The "Great Game" of the 19th century—the vast British-Russian struggle over Central Asia, with India the great prize—is still being waged, this time by the IMF.

The London *Sunday Times* greeted the death of Rajiv Gandhi with a vicious editorial May 26. "The way forward

for India, as for the Soviet Union, will be to say a great prize can go to any states and sub-states that maintain order without murders and riots. They should be allowed to disregard Delhi's corrupt licensing restrictions, run their own economic policies and bring in as much foreign investment and as many free-market principles as they like. Maybe India's richest course from the beginning would have been to split into 100 Hong Kongs."

The new government was barely in place before the press demanded it yield. In its June 22 editorial, the *Economist* wrote: "Bring on the IMF. . . . In one sense, the management of the economy is about to pass into safe hands: those of the IMF. India has, in several respects, not been governed since last August, when an ill-considered quota plan for jobs set off caste riots. The toll taken on India's external financial position by 10 months' neglect of a deteriorating economy has been so severe that even the most nationalistic politicians are now meekly waiting to submit to the IMF's terms."

The IMF itself made clear that it was going to play hardball with India, hit by at least \$3 billion in costs from the Gulf crisis, at the Washington meeting at the beginning of May. With India governed by a weak caretaker government and facing the possibility of foreign debt default for the first time since Independence, both the IMF and World Bank and the "rich donor nations conveyed in unequivocal terms" that India will have to agree to major adjustments, including defense cuts, to get the \$5-7 billion loan it requested, the *Hindustan Times* reported May 3. India has \$72 billion in external debt, and is facing debt and interest payments of \$2.1-\$2.3 billion before July. Hard currency reserves are reportedly down to \$1.1 billion, enough for two weeks of imports. Commercial banks have "virtually stopped lending to India," the *International Herald Tribune* quoted a Finance Ministry official May 4. There were indications that the IMF was "not

at all satisfied" with the present government's steps to dilute financial control of certain public sector undertakings.

Then Finance Minister Y. Sinha and senior ministry officials were "quite surprised" at the IMF's "now or never . . . tough tone" in demanding full-scale privatization while analyzing India's current balance of payments crisis. The collapse of the command economies of Eastern Europe and the crisis in the U.S.S.R. have "imparted a new jingoism" to the IMF and World Bank when dealing with developing sector nations like India, the *Hindustan Times* wrote. "Indian officials got the signal . . . that foreign and economic policies of the recipient countries would have an important bearing" on decisions on large-scale assistance and debt writeoffs.

Conditionality: defense

The IMF campaign against India is a test case for its campaign to force developing sector nations to slash their defense spending. IMF Managing Director Michel Camdessus pushed this policy, first announced last December as the Gulf crisis came to a head, twice in one week in statements in Paris and Geneva. In Paris, where the Big Five are negotiating arms controls, the IMF called on the industrialized nations to back the proposed curbs on arms exports by tightening controls on developing countries' use of financial aid for "unproductive" military spending, the *Guardian* reported July 5.

Camdessus took the same occasion to announce that the "Fund stands ready to support India's adjustment policy." Developments, he said, "were proceeding very satisfactorily." Four days later in Geneva, in a speech to the U.N. Economic and Social Council, Camdessus called on governments to cut military spending and agriculture subsidies as the alternative to interest rate increases which would have a "severe impact" on developing nations. "Unproductive" public spending must be cut, he said. A 20% cut in military spending would "save" about \$100 billion a year; elimination of subsidies, especially to agriculture, would "save" \$300 billion a year.

India is being hit by an IMF demand that it cut its defense spending by 10%, the *Hindustan Times* reported June 27, using political blackmail to do so. The IMF will not insist on a politically explosive cut in the food subsidy—provided the government releases "substantial funds" through cutting arms spending and public sector holdings. Military outlays above the basic threshold of security can be designated an "unproductive expenditure," the IMF's latest study contends, and calls for a coordinated reduction in military expenditure to increase "well-being" without changing the strategic balance.

Under immense pressure, the new Congress government, only in office a few weeks, devalued the rupee by almost 20% in just three days, over July 1 and 3. The rupee, which had already lost about 30% against the dollar since 1988 in gradual "adjustments," was cut another 18.74% against the

dollar and 17.38% against the pound. India also raised bank interest rates by 1% to a record 11%. Although the new Finance Minister Dr. Manmohan Singh, asserted that the decision to devalue the rupee (euphemistically called a "realistic adjustment") was "a national decision," the succession of events makes reality painfully clear.

The second devaluation was taken as an IMF mission set out for New Delhi. This was only the second time India had made such a major devaluation. The first was in 1966, when, after famine, war with China, a severe foreign exchange crisis, and sustained IMF pressure, India was forced to devalue by 66%. All governments until now have avoided repeating this mistake, a commentary July 7 in the *Hindustan Times* said. The "inescapable conclusion must be that this time around also, it was necessary not just to depreciate slowly . . . but be seen to devalue by a sizable amount on a single day." A December 1990 confidential World Bank report cited frequently in both the Indian press and by the political opposition, called for India to devalue the rupee either gradually, beginning at 13%, or all at once by 22%.

Dr. Singh, who had asserted at the time of the first devaluation that its effects would not be so great, because India has a much stronger industrial base than it had in the 1960s and surplus grain stocks of 20 million tons, admitted at an economic seminar in Delhi July 5 that the situation, which he called "an unprecedented crisis," could go out of control if there were not utmost fiscal and economic discipline over the next two years. India is reported to be negotiating for a loan of \$5-7 billion from the IMF, which will only become available in September, after the new government's budget is presented and approved.

Also, the State Bank of India cannot raise the \$70 million due to foreign suppliers for fertilizers, newsprint and other items, due to lack of short-term credit.

India is also to make what are called "major structural reforms" in its trade policy to reduce its \$5.9 billion trade deficit for 1990-91. In real terms for India, this is nonsense. The devaluation will have only two effects: It will make India's foreign debt, which shot up from about \$20 billion in 1980 to about \$72 billion now, 20% more expensive; and it will cause big price rises for India's two major imports, oil and edible oil. Nor will the devaluation boost exports. In fact, despite the losses sustained by the rupee since 1988, exports only went up 15%.

On June 5, India was reduced to selling about 20 tons of confiscated smuggled gold in order to raise \$200 million to tide over its foreign exchange crisis. But although the government said this move will not mean any depletion of gold stocks on a permanent basis, worse was to follow. On July 8, the BBC reported, India had sent 25 tons of gold from its reserves to the Bank of England. Reserve Bank of India Governor S. Venkitaraman said the shipment was made to ensure India did not default on repayment of short-term foreign debt.

'Economic miracle' could kill Argentina

by Cynthia R. Rush

In an effort to convince the Argentine people to swallow ever harsher austerity demanded by the International Monetary Fund (IMF) as the condition for a \$1.2 billion standby agreement, Finance Minister Domingo Cavallo predicted on July 5 that by mid-1992, "we will achieve a period of extraordinary growth. Capital will return, investment will create many new jobs and improve Argentine living standards." This, Cavallo added, will be known as "the Argentine economic miracle," and will be achieved if only one year of solid "stability" can be maintained.

Considering the state of the Argentine economy, and Cavallo's precarious tenure, this is quite a prediction to make. Last March, the Harvard-trained minister introduced his "convertibility plan" which pegged the austral to the dollar, and vowed that he would increase tax revenues by combatting tax evasion, generate a treasury surplus, bring inflation down to zero, and eliminate the fiscal deficit. He also promised he would print no money, unless it had backing in hard-currency foreign reserves.

Almost four months later, there is no treasury surplus. Cavallo has been unable to generate the \$300 million monthly he needed to guarantee debt service and other crucial payments, and has been forced to dip into foreign reserves to meet debt commitments—\$900 million for June and July. He has replaced the borrowed reserves with foreign debt bonds known as BONEX, which effectively violates the premise of his program to guarantee hard-currency backing for the entirety of the money supply.

Nonetheless, in the letter of intent it just submitted to the IMF, the government promises to generate a \$4.9 billion surplus, to be allocated for debt payment, for the fiscal year beginning in July and ending in June 1992. Salaries and public utility rates are to be frozen until April 1992, and annual inflation held at 11%. Tax collection is to be increased by \$2.6 billion, and monthly debt service payments of \$60 million are to be increased to \$250 million. During the last week of June, the exchange rate began to exceed the official rate of 10,000 australs to the dollar, making it difficult to comply with the IMF's demand of a "stable" exchange rate.

The IMF has reportedly already accepted the government's letter of intent, and the standby agreement is now scheduled to be signed by the end of July. But, in five standby agreements signed since 1983, the Argentine government has never once fully complied with the Fund's conditionalities.

Under today's crisis conditions, there is no reason to assume that President Carlos Menem can comply any more successfully with the most recent demands.

Nothing left to squeeze

The only option Menem has for attempting to comply with his letter of intent is to apply what the daily *Clarín* called the "fiscal tourniquet," while simultaneously accelerating the privatization of state sector companies. Even so, *Clarín* noted on July 7, "there are serious doubts about achieving the indicated surplus." The government will have to impose an austerity far harsher than even what the letter of intent indicates, the daily warned, including a range of new taxes and dramatic cutbacks in infrastructure investment, in areas such as housing, nuclear energy and road construction. This means a deeper recession, it concluded.

During a recent televised conference before the Foreign Banking Association in Buenos Aires, U.S. Treasury Undersecretary David Mulford told Argentina bluntly that if it hoped to get any economic assistance, it would have to pay its \$62 billion foreign debt, and the \$8 billion it owes in interest arrears. He emphasized repatriation of capital and foreign investment as the top priorities for the Argentine government to consider. To attract necessary foreign investment, he recommended, the country should "put on makeup like a woman looking for a boyfriend, look interested, and make itself pretty."

A political powder keg

With unrest rampant over the state of the economy, the government hopes to postpone the worst of the austerity package until after October's congressional elections, in which Menem's party, the Peronists, are expected to do poorly in any case. Any attempt to demand greater sacrifice from the population before the election will shatter an already precarious economic and political stability; what the country will look like after the elections is impossible to predict.

Business sectors are frantic over their inability to compete with the foreign imports which have flooded the country as a result of Cavallo's free trade policy, implemented as of March. Squabbling labor leaders have recently united to revitalize the Peronist "62 Organizations" and confront the government's economic policies. Provincial governments are bankrupt and unable to meet payroll and other crucial payments, let alone comply with the federal government's demand that they balance their budgets. On July 7, the governor of Rio Negro province, Hugo Massaccesi, provoked a political crisis when he withdrew \$16 million from the central bank in order to pay 30,000 provincial workers. The governor claimed that the act was justified because the federal government owed the province over \$800 million; but Menem and Cavallo have accused the governor of extortion and embezzlement, and are threatening to charge the entire provincial legislature with treason for backing him.

Bank of England shuts down BCCI

by Jeffrey Steinberg

On Friday, July 5, central banks in a half-dozen countries simultaneously shut the doors of the controversial Bank of Credit and Commerce International (BCCI), in a move that seems to be aimed more at setting a precedent for global banking cartelization than cracking down on money laundering and other financial crimes. The move was ostensibly triggered by the Bank of England after a bank audit in late June revealed that BCCI's London, Luxembourg, and Cayman Islands branches were engaged in a massive tax evasion and money-laundering scheme. After an emergency consultation with central bank officials, BCCI accounts were frozen simultaneously in Britain, Luxembourg, the United States, Switzerland, Spain, France, and the Cayman Islands on July 5. On July 8, British authorities moved to seize the bank's assets in Hong Kong.

BCCI is a \$20 billion international bank which is 77% owned by the royal family of Abu Dhabi. According to press accounts, Abu Dhabi ruler Sheik Zayed bin Sultan al-Nahyan was furious at the Bank of England-led move, since neither he nor his representatives were informed of it in advance, and they had been in the advanced stages of a major bank reorganization/bailout when the doors were shut.

BCCI has been at the center of international controversy for years. In October 1988, BCCI's Tampa, Florida branch and senior bank officials were indicted by a federal grand jury on charges that they wittingly laundered \$33 million in Medellín Cartel cocaine profits. The bank negotiated a plea bargain with federal officials and paid a \$15 million fine. A half-dozen bank officials stood trial last year and were found guilty and sentenced to federal prison. To a number of prosecutors, including Manhattan District Attorney Robert Morgenthau, the Tampa case was badly mishandled and allowed the major behind-the-scenes players in the BCCI scam to get away with everything but murder. As of this writing, Morgenthau is still directing a two-year grand jury probe which could hand down indictments at any time, according to sources close to the Manhattan D.A. And at least two federal grand juries—in Washington, D.C. and Georgia—are probing BCCI's potentially illegal takeovers of several large American bank holding companies, including the Washington area First American Bankshares.

Among the big name American politicians caught up in the BCCI net are Democratic Party fixer Clark Clifford and

former President Jimmy Carter. Clifford was the attorney for BCCI and became a director of First American Bankshares after its takeover by the Luxembourg-headquartered bank. Carter's Global 2000 Fund is co-chaired by BCCI founder Agha Hasan Abedi, and the former President has allegedly received millions of dollars from the bank.

According to a source intimately familiar with the various BCCI probes, the scandal is by no means limited to Democratic Party bigwigs. Clark Clifford's law partner and the president of First American Bank is Robert Altman, a prominent Republican Party financier. And through Saudi Arabian financier Ghaith Pharaon, the BCCI scandal has been linked to the collapse of a large Florida S&L, Centrust, which was reportedly a covert conduit of funds to major Republican political campaign chests, including those of former Florida governor and current White House drug czar Bob Martinez, and President Bush. Pharaon is now implicated in an Argentine drug money-laundering scheme which may implicate that country's President Carlos Menem.

All of these details are fascinating, but fail to explain the disproportionate effort directed at painting BCCI as the most dastardly money-laundering and ponzi scheme ever conceived. The answer to that question may lie outside of the specifics of the BCCI affair altogether. They may have more to do with efforts by the British and American central bankers to exert greater multinational control over world finance.

One person who may know more is Sen. John Kerry (D-Mass.), cosponsor of S. 1019, the "Foreign Bank Supervision Enhancement Act of 1991" and an early prober of the BCCI scandal. The Kerry legislation, introduced on May 9, is cosponsored by Don Riegel (D-Mich.) and Jake Garn (R-Utah). Under the guise of closing loopholes in the banking regulations that allowed BCCI to avert effective supervision, the Kerry bill would give much greater central authority to the Federal Reserve Board.

Giving the Fed greater control is the domestic corollary to present moves through the Group of Ten central bankers' club to establish global banking controls through the Bank for International Settlements. At a meeting in Basel, Switzerland at the BIS headquarters on July 10, New York Federal Reserve Board chairman and former Chase Manhattan Bank executive Gerald Corrigan was appointed to head a special review panel that will come up with new central bank regulations for patrolling international banks.

According to several sources familiar with these machinations, the move to give the BIS more dictatorial control over international banking practices is aimed at weakening national and regional banking operations, especially those at odds with the Bank of England and the U.S. Fed. High on this list are the big German banks, the European Monetary System, and any Arab and Third World banks that might be rethinking their historically close ties to the City of London and Wall Street in the wake of the Gulf War fiasco. These analysts say that the trashing of BCCI is a strong warning.

London takes aim at Japan, Inc.

The Anglo-Americans view Japan as one big "junk bond" waiting to blow up. First in a two-part series by Kathy Wolfe.

The scandals which have collapsed the Tokyo Nikkei stock index by 8% since June 21 to a seven-month low are intended to force Japan into the same financial deregulation which bankrupted the United States during 1978-82. If Tokyo falls for the trap, the Japanese "economic miracle" will end up resembling the current U.S. economic junk heap. The deregulation plans, and much of the scandal, have been set up by the British merchant banks such as Jardine Fleming which have piled into Tokyo from Hong Kong, with their sidekicks from Wall Street such as Lazard Frères, Salomon Brothers, and Merrill Lynch. Behind them are the Bank of England and U.S. Treasury Secretary Nicholas Brady, from Wall Street's old Dillon Reed investment bank, and the Federal Reserve.

These are the same financial geniuses who gave America the savings and loan fiasco. Is Japan next?

On June 21, officials of the world's largest brokerages, Nomura Securities and Nikko Securities, confessed at a Tokyo press conference that the firms had made \$120 million and \$122 million respectively in secret payments to compensate large clients for stock market losses. On June 22, the other two of Japan's "Big Four" brokerages, Daiwa Securities and Yamaichi Securities, acknowledged paying \$72 million in stock loss reimbursements. The Tokyo stock market promptly began to collapse. By July 5, Japanese industrial firms and banks were drawn into the panic, when Hitachi, Japan's most prominent computer and electronics company, was accused of being one of the recipients of Nomura "kickbacks." Other industrial giants rumored to be on the take were Showa Oil (Japan Shell Oil) and Tokyu Rail. Major Japanese banks such as Sumitomo were also reported under investigation.

By July 9, total payments by the Big Four were reported to have been as much as \$863 million. Protesting investors, led by the city of Osaka and pension funds, pulled large investments out Japanese brokerages. Industrial corporations suspended many stock issues.

Finance Minister Ryutaro Hashimoto, a prominent candidate for prime minister in Japan's October elections, took the heat—although such payments are *not* illegal in Japan. "Ministry Official Admits Coverup," ran the Kyodo news release June 24 which started the furor. "The Ministry of Finance turned a blind eye to payoffs. . . ."

Paul Blustein, Tokyo financial correspondent for the

Washington Post, wrote on June 29: "The Finance Minister is regarded as a leading candidate to succeed Prime Minister [Toshiki] Kaifu in October, and his star could be badly tarnished. The ministry, given its extraordinary influence and intelligence capabilities, must have turned a blind eye." On July 9, the minister formally apologized to small stockholders, and took a 10% pay cut. The *Washington Post* is controlled by New York's Lazard bank, and its parent, Lazard's of London.

Where's the fire?

The source of all the accusations? Japan's Kyodo news service. If that seems odd, one might also ask: Since the payments were legal, why any scandal?

The instigator, in fact, was Robert Zielinski of the Tokyo office of Jardine Fleming, the current name of the old Hong Kong opium trader and merchant bank Jardine Matheson. A prominent economist often quoted on Japan, Zielinski, oddly enough, is also the author of an authoritative book on Japanese gangsters.

On June 7, Kyodo News, on a tip from Zielinski, began investigating Japanese gangsters on the Tokyo exchange. A Kyodo reporter at the U.S. Securities and Exchange Commission in Washington found 1989 SEC filings showing that West Tsusho Co., indirectly owned by Japanese gangster Susumu Ishii, had bought into two U.S. companies.

At the time, the news was that West Tsusho's financial adviser was the President's brother, Prescott Bush, who received \$1 million in consulting fees. That story has been conveniently put on hold for now.

Kyodo also reported, however, that Japan's Finance Ministry was covering up those SEC reports. The same wire also charged the big brokers, Nomura and Nikko Securities, with making big personal loans to gangster boss Ishii, and with creating profits for him by falsely inflating the stock of Tokyu Rail Co. in which he held shares.

Zielinski, the expert on Japanese gangsters in high finance, told the press that the gangsters "were flush with cash in the 1980s and given low yields at the bank, they had no place to go but the stock market."

An outcry erupted in the British and U.S. press about corruption at Japanese brokerages and the Ministry of Finance. Blustein of Lazard's *Washington Post* filed daily reports from Tokyo in U.S. papers, quoting Zielinski frequent-

ly. The London *Economist*, in an editorial "A Bridge Too Few," on June 15 denounced the ministry's collusion with business and its "reluctance to take on the four powerful securities companies" and the Japanese banks. "The ministry is the problem," it said, because it is only a front for Japanese financiers.

The *Economist* editorial demanded full, U.S.-style financial deregulation. An appended article, "The Great Japanese Bank-Share Bootstrap Act," advised readers to dump Japanese bank stocks, warning of a blowout in Tokyo.

After two more weeks of Kyodo wires in the Anglo-American financial press, Nomura and other brokers conceded payments had been made to West Tsusho and other businesses. The chairmen of two major brokerages resigned.

This only whetted the appetite of the British. Jardine's Zielinski, in the *Wall Street Journal* June 26, predicted a major crash about to hit the Tokyo stock market. Japan is "one big contingent liability [junk bond] waiting to happen," he said.

"We are in the 1990s now, and all the hoo-ha that the Japanese are very rich . . . is over," Jesper Koll at the Tokyo office of London's S.G. Warburg's told the *Journal*.

On July 2, columnist Allan Sloan of *Newsweek*, another publication controlled by Lazard's, openly called for a crash of the Tokyo markets in a column reprinted in the *Wall Street Journal*. "The reason the Big Four brokerages and their allies in Japan's government have gotten away with this garbage is Japanese markets are closed off from the rest of the world," he wrote. "If you're an optimist, hope for a good, nasty fall in Japanese stock prices soon. . . . Maybe a major stock collapse might arouse the Japanese public to force the government" to deregulate.

GATT into the act

Behind the threats are a gun, of sorts. At the May meeting of the General Agreement on Tariffs and Trade (GATT) on financial markets, U.S. Treasury Secretary Brady and the Bank of England demanded that the Japanese government adopt a far-reaching new financial deregulation plan, opening Japanese markets to London and Wall Street banks. The scandals are timely for them.

The Treasury has written a 506-page "National Treatment Survey" detailing its GATT deregulation program for Japan and 20 other countries including Germany, Mexico, Brazil, and India. GATT negotiators from the Bank of England and the U.S. Treasury want to make particularly sure that Japan does not make any preferential banking and investment deals with Asian nations such as India.

U.S. GATT negotiator Barry S. Newman, deputy assistant treasury secretary for international monetary affairs, told the House Banking Committee April 24 that the model for what the U.S. is demanding of other nations is the U.S. International Banking Act (IBA) of 1978. The IBA was written at the behest of London's Hongkong and Shanghai Bank,

to allow it to purchase New York's Marine Midland in 1978. It removed all restrictions against foreign banks invading America, and began removal of all domestic regulations. Under Treasury's "Fair Trade in Financial Services Act" of 1991, now before Congress, Japanese firms will face expulsion if Japan refuses Treasury's demands at the GATT negotiations, Newman threatened.

If Hashimoto will not deregulate, he and the Finance Ministry will be destroyed by scandal, the *New York Times* wrote June 25. "The regulators at the MOF [Ministry of Finance] are now coming under intense scrutiny, as an outraged public asks: How could such practices be so widespread? . . . The problem is that the MOF's securities and banking bureaus have long been advocates for their industries. This is because after they retire from public service, they are often hired by companies they regulated.

"What's truly shocking is the reminder that Japan's MOF still hasn't quite caught up with the 18th century," said the *Wall Street Journal* editorial on June 26. "That was the era in which Adam Smith explained in *Wealth of Nations* why free markets do a better job than state bureaucrats. . . .

"Thus did Marcos end up with his cronies, thus does India ensure the monopolies run by a few big families, thus, too does Japan. . . . Such sorry spectacles . . . are the visible downside of the industrial policy and administrative guidance philosophy that prevents Japan's capital markets from becoming world-class."

Hashimoto told the press July 9 that his enraged small investors were ringing his phones off the hook, demanding his resignation, and the right to place their funds with brokerages other than the Big Four. Certainly U.S. and British brokers would be happy to take the business.

Tokyo, however, might better recall the old joke that Adam Smith's "invisible hand" is "the one in your back pocket." If "world class" means letting the London and New York banks come in and take over, better pass.

In September 1982, Citibank Chairman Walter Wriston told *Fortune* why he wanted to take over the \$1.2 trillion in consumer deposits in U.S. S&Ls and banks outside New York. "Willy Sutton said he robbed banks because that's where the money is," Wriston laughed. "I see that \$1.2 trillion out there, and I don't see any number that looks like that anywhere else."

According to the careful calculations of the U.S. Treasury's "National Treatment Survey," the Japanese stock market in 1990 was worth \$5 trillion, Japanese banks were worth \$7 trillion in assets, Japanese mutual funds worth \$500 billion, and Japanese pension funds worth \$225 billion. London and Wall Street bankers—especially those about to lose some Asian branches in the 1997 Chinese takeover of Hong Kong—don't see any numbers that look like that anywhere else.

Next week: National banking versus merchant banking.

Sobering words from the Basel bankers

by William Engdahl

Normally annual reports of central banks are designed to put readers to sleep. The Bank for International Settlements' (BIS) Annual Report issued June 10 is a notable exception. The report, which is issued each year at the annual Basel, Switzerland meeting of the world's major central bankers, opens on a stark note. Referring to the unusually optimistic situation facing the world 12 months after the political transformation of Eastern Europe, the BIS notes that a rude shock was delivered with the Iraqi invasion of Kuwait and the ensuing Gulf war. "The immediate result was the threat of an external shock of the kind that had severely disrupted the world economy twice in the 1970s."

What concerns the BIS central bankers is the fact that, in the wake of George Bush's Operation Desert Storm, the entire parameters of economic development in Eastern Europe as well as the growth prospects of most of the Western world have dramatically changed for the worse. Calling the Gulf crisis a "sobering reminder of how quickly political upheavals can change the economic scene," the BIS notes that the Gulf events "left policymakers aware that they face an uphill struggle on virtually all fronts." In addition to the new, urgent economic reconstruction needs in the Middle East and the demands that places on world capital, the report cites a conjuncture of "recessions" cutting through the economies of Britain, Canada, parts of Scandinavia, France, and Italy, as well as the fact that the Third World "international debt crisis lingers on and casts a shadow over large parts of the developing world."

But the real alarm put out by the drafters of the document is the situation in the United States.

After detailing the fact that the U.S. economy entered into a "recession" at the end of 1990, they note that "recessionary conditions have also adversely affected the fiscal positions of state and local governments, further exacerbating the general government budgetary position." However, they write, unlike in all previous U.S. postwar recessions, when a general reduction in credit from the Federal Reserve and interest rate rises precipitated most downturns, this time, "the recession in the United States is atypical in not having been initiated by a rise in real interest rates, strong wage pressures or excessive inventories." The Basel bankers' report attributes this unusual phenomenon, where an economic

downturn developed despite almost 18 months of looser money and lower interest rates from the Fed, to the careening federal, corporate, and private debt burdens of the U.S. economy, and they particularly draw attention to the "rapid growth in consumer and business debt ratios and high commercial property vacancy rates."

Senior City of London economist Stephen Lewis, referring to the careful choice by the BIS of the term "atypical," pointed out that "in the special language of European central bankers, this is a signal that nasty shocks are about to erupt from the United States and that central bankers elsewhere should heed the warning and 'batten down the hatches.'"

In light of the enormous new demand in Eastern Europe for investment capital, the chronic need in the Third World, and in the war-torn Mideast, the BIS points to a growing "shortfall" in what it terms worldwide savings to meet all these needs. The report documents a cataclysmic fall over 1990 in foreign investment into the United States, dropping from an inflow of \$142 billion in 1989 to only \$31 billion last year. Moreover, Japan was a net seller of U.S. bonds and stocks last year, and private German savings, the other large source of funds for the U.S. in recent years, largely went to reconstruction needs inside the unified German economy.

Hence, the BIS, again with characteristic understatement, writes, "The buildup of public debt over more than a decade has limited the scope for counter-cyclical fiscal policy action."

U.S. infrastructure catastrophe

But perhaps most notable about the report and its warnings about the disastrous situation in the United States, where the authors clearly don't share the current euphoria about a touted "end of recession," is the mention by the BIS of the deteriorated condition of American public infrastructure. The report states: "A deterioration in infrastructure over the past decade is clearly evident in the United States, where the problem is concentrated in major cities. . . . Government spending priorities must take account of the growth-enhancing aspects of appropriate public investment. Empirical evidence shows a link between investment in core public infrastructure (roads, public transport, airports, water supply, electricity and so on) and economic growth, partly owing to its effects on private sector productivity. A major part of the productivity slump in the United States has been attributed to low public investment."

In his concluding remarks, BIS General Manager Alexandre Lamfalussy warns: "Even the automatic fiscal stabilizers that operate in any recession are being partially offset in the United States by increases in taxes and user fees. The buildup of public debt and the intractability of large structural budget deficits . . . serve as strong deterrents." All told, the BIS gives little grounds for expecting any kind of "recovery" in the near term.

Malaysia promotes South-South ties

by Lydia Cherry

Malaysian Prime Minister Mahathir Mohammed toured three Ibero-American countries in late June and early July to promote South-South trade and collaboration. He was accompanied by 70 business leaders and industrialists, there to discuss concrete collaboration, as the Malaysians offered their country as a "bridge" to the Asian Pacific.

This ambitious initiative, coming at a time when the Anglo-American establishment is trying to force the developing sector into a new world order of genocidal looting under the banner of "free trade," has explosive political potential—but it also has a flaw that could prove fatal.

At an official dinner hosted by the Brazilian government on June 27, Dr. Mahathir emphasized that developing countries have consistently lost out because of lack of unity and cooperation among them. "We cannot let history repeat itself," he said, noting that he was still convinced that—at least theoretically—a healthy North-South trading environment would be the best situation for world trade to grow. But since this doesn't exist, "in the meantime, greater cooperation among developing countries must be explored and exploited. I believe we have only just begun tapping the surface potential in South-South cooperation."

Malaysia's *Business Times* editorialized on June 26, while the prime minister was in Chile: "The initiative that Datuk Seri Dr. Mahathir is taking in promoting greater South-South trade has undoubtedly come to the notice of the industrialized countries, particularly in the United States. If allowed unchecked, his efforts can very well mean crimping the North's markets which have been captive to them so far.

... "He is now driving home his message to a receptive audience right in Washington's backyard. The bloc that the U.S. is shaping up together with Canada and Mexico is designed to ultimately encompass South America as well, but some of these states are unhappy with this 'Enterprise of the Americas' . . . The South Americans, in responding to Dr. Mahathir's initiative, will no doubt come under a lot of opposing pressure from Washington."

Following Chile, Mahathir visited Brazil and Argentina. Trade deals were made; extensive discussion took place on the possibility of setting up new air routes, and Malaysian Airlines has now been requested to work out the detailed

routes in collaboration with the airlines of Chile, Brazil, and Argentina. There was agreement between the Malaysians and the Ibero-Americans that the developing sector as a whole was getting restive over the increasingly shabby deals they are getting in their trade with the industrialized nations, and are looking for new markets elsewhere. Why couldn't increasing South-South ties help to remedy the situation?

Malaysia's extensive press coverage, commentary, and analysis of the trip, however, brought to light certain misconceptions about South American countries and their relationship to the international monetary system. Simply put, for Dr. Mahathir's good and necessary idea of South-South cooperation to work, it would have to bypass the entire International Monetary Fund structure. And in reams of Malaysian press commentary that appropriately lambasts the North, what is never mentioned once is the debt issue and the process of usury by the IMF and World Bank that has driven Ibero-American countries into increasing poverty and political crisis.

Malaysia's fight to eradicate poverty

Malaysia is one of the most economically successful countries of Asia, with growth rates close to 10%. In a 20-year period, the national incidence of poverty declined from 52.4% in 1970 to 17.1% in 1990. The country is committed to eliminating that condition altogether, as Dr. Mahathir made clear in a parliamentary address on June 8: "The notion that the poor are fated to be poor is due to ignorance. . . . It is the duty of responsible government to eradicate poverty."

The engine for growth in Malaysia was largely the public sector. Public sector investment as a proportion of total investment increased steadily from 32% in 1970 to a peak of 50% by 1982. With economic growth came the rapid expansion of the industrial sector. In recent years there have been more attempts to stimulate private sector expenditure and investment, and to make the private sector take a greater role in propelling the economy forward.

The problem of usury and the country's foreign debt is not *the* determinant feature in Malaysia, as it is in most Ibero-American countries. But a graph of cumulative interest paid by Malaysia during the 1980s gives strong indication that the country may before long run up against the same problem that has flattened Malaysia's South American friends. Thus, by 1989 a cumulative \$12.3 billion had been paid in interest; this is almost twice the amount of the original \$6.6 billion borrowed in 1980.

No to the 'Enterprise of the Americas'

During Mahathir's tour there was discussion of how subsidized U.S. wheat to Brazil, Argentina's biggest market for the grain, was just one instance of how lopsided the U.S.-dominated Enterprise of the Americas trade zone was turning out to be. Both in Brazil and in Chile, the issue of the logging of tropical forests came up, with Malaysia expressing con-

cern about the fact that certain Northern countries are making preparations for a U.N. resolution that enforces limitations and conditions on logging. This fight is expected to come to a head when the United Nations Conference on the Environment and Development meets in Brazil next year. On this subject, Brazil and Malaysia are battling the same enemy, as the international environmentalist movement makes plans to descend on Malaysia in August and Brazil next year under the slogan of "Save the Rain Forests!"

The Malaysian delegation agreed to seek the inclusion of Chile in the Non-Aligned Movement, when NAM foreign ministers meet in Ghana later this year. Chile was pulled out of the movement by Gen. Augusto Pinochet in 1973. Some observers were surprised that it was Chile with which Malaysia worked out an agreement for each country to be the avenue for the other's access to the rest of the region, in that Chile is right now the "darling" of the International Monetary Fund. The Malaysian press notes how "well-managed" the Chilean economy is, which is certainly true in terms of paying the debt to the international banks. The only country in Ibero-America that has paid more debt per capita than Chile is Venezuela.

Dr. Mahathir has fought an impressive battle since last December to keep the U.S. free-traders out of his envisioned East Asian Economic Group (EAEG), a group that would include the six ASEAN countries—Malaysia, Thailand, the Philippines, Singapore, Brunei, and Indonesia—as well as Japan, China, South Korea, Taiwan, Hong Kong, Vietnam, Cambodia, and Laos. He explained in a speech in March why the United States had to be kept out by noting that the U.S. economy was collapsing, and made clear that Washington was not beyond using military force to back up its economic intentions. His proposed grouping would play a certain role as a bulwark against this tendency, as well as to move the overall world economy upward, he said.

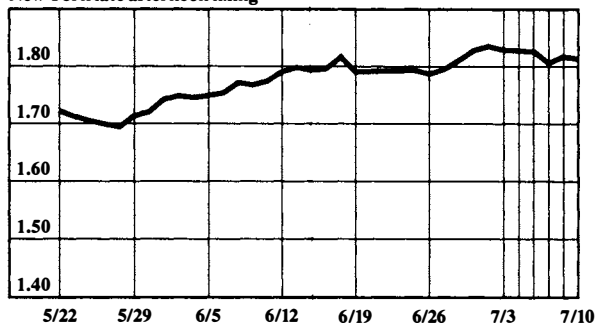
In Ibero-America, however, the Malaysians seem to have wrongly perceived that the recently formed trading group Mercusor, which links Brazil, Argentina, Uruguay, and Paraguay, was somehow independent of U.S. control, and could act as a link to both the EAEG and to ASEAN. However, when Brazilian President Fernando Collor de Mello met with President George Bush in Washington last month, he and representatives from Argentina, Uruguay, and Paraguay signed an agreement for the incorporation of Mercusor into Bush's hemispheric trade initiative. The model for what was signed in this free trade agreement is the North American Free Trade Agreement (NAFTA) with Mexico, which means absolute U.S. control and further looting of the Ibero-American countries. This means total integration between the policy of the Mercusor group and that of the Anglo-Americans.

Clearly, these U.S.-dominated regional associations are not the structure through which Dr. Mahathir's positive idea of a South-South economic link for industrial development and progress can be realized.

Currency Rates

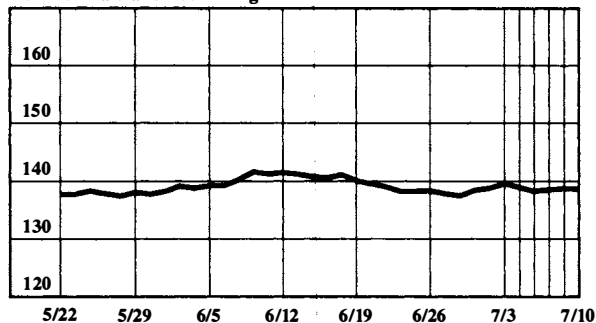
The dollar in deutschmarks

New York late afternoon fixing



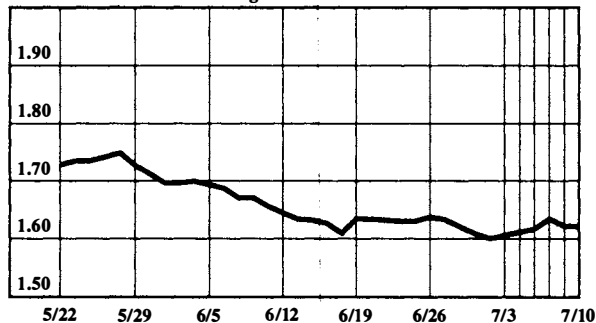
The dollar in yen

New York late afternoon fixing



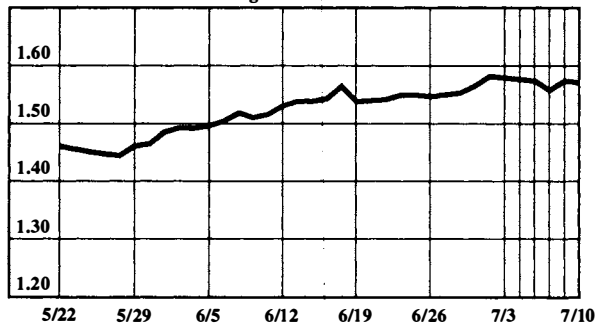
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Indonesia proposes a development triangle

by Mary Burdman

Indonesian President Suharto became the first non-European head of state to visit Germany since its unification, in his state visit to Bonn July 3-7. Coming at this "unique moment," the visit has "special meaning" beyond returning the visit of Chancellor Helmut Kohl to Indonesia three years ago, Foreign Minister Ali Alatas said at his July 4 press conference in Bonn.

The special meaning of the visit, is that the government of Indonesia is proposing, in the wake of the profound developments in Eastern Europe since 1989, that relations among Eastern and Western Europe and Southeast Asia must be transformed for their mutual benefit. In the midst of threatened trade wars and moves to consolidate "free trade" blocs, this focus is quite refreshing. It could also be of great benefit.

Who is propping up whom?

Minister Alatas, who gave the only press conference during the visit, was blunt. While emphasizing that German-Indonesian relations have "proceeded in a good way," he did not mince words in pointing out their shortcomings. While developing-sector nations are unfailingly depicted as "beggars" by the press in the industrialized nations, it is quite well known who is supporting whom, he said. There is a significant negative cash outflow from the Third World to the advanced countries, he said, and economic relations between Indonesia and Germany are no exception.

Each year, Indonesia never fails to pay, in "hard cash," its obligations to the rest of the world, but the burden is getting "heavier and heavier," Alatas said, especially as foreign investment is not keeping pace with what is needed. Indeed, last year, while Indonesia repaid Germany DM 600 million, German investment only amounted to DM 300 million. Indonesia will be facing social and economic problems if the pace of development is slowed down, Alatas said; but his government is clearly aware that, in the east at least, Germany has the same problem.

Indonesia is "very sympathetic" to Germany's commitment to Eastern Europe, including the Soviet Union, Alatas said. It is "not just saying 'do not diminish cooperation with the rest of the world.' We must think how to utilize this new situation" to the benefit of all.

President Suharto proposed in his talks with both President Richard von Weizsäcker and Chancellor Kohl, that the passenger ships Indonesia is ordering from Germany be pro-

duced in the eastern states, to "keep its industry alive." These ships, which Germany can build far better than Indonesia, are vital to its infrastructure as a nation of thousands of islands. Indonesia also needs dredges for its many harbors, which it again wants to order from eastern Germany.

President Suharto also proposed that many of the materials needed for the economic development of Eastern Europe, could be produced far more cheaply in Southeast Asia than in western Germany. "What we are proposing is a triangular kind of agreement," among western Germany, Indonesia, and Eastern Europe, Alatas said, that could enhance development of both Asia and Eastern Europe.

The real issue of human rights

These proposals are part of Indonesia's counter to the barrage of attacks, like those on other developing nations, for alleged environmental and human rights violations. Alatas denounced the "Hobbes-Rousseau-Enlightenment" basis of Western human rights campaigns, such as those led by Amnesty International. "Human rights are universal," Alatas said. You cannot just "pick and choose" which rights you choose to defend. Human beings are at the center of national development, and Indonesia welcomes discussions of human rights for this reason. International agreements on human rights must be made, however, on the basis of national sovereignty, he emphasized, and nations' history and culture must be taken into account.

"I am a lawyer, I know the basis of the Western concept of human rights," Alatas said. It began only 300 years ago, with Thomas Hobbes, and his "each against all" and social contract; this is where the current Western concept of human rights comes from. But in Asia, we are very ancient, great cultures, he said. "We have *not* just climbed out of the trees, as so many of you think!"

This correspondent asked Alatas what he thought of another Western conception of human rights, that based on natural law. Alatas nodded agreement, when I said that this concept of human rights and development was embodied in the Pope's recent encyclical, *Centesimus Annus*. This concept was the basis of the U.S. Constitution, but is no longer the policy of the U.S. government. "I do not know what you think of George Bush's new world order," I continued, "but I do not think it means human rights."

"Not exactly!" responded Alatas, with a laugh. "That is not *our* new world order. You know what we mean by a new world order? We mean true social justice, true democratic agreements among nations, and true freedom. . . . You cannot begin a new world order by being arrogant." The West may be more successful than the Third World now, Alatas said, but that is no reason to be arrogant. We want to emulate your success, but in our own economic and political terms. "How do you describe happiness?" he asked. It certainly cannot always be done in the sense of success as Western nations now define it, he said.

The IMF is not an alternative to the socialist planned economies

by Angelika Beyreuther-Raimondi

The speech which follows here, was delivered at the Schiller Institute conference in Prague in the Czech and Slovak Federated Republic, on May 25, and has been translated from the original German by John Chambliss. The institute presented its economic program to experts from several government ministries, research institutes, and universities, in a symposium held at Charitas Palace, headquarters of the (Christian-democratic) People's Party.

For the countries that have now liberated themselves from the burden and the primitive accumulation of socialist planned economies, nothing would be worse than that they should now be placed under the incompetent economic direction of strategists of the International Monetary Fund. If we consider the worldwide policy of the IMF during the last decades, we can see that this institution has not promoted an economic policy that serves human beings in a single country, but has rather driven one national economy after the other into ruin. Behind the concept of "the free market economy" stands the monetarism of the IMF. In order to maintain the largest debt burden in the history of mankind, the indebted countries are being bled completely white, in accordance with the ancient principle of the usurer. The countries of the Southern Hemisphere, still hopefully called the "developing countries" in the 1960s, were systematically ruined in the process.

If the policy is so devastating, why do so many countries get mixed up with the IMF at all? In a few cases, out of ignorance, but in most cases because they are forced. An emergency, often consciously created, is exploited to get the IMF involved through "credits." In the former communist countries, after decades of primitive socialist accumulation, the emergency is obvious, and is not in the least the responsibility of the populations of the countries. Since today the situation in the business of international credit is such that no banker in the entire West will give international credit without the IMF having determined the credit risk, there is no alternative to a country but to allow the so-called IMF experts to come into the country. If the IMF approves credit, this credit is always tied to the infamous "conditions" that so ruin

the economic power of the debtor that he soon must accept new credits on significantly harsher conditions, which are then secured at higher interest and with even more drastic demands.

IMF conditionalities

Without being familiar with the IMF conditions, for example, for the \$1.7 billion U.S. credit to your country, I fear that the conditionalities would not be different from those discussed in the following. It is also typical that Czech and Slovak Federated Republic could not receive any of the urgently needed credit from the West, apart from the IMF. This is the entry into a vicious circle. The IMF conditionalities are almost always the same:

1) *The priority is always short-term repayment of the debt:* The development of the economy to a level at which sufficient surpluses are created to make possible repayment of the debt is thus prevented. Further indebtedness of the economy and a decrease of its productivity is preprogrammed.

2) *Devaluation of the national currency:* Thus foreign debts are further increased, and more of the real wealth of the country must be paid out for imports. Exports, in contrast, become cheaper. The country can be better bled of its life's blood. The consequence of the decades-long IMF policy toward the countries of the so-called Third World: Incredibly, these countries are, despite the fact that their population is being decimated by hunger and disease, net capital exporters into the industrial nations of the Northern Hemisphere!

3) *Reduction of the standard of living:* The demand made everywhere by the IMF for the reduction of the standard of living through wage freezes, with the simultaneous elimination of price subsidies and increase of taxes, is not at all necessary for sound economic growth. Quite the contrary! In the countries of the Northern Hemisphere, millions of human beings are falling below the poverty level as the result of these policies—these are hardly beneficial policies for young democracies. The ultimate consequence of this policy is today alarmingly clear in the countries of the Third World,

as can be seen from the following quote from former Tanzanian President [Julius] Nyerere, given at a press conference of the German Committee of Unicef on Sept. 20, 1988: "Do we have to let our children go hungry to pay back our debts?" It was further said at the Unicef press conference that this was not only true of the Third World countries; precisely the same is true for Europe: "Too little considered are the effects on the population of an adjustment strategy that aims only at equalization of the balance of payments: decreasing wages and salaries, increasing joblessness, price increases on the most important goods of daily consumption such as food, reduction of public expenditures in social areas and thus the impairment of health care and education. . . . In the study, Unicef referred to 10 countries where there is a policy of financial stabilization that ignores the human factor and in which the number of undernourished children grew, disease increased, child and infant mortality again went up." The new figures are terrifying: Unicef assumes that in 1991, one-half million children will have to die because of the debt repayment policy forced by the IMF!

4) *Reduction of the state budget and privatization of government services:* Thus, the standard of living is further reduced, and any state investment in infrastructure is made more difficult or simply impossible. Great infrastructural projects, which must be state projects and increase the productivity of the overall economy, are expressly forbidden by many IMF conditions. As far as privatization goes, this condition has become so perverted that the so-called debt-for-equity schema is being used in the countries of the Third World. Foreign creditors thus gain equity in state property in return for uncollectable debts, with large losses for the debtor country. The IMF requires full convertibility of currencies, and no restrictions whatsoever on foreign investors. What this means in view of the rising dollar valuation in relation to a given national currency is known in your country. Here, more than 30 crowns must be plunked down for one dollar.

"The demand for privatization of state enterprises means nothing other than sale to foreign countries," said former Guinean Information and Cultural Minister Jean Claude Diallo, who conducted negotiations with the IMF for his country. Hiroshi Nakajima, director of the World Health Organization (WHO), clearly expressed the consequences of IMF demands for continually reduced expenditures on state projects. On March 27, 1991, he told the press in Lima, Peru, that the cholera epidemic "is [a result of] the measures of structural economic adjustment that are carried out in agreement with the International Monetary Fund and the World Bank . . . and which did not allow investments in sewerage infrastructural projects." At present, 120 million human beings are threatened with cholera. Thus, 120 million human beings are the victim of the IMF's "structural accommodation."

The question arises concerning the role of the IMF and the World Bank and how they in fact became the world powers they are today. The two would, as measured by their

balance sheet total, rank approximately 20th among major international banks. As is known, the overall U.N. structures of the International Monetary Fund, the World Bank, and GATT [General Agreement on Tariffs and Trade] were created in July 1944 at Bretton Woods in the United States. The World Bank was supposed to serve "reconstruction" and "development"; the IMF was to take care of international currency stability through oversight of the exchange market. What a one-sided orientation these organizations had from the beginning is clear from the arbitrary establishment of a parity system that originally put developing countries at a disadvantage. Through an appropriate determination of parities, the currency of the states of the Southern Hemisphere—and, ultimately, all currencies except for the U.S. dollar and the British pound sterling—had a comparatively low purchasing power so that the countries had to pay dear for the import of industrial goods.

Anglo-Americans conceived Monetary Fund

The conception of the IMF goes back to a British and American plan: on the British side, to a plan by Lord John M. Keynes and on the American side to the work of an assistant to Treasury Secretary Henry Morgenthau, Harry Dexter White. It is worth noting that, at the same time that White worked out the conception of the IMF, in the years 1942-43, he was principal author of the Morgenthau Plan, according to which Germany was to be completely de-industrialized at the end of the war. White was also named at the first IMF managing director.

Today, the secret of the enormous power of the IMF is its role as the supernational coordinator of a handful of major international banks, which dominate financial transactions worldwide. The IMF statutes, agreed on in 1944 and still valid today, though now broadened, state in Article 1 that the purpose for the existence and most important economic-political goal of the IMF is to promote the expansion and harmonic growth of *world trade*. According to this credo, the IMF "may" alleviate the poverty that exists in most of its member-nations only through the improvement of world trade, but not through development.

Its declared goal is therefore to serve the poor countries, but not to develop partners on a solid economic foundation that would thus pursue trade over the long term on an equal basis with one another for the benefit of all. Only national economies that create good development opportunities for domestic industry through a solid and modern infrastructure can profit as equal partners from world trade.

Some details of the original IMF statutes, which are still valid today, deserve mention: With membership, IMF member-states give up some essential sovereign rights in favor of this supranational agency. The Fund has more and more significant immunities and privileges than other international organizations. The relevant provisions are stated in Article 9 of the IMF statutes, and are quite extensive. It is expressly

required that internal legal systems conform to the demands of Article 9. Article 9 includes extensive rights of diplomatic immunity for IMF bureaucrats, their actions, their acquired property, and their records. The communication of IMF bureaucrats with their foreign employers are put on the same footing as diplomatic communications.

In Section 5, the following is said on "giving information": "The Fund can require all information from its members that seems to it to be necessary for its activity." The detailed listing that follows includes virtually all information on the currency and economic policy of the country. Additionally, it says in Section 5 (c): "The Fund can hold meetings with members on the provision of additional information. It shall serve as the central exchange for the collection of information on monetary and financial problems and through that will make possible the carrying out of studies that members can use in the pursuit of *policy that serves the purposes of the Fund.*"

The Fund also has available brutal sanctions. Governments that do not "cooperate" and pursue the "policy that promotes the goals of the Fund" are politically isolated and worn down until they either knuckle under or an opposition emerges that overthrows the government and renews negotiations with the IMF.

One of the "institutional sanctions" of the Fund is the publication of a report that "critically" represents the economic condition of its members. An official press statement of the Bretton Woods Conference published on July 21, 1944 is revealing for the intention of this provision. The statement says, "An important incidental provision in this connection is the power of the Fund to warn a member country, even though that country may not be using the Fund's resources, that the conduct of its affairs is not consistent with the purposes of the Fund. Such a warning might point out to the country, that its conduct not only constitutes a failure to perform an obligation undertaken by joining the Fund, but also may be prejudicial to the country, if in future it should wish to have recourse to the Fund."

The Fund also shares its "views" with the appropriate countries in an "informal" way. In the annual consultations with its member countries, it is made clear which currency and economic policies each country has to pursue in order to avoid sanctions. If a country opposes such measures, then it is not only cut off from IMF credits, but also from all other important lines of credit. These are very drastic sanctions for countries that are dependent on currencies in order to purchase industrial and investment goods from the Western industrial countries for the development of their own national economies. Organized capital flight is another important sanction possibility.

For developing countries, coming to terms with the IMF and the World Bank is the precondition for new credit and debt facilitation. The given directions that the IMF and World Bank formulate in a "letter of intent" are taken over by private

banks and governments in the same way for their debtors. The IMF boasts that its measures are "bitter" medicine, but in reality it is administering deadly poison, as the following examples will show. Even IMF Managing Director Michel Camdessus recently expressed his understanding that the consequences of "economic adjustment measures" of the IMF can be characterized as "horrible" for the populations of the countries affected.

Devastation of Africa

I would like to give some further examples. You are all informed of the extent of the catastrophe in Africa. The IMF and the World Bank played a decisive part in this development. I will not be able here to describe the causes of the debt crisis in the Third World. I would like to give only a few basic points in explanation of the emergency situation in countries of Africa, which came about through no responsibility of their own: the oil price crises of 1973-74 and 1979, the high interest of the U.S. administration in 1979 under Federal Reserve head Paul Volcker (a 3% interest rate increase in 1984 meant an immediate increase in interest to be paid for Africa of \$2 billion), and the constant reductions in raw material prices, which are decided by British and American financial markets. Raw materials have now arrived at the level of 1932, and are far below the cost of production. Merely in the past decade, the countries of black Africa have incurred revenue losses of \$150 billion through manipulated raw material price reductions.

Since 1980-81, a total of 21 African countries have accepted IMF "structural adjustment programs"; debt service consumes around half of the export revenues of the countries; the living standard has sunk by a further 20% from that time to the present; many of the still significant state industries privatized on IMF orders have been sold to foreign concerns. Just like Ibero-America, the continent has become a *net capital exporter*, and nowhere is there any hope today for the development of productive, national economies. Almost all the infrastructural projects have been stopped as a result of the conditionalities of the IMF.

Examples of IMF and World Bank conditionalities make clear how the emergency, which is not the responsibility of the given country, becomes exploited. Wilfried Thalwitz, vice president of the World Bank for West Africa and co-author of a World Bank study on Africa, said cynically at a U.N. special meeting on the African economic crisis that the African continent has "lost in the last 10 years all the economic success since its independence." Cynically, he says that, now, at last, he sees "an astonishing will of the governments to limit their own *function as a factor of disturbance* and to introduce new economic-political structural packages." So, he says, there will be a clear change in the planning of investments in the direction of more efficiency: "*White elephants such as useless dams or railroad lines belong predominantly to the past.*" Where that is still not the case, as, for example,

with the Manantali Dam in Mali, the World Bank is putting on the brakes, he said.

In their own publications, the World Bank and the IMF state proudly that they have developed a "concept of core investments programs" in which a "limited number of projects are supported that can be completed quickly, using domestic resources, and will produce a high profit."

It is not enough that the IMF flatly forbids or sabotages sensible infrastructural programs and sets up work camps; they are also familiar with the discussion on technology transfer, which has taken on new dimensions as a result of the Gulf War. A technological apartheid will now be practiced that will allow the countries of the Southern Hemisphere no chance of industrial development. U.S. Secretary of Defense Richard Cheney spoke recently of the necessary embargo of the North against the South.

It is to be hoped that nations potentially so large and rich as your federated republic will not submit to the diktat of the IMF. This country not only has the right to development and the best possible unfolding of its potential, but also the duty to do exactly that. Through common efforts, enough wealth must be produced in Europe so that it will make possible that all the human beings on our planet will be able to live and work in dignity.

The example of Sudan

Today, when pictures of the famine and the war in Sudan are shown, the fact that Sudan is potentially a very rich nation is kept in the background. At the beginning of the 1970s, there were ambitious plans for how Sudan could become the bread basket of Africa and the Arab world. A diversification of agricultural cultivation was begun, a break with the cotton monoculture intended for import. Large-scale irrigation projects were planned, the core of which was to be the Jonglei Canal, a 250 km canal that was supposed to make the masses of water that today seep away collectively in the swamps of the south useful for irrigation of large arable areas. An extensive infrastructure was planned to develop this land rich in natural and human resources. In the 1970s, Sudan was a food exporter.

Since, however, the only technology that the Sudan could take over from the British colonial power was that connected with cotton cultivation, Sudan had to go into debt to buy fertilizer, insecticides, agricultural machines, and machines of all other kinds. Every developing country is initially, of course, a net importer of capital goods in order to develop its productive facilities, and that means an initial trade deficit. The cycle began with debts, and the IMF set the conditions. After the Jonglei Canal was more than half-finished, the World Bank and the IMF, together with international environmental organizations, forced its termination. The infrastructural project, begun with hope in 1972, was stopped by the IMF in 1984. In 1986, the IMF declared that the Sudan was a "non-cooperative" country, with corresponding conse-

quences on the international financial markets. The situation today is well known.

IMF targeting of Ibero-America

Some of the looting mechanisms of the Ibero-American continent have been described in detail in this journal. The intended free trade treaty between the United States, Canada, and Mexico gives a dramatic glimpse into the future of the continent: More and more human beings will work under genocidal conditions in low-pay work camps producing for export.

On Dec. 19, 1983, *Der Spiegel* conducted an interview with then-President of Argentina Raúl Alfonsín. He concisely and clearly expressed the dilemma: "The military left a ruined economy behind them. Argentina, once one of the wealthiest countries in the world, has become one of the poorest debtors. A country of emigration and capital flight has developed out of a country of immigration and investment. How could a country be so totally ruined?" Alfonsín's answer: "Through the application of the monetarist theories of the Chicago School. We have indebted ourselves through the import of goods that we ourselves previously produced. We put ourselves into debt while our factories closed and unemployment grew. But that is not our fault alone. We were discriminated against in trade. . . ." Today, the potentially rich country of Argentina, under the leadership of Harvard-educated [Finance Minister] Domingo Cavallo, is being sold off to international finance capital through so-called debt-for-equity agreements and the total opening up of the economy to foreign finance capital.

On Feb. 2, 1989, Social Democrat Carlos Andrés Pérez came to power and "restructured" the economy of Venezuela according to proposals of Harvard Prof. Jeffrey Sachs and the IMF, the same "advisers" who are now ruining the Polish economy. Within a year, imports were reduced by 39%, and the export of all goods, with the exception of crude oil, increased by 42%, in order to pay back \$21 billion in usurious interest. There were insurrections among the population against this austerity program that were suppressed at the cost of thousands of lives. The London *Financial Times* praised Pérez, in that he had "rightly resisted the temptation to use the insurrections as an excuse to cancel the austerity measures." Now, undernourishment and the collapse of health care are also leading in Venezuela, as everywhere else on the Ibero-American continent, to the outbreak and catastrophic spread of disease. The publisher of the influential conservative daily newspaper *El Universal*, Theófilo Nuñez urgently warned on Venezuelan television on Nov. 18, 1990 against the IMF conditionalities. "The government must retain the possibility of being able to subsidize agriculture, health care, public building projects for residences and similar projects when necessary, and the IMF does not allow that." Nuñez warned that "the democratic system will be undermined" if "these possibilities no longer exist."

Oregon set to ration health care for poor

by Linda Everett

On June 30, Oregon law makers finalized the state's "pioneering" health care plan, which purports to provide basic health care for the state's poor and uninsured. Although legislators funded the benefit package, known as the Oregon Health Plan, the plan must receive federal approval before it goes into effect next year for the 204,000 people currently enrolled in the state's Medicaid program, as well as the 120,000 new enrollees expected to join the program over the next three years. Two separate state programs will also make the basic health care package available to 300,000 working Oregonians whose employers cannot afford insurance or whose preexisting conditions make them currently "uninsurable."

The centerpiece of the Basic Health Services Plan is a list of 709 medical conditions, each paired with a specific therapy. Each pair is then ranked and given a numerical value by using a complex mathematical formula that weighs the cost-effectiveness, "clinical efficiency," necessity, and duration of the therapy, as well as the therapy's "value" to the individual and society. These subjective judgments, using University of California at San Diego Prof. Robert Kaplan's "Quality of Well-being Scale," are one modification of the highly criticized original list which prioritized medical services on the basis of cost-effectiveness alone.

Oregon's leaders are committed to a plan that ratchets the level of health care downward. Under the new plan, a dental filling that costs about \$70 and might last 30 years, receives high ranking. But a costly operation that saves the life of an elderly individual would get a lower ranking because its "duration" would last "only" a few years—for the rest of the patient's life. "Terminal" cancer and "end-stage" AIDS rank low and rate only palliative care or death help via hospice care, no cures attempted. Sterilizations and treatment for alcoholism withdrawal are ranked higher than surgery for breast cancer. Incredibly, obesity with "nutritional and lifestyle counseling" is seen as more critical than saving the life of someone with traumatic head injuries or saving premature babies born weighing under 500 grams.

The Oregon Health Services Commission, which drew up the priority list, stresses how much "community input" there was into the plan, referring to public hearings and scores of town meetings. In reality, the issue, from the start, was one

of brainwashing Oregonians to accept health care rationing—similar to Nazis' convincing concentration camp victims to take (poison gas) showers "for their own good."

'Managed care'

Every two years, Oregon's leaders will draw up a budget to decide what percentage of the budget will go to health care, thereby placing a cap on the Medicaid program, much like the Canadian health care program does: When the budget shrinks, so does the list of services. Actuarial estimates of each item on the priority list indicate how many items can be covered by the budget. Legislators draw a line through the list where the budget allocation ends; the procedures above the line are covered, those below the line are not. The recently passed budget allocated funds to cover treatments through to line 587 on the list of 709 items.

The concept behind the Oregon plan was created by Senate President John Kitzhaber, M.D., who originally lobbied to cut off transplant funds for Medicaid recipients in order to provide prenatal care to poor pregnant women instead. That policy was responsible for the deaths of seven-year-old Coby Howard and 11 other needy patients in 1988.

The Oregon Health Plan is all based on a "managed care" approach, where doctors literally are gatekeepers, reducing use of specialized or hospital care. The focus of all managed care is "cost containment." The state contracts with physician care organizations (PCOs) and pays a fixed rate per Medicaid recipient to cover all physician, prenatal, and well-baby care, laboratory and radiology services for a specified time period. The PCO is "at risk," and can lose money each time the cost of care exceeds the capitation payment for that patient. Conversely, the PCO and the state split the profits when the cost of care provided is *less* than the capitated rate. The PCO also receives financial inducements to keep patients out of hospitals.

To encourage physicians to take patients on Medicaid, which reimburses physicians at dismally low rates, the state will increase reimbursements to physicians by using a modified Resource-Based Relative Value Scale (RBRVS). The RBRVS rate, which marginally increases primary physicians' rates but cuts specialists' payments, provides an overall increase over current Medicaid reimbursement levels.

Despite the U.S. Government Accounting Office's numerous studies demonstrating how managed care plans have a disastrous impact on the quality of health care, the Bush administration is encouraging states to *increase* enrollment in managed care programs for Medicaid recipients. The GAO as well as the Office of Technology Assessment are already scrutinizing Oregon's plan, and Secretary of Health and Human Services Dr. Louis Sullivan visited Oregon early in July to review the program himself. These signs indicate that Oregon may receive a favorable reception in Washington when it applies for federal approval of its rationing plan later in July.

Cholera has arrived

The secretary of health should be fired for his negligence in the face of a public health emergency.

A press release issued by Secretary of Health Jesús Kumate on June 17 announced that "a small outbreak of cholera" had been detected in a remote rural town in the state of Mexico. Laboratory tests confirmed the presence of the *vibrio cholera* bacterium in 17 people, 5 of whom required hospitalization, while the other 12 displayed lesser symptoms of diarrhea, vomiting, and fever. According to other reports, the first cases appeared on June 12.

San Miguel Totolmayola, the infected town, is a rural community with fewer than 1,500 inhabitants, lost in the La Goleta mountain range. Almost adjacent to the state of Guerrero, the town is more than 200 kilometers from Mexico City. The San Miguel River flows through the town. A considerable number of towns, such as San Miguel, lie along the banks of this and other rivers through more than 50 kilometers of low mountains.

The outbreak of cholera had been expected, but this region was believed to be an extremely low-risk area. San Miguel is located in a mountain range in the central Mexican plain, more than 2,000 meters above sea level, far from any seaports, more than 1,000 kilometers from the border with Central America, and with the closest international airport being that of Toluca, more than 80 kilometers away. The ports, along the southern border, and the airports were the places where the Health Ministry had established its strictest control points, to try and keep cholera from entering the country.

One hypothesis is that an infected drug-trafficker from South America

was the carrier of the bacteria, because a clandestine airport was found some 15 kilometers from San Miguel. This "clandestine visitor" is presumed to have defecated in the waters of the river. This hypothesis, however, was rejected as impossible by the governor of the state, Ignacio Pichardo Pagaza, on the ludicrous grounds that "no drug-trafficking problems exist in this area."

Secretary of Health Kumate, however, has far surpassed the governor in ignoring reality.

In March, Kumate gave a press conference from the La Vega marketplace, the largest retail market for fresh fish in Mexico City. While downing a succulent banquet of the sea's bounty, Secretary Kumate reassured Mexicans that "Peruvian cholera will not enter Mexico," pooh-poohed any need for "specific campaigns" to prevent the disease, and decried as absurd the idea that "marine life are carriers."

Kumate insisted on these points again during a May visit to Mexico by Peruvian President Alberto Fujimori, who had earlier put on a similar irresponsible display for his own population.

But it is one thing to eat, and another to defecate, actions which the secretary has apparently confused. Everyone knows that cholera is an illness of poverty, lack of hygiene, and lack of sanitation infrastructure. He who becomes infected by cholera is he who has ingested food or water contaminated by excrement.

Cholera is a diarrhetic disease. There were 65 million cases of severe diarrhea in 1988 in Mexico. Diarrhea

had the second highest morbidity rate among all age groups.

Despite the chilling indifference of the health secretary, other branches of the health sector, as well as other parts of the government, have declared a red alert over the arrival of cholera to Mexico.

The government—including Jesús Kumate—knew that as soon as cholera reached Central America, the disease would invade Mexico as well. That is because Mexico joins with the Central American countries to form one single stretch of poverty, hunger, death, and marginality. According to United Nations statistics, some 200,000 Central Americans live in Mexico.

Now, the disease can expand from the Mexican plateau to any population center in the country.

According to government news service Notimex, 14 days after the identification of the outbreak in San Miguel (where there have now been 26 cases), another case of cholera was detected on June 31 in Tula, Hidalgo, a town located only 80 kilometers away from Mexico City.

The capital of the country is now one immense red alert zone. Cholera has arrived in the Mexican plateau during the rainy season, which brings lashing rains to Mexico City, which cause rivers and drainage systems to overflow their banks.

Mexico City regent Camacho Solís attempted to assure city residents that the government maintains "a permanent strategy in case of cholera." Seventy-one drainage spots are being monitored, as are overflow points of the "Great Canal," through which waste waters from the city flow uncovered for more than 9 kilometers—threatening more than 32 poor neighborhoods. Nobody, however, has proposed spending the money to replace the canal with an adequate sewage system.

Business Briefs

Economic Theory

Michelin attacks Chicago, Harvard schools

Do not let financiers dictate policy on the basis of short-term considerations, François Michelin, head of the international tire empire, told *La Tribune de l'Expansion* June 21. "Only industry creates wealth," declared Michelin, who then delivered a strong attack against the Harvard and Chicago schools of economics.

As to whether the 1990s will be the years of the great industrial return, Michelin said, "I hope. We have to escape from the diktat of the short term, and of that false concept which is the post-industrial era. These are two philosophies brought to us by Harvard and Chicago that are totally harmful, because only industry creates wealth. To destroy the United States, those young men could not have found better. . . . The Japanese are still laughing."

Soviet Union

Economics minister lauds 'European' model

Soviet Economics Minister Vladimir Shcherbakov said June 25 that Soviet reforms would not follow the "strict capitalistic model of the United States," but rather borrow from the historic experience of the "West European Social Democracy" and the social welfare states as exemplified in Germany and Switzerland. He spoke before an international conference on East-West problems in Crans-Montana, Switzerland.

At the same time, Soviet parliamentarian Viktor Alksnis came out in defense of the planned economy system and rejected liberalization policies in an exclusive interview published by the German daily *Hamburger Abendblatt* on June 26.

Alksnis said that a radical market economic reform would put up to 30 million on unemployment by the end of this year—one million in Moscow alone. A radical reform that did not pay attention to explosive social potentials would have to be outrightly rejected, therefore.

The Soviet Union needs a strong government, likely with emergency powers, and a strong state sector operating according to a plan, he said. There could also be a confined market economy sector operating along more liberal methods, in his view.

World Trade

Czech food to be bartered for Soviet oil

Czech food for Soviet oil, as well as industrial exports from Czechoslovakia to the U.S.S.R., are now under discussion between the two governments. Czech Vice President Pavel Rychetsky said at an event in Vienna June 24 that the Czechs would never be able to buy Soviet oil on a hard currency basis, nor would the Soviets be able to repay their debt of \$5 billion to Czechoslovakia.

For the time being, the extreme dependence of the Czech economy on Soviet raw materials that was established after 1945, will remain in place, despite efforts by Czechoslovakia to gain access to Western raw materials, declared Rychetsky.

On the other hand, Czechoslovakia is the biggest creditor of the Soviet Union in Eastern Europe. Deliveries of surplus food products from Czechoslovakia in exchange for crude oil from the Soviet Union would help the Czech economy obtain 14 million tons of oil needed this year.

Space

European, Japanese agencies reach accord

The European Space Agency and the National Space Development Agency of Japan signed an agreement in mid-June at the Paris Air Show to allow access to each other's data from Earth observation satellites. Heretofore, most European-Japanese space collaboration took place within the overall context of U.S.-initiated international projects.

Thus, the European and Japanese agencies

will now have direct access to the information collected and relayed back to Earth ground stations from ESA's ERS-1 satellite and Japan's J-ERS-1 satellite, both to be launched over the coming year.

With the recent near-cancellation of Space Station Freedom by the United States, which is the largest international project ever undertaken, it is highly likely there will be more European-Japanese space agreements, leaving out the United States.

Meanwhile, U.S. and Soviet government officials may discuss joint manned space flights if there is a Bush-Gorbachov summit this summer, according to the June 30 *Washington Post*. It has long been proposed that a Soviet cosmonaut fly on the Space Shuttle, and an American astronaut visit the Mir space station. The only previous joint manned mission was the Apollo-Soyuz Earth-orbit link-up in 1975.

International Credit

London magazine says: Dump U.S. bonds

An unprecedented warning from the London *Economist* to dump U.S. municipal bonds has the City of London abuzz. Two feature articles draw attention to the exploding fiscal crisis of U.S. state and local governments. A two-page feature titled "Tax-and-spend states get their come-uppance" notes, "States are now struggling to adopt budgets for the 1992 fiscal year which begins in July for many. They look set to assemble a combined deficit of \$30-50 billion."

This piece is followed by another full page titled "America's Municipal Risks," which details items such as the Bridgeport, Connecticut bankruptcy, the New York City disaster, and the Chelsea, Massachusetts liquidity crisis. The article recommends that holders of some \$840 billion in tax-exempt municipal bonds (which include cities, counties, school districts, turnpike authorities, and other agencies of government) "get out before" the municipal bond prices begin to reflect the true severity of risk as local finances collapse.

Finance

S.G. Warburg to broker Polish industry

The Polish government is adopting an industrial privatization scheme drawn up by the S.G. Warburg investment house, which will transfer key decisions for 400 Polish enterprises into the hands of foreign managers by early next year, the *Financial Times* reports. The enterprises represent 25% of the country's industrial sales and 12% of total employment in Poland.

The industries will transfer 60% of their equity into National Wealth Management Funds (NWMF) which will be owned by all Poles over 18. Each Pole will be given participation certificates which will be traded on an open market after the firms post performance reports at the end of their first year as "privatized" companies.

There will be between 5-20 NWMFs which will have Polish chairmen, but will be managed by Western banks and fund managers. It has not been decided how the industries will be allocated among the funds, or how the Western banks will be compensated. The Polish Parliament's approval is required before the scheme can go into effect.

Education

Cities, counties spend more on prisons

American cities and counties are spending more tax dollars on police and prisons than on education, according to a new report. This trend began during the Reagan administration and continues to worsen under President Bush.

The report is based on a study conducted for the National Center on Institutions and Alternatives at George Washington University by Prof. William Chambliss.

Findings of the report, as reported in Maryland's *Prince George's Journal* in June, include the following:

- Cities spend 20% more on law enforcement than education. In 1968-69, cities were spending \$27 per capita for criminal justice and \$34 for education. In 1988-89, the spend-

ing was \$130 for criminal justice and \$106 for education.

- As of 1982, counties began spending more on criminal justice than education, and by 1988, the gap widened to \$2 billion.

- Federal spending for police and prisons has risen far faster than spending on education. Over the past 10 years, the federal government cut its education spending by 25% (adjusting for inflation) while increasing spending on criminal justice by 29%. In 1990 alone, the war on drugs received \$12 billion in federal spending.

- State budgets still invest more in education than criminal justice, but state budgets for police and prisons are rising faster than education budgets.

Vulcanology

Philippines eruption greatest since Krakatoa

Vulcanologists are now warning that their recent predictions that Mt. Pinatubo volcano in the Philippines was winding down may have been premature. According to Lindsey McClelland of the Smithsonian Institute's Scientific Event Alert Network, which keeps track of volcanic eruptions worldwide, Mt. Pinatubo may be building up to another major eruption. The volcano has erupted several times already, the major eruption being on June 15-16.

The Philippines eruption is already classified as one of the greatest of the past century, greater than that of Mt. St. Helens, and more than twice as large as that of El Chichón in Mexico in 1983.

The volcano now undergoes as many as nine small eruptions per day. If there is another major eruption, it will probably be the greatest since the Pacific island of Krakatoa disappeared in 1883. The eruption of Krakatoa, in the straits between Java and Sumatra, killed over 30,000 people through tidal waves and fire tornadoes.

The amount of material ejected by Pinatubo has been enormous, and it has reached high in the stratosphere, promising a major impact on climate for the next two years.

Briefly

- **CHOLERA** could become epidemic in Moldova (formerly Moldavia), *Pravda* reported June 26, after a Soviet border guard became ill with the disease in the town of Kagul. This is the only case recorded in 1991, but the paper added, "The epidemiological situation in Moldova remains grave." During the past five years, the cholera bacillus has been isolated 38 times in water samples taken in the republic.

- **THIRD WORLD** nations must introduce more democracy, conduct "sound" economic policies, and respect human rights if they wish to qualify for foreign aid, British Overseas Development Minister Linda Chalker told a joint meeting of the Overseas Development Institute and the Royal Institute of International Affairs June 26.

- **FRENCH** Labor Minister Martine Aubry has announced that May unemployment topped 9.5%, rising by 52,200 to 2,688,900 persons. "That's a total which has never been reached before in our country," he said, warning that worse is yet to come. "The large-scale layoffs in troubled sectors—electronics, computers, cars, textiles—have not yet found their way into the figures."

- **CHINA** sponsored a conference of developing nations on "The Environment and Development" June 18-19. Ministers from 41 countries attended, along with representatives of nine developed nations and 10 organizations. The declaration called for a "new and equitable international economic order conducive to sustained and sustainable development."

- **THE PRICE** of lumber is nearly 30% higher in June than it was in May as a result of a judge's injunction blocking the U.S. Forest Service from selling most West Coast timber, ostensibly to protect the Spotted Owl's habitat. With housing starts running far below normal, the price increase can be explained only by supply constraints.

How India became self-sufficient in food

Once freed from the British yoke, India's population grew rapidly, prompting a scientific revolution in food production, and leaving the malthusians grinding their teeth. Ramtanu Maitra reports.

With a bumper wheat crop in northern India getting ready for harvest, the Food Corporation of India (FCI), the governmental agency for procurement, storage, and distribution of foodgrains, has warned that the grain accumulation may pose shortage problems in the near future. It is anticipated that following the harvest of winter wheat, India's foodgrain stock may go above 22 million tons. If the next monsoon turns out to be as good as the last one, the grain stock may exceed the 28.3 million tons—the highest ever—stockpiled in 1986. The stockpile was then brought down to 9.3 million tons by January 1989 due to the worst drought of the century in 1987. It has also been reported that India will be exporting 1 million tons of rice this year.

The problem of storing the growing foodstock that the FCI faces today is radically different from the crisis that Indian policymakers faced in the 1960s and early '70s. At that time India was ravaged by droughts and crippled by weak agricultural productivity, and had become an object of the derision and contempt of other nations. Malthusians around the world were gloating over the prospect that India's burgeoning population and depleted agricultural productivity would finally validate the theory propounded by Parson Thomas Malthus. Many sincerely believed that the famines, after taking off in India, would soon encompass other nations of South Asia and even parts of Southeast Asia.

In the midst of these drought-stricken years of the 1960s, two Americans, William Paddock and Paul Paddock, jointly brought out a book *Famine—1975: America's Decision, Who Will Survive?* in which they asserted: "So the famine will come.

Riding alongside will surely be riots and civil tensions which the Central Government will be too weak to control. . . . If we cut off the food to India we are not losing a friend. Nor do we gain an enemy able to do us serious hurt."

The prediction and policy prescription was coming from those who "ought to know": one Paddock was a retired diplomat who had served in the Soviet Union, China and at posts in Asia and Africa, while the other was an agronomist and plant pathologist, who had worked as the head of a tropical research station and school of agriculture in Central America and as a consultant in tropical agricultural development in Washington. The Paddocks mobilized others to their perverse vision of "triage" economics, with India targeted as the test case and model. "The future of mankind is now being ground out in India," stated Roger Revelle, another reputed American with vast experience in India, in his book *World War on Hunger*. "If no solution [is found], all the world will live as India does now," said Revelle.

The Paddock brothers worked to mobilize public opinion for a cutoff of food aid to India, the crucial input to India's stagnated agricultural production in the 1960s. The aid came in the form of the Public Law 480 (PL-480) program under a signed agreement between the two nations. The Paddocks accused India of absorbing 25% of the American wheat crop "like a blotter." They, and others, concluded that even if all the necessary food was imported, the deaths of millions could not be prevented because neither India's ports, its transport network, nor its administration could cope with the task involved. In *Famine—1975* the Paddocks condemned the Indi-



EIRNS/Uwe Parpart-Henke

Lyndon and Helga LaRouche at the Indian Agricultural Research Institute near New Delhi on July 15, 1983. With them is IARI director H.K. Jain. The institute is the center of India's program to modernize its agriculture, providing research, education and transfer of technology to farmers.

an leadership: "Of all national leaderships, the Indians come close to being the most childish and inefficient and perversely determined to cut the country's economic throat." Foreign journalists vied for airline seats to Bihar, one of the worst-hit provinces during the drought years and billed as a sure shot to produce a million new starvation deaths.

Lest one get the notion that there was anything more to the crisis in India than the failure of Indian leadership, the media remained eloquently silent on the chronic famines that had wiped out millions of Indians during the British Raj. During the 130 years from 1770 to 1900 there were 22 famines, 18 according to the Report of the Famine Commission in 1880 and four after 1880. The 1770 famine in Bengal alone claimed *10 million lives*. In 1943, only four years before the British finally left, the famine in Bengal that was precipitated by export of grain from Bengal to the war fronts was the most devastating of this century, claiming some 4.3 million lives.

Despite the lies and impassioned venom of the Paddocks and their fellow malthusians, reality did not bow to their wish in the 1960s. India's much-abused, ramshackle administration rose to the occasion to prevent a major famine from occurring. The famines overseen routinely by the British would not be repeated in independent India.

An uphill task

To fully appreciate the task that India's leadership and administrators faced, one has to look at the state of the Indian economy in 1947, and the state of agriculture in particular. For more than half a century before Independence, India's agriculture had been in utter stagnation. More specifically, between 1891 and 1947, aggregate grain output in British

India grew at an average 0.11% per year; in the second half of this period, the rate of increase was 0.03%. Due to the poor foodgrain production and high mortality rates, population grew at a rate of 0.67% during this time. Even despite the low population growth rate, between 1914 and 1941 per capita availability of foodgrains—taking into account international trade flow—actually declined by as much as 26%!

Despite repeated famines and perennial food shortages that prevailed during the better part of British rule, no criticism of British "incompetence," comparable to the Paddocks' criticism of the Indian leadership, was heard from the West. There are several factors which explain the silence then, and sudden "discovery" of India's crisis after 1947. First, unlike the Indian leadership, the British Raj did not bother asking others to help alleviate the prevailing famine situations. They were happy to "let nature take its course," and the world came to know about the famines mostly after the fact. Second, in the post-Independence days, Western critics saw in India's food crisis an opportunity to ridicule what they termed Jawaharlal Nehru's "obsession" with the industrialization of India, as opposed to making India an agrarian country.

Third, once the British yoke was removed, India's population began to grow at a much higher rate than before. The malthusians were particularly upset over this and began to preach that famines have inevitably come to be a part of India because of the "population explosion." Later, these malthusians would use concern for the environment to curb the food-growing capability of the developing nations.

Finally, the geostrategists belonging to the pro-free world camp (as opposed to the Soviet gulag camp) were unhappy with Nehru because the Indian prime minister was deter-

TABLE 1

Foodgrain production and imports

(million tons)

Year	Production	Imports
1949-50	54.92	3.77
1955-56	69.34	0.71
1960-61	82.33	5.14
1963-64	79.40	4.56
1964-65	89.36	6.27
1965-66	72.35	7.46
1966-67	74.23	10.06
1967-68	95.05	8.67
1970-71	108.42	3.63
1975-76	121.03	7.41
1980-81	129.6	0.30
1985-86	150.5	Nil
1988-89	170.25	Nil

Source: Economic Survey, Govt. of India.

mined to chart an independent course for the less developed countries, and was thus instrumental in the founding of the Non-Aligned Movement.

The partition of the subcontinent into India and Pakistan in 1947 greatly increased the pressure on India's food supplies. Most of the wheat belt became West Pakistan, and the subcontinent's rice bowl became East Pakistan, now Bangladesh.

At the same time, Burma (now Myanmar), a big rice producer which had supplied rice to a rice-short British India every year, was also separated. The partition left India with 82% of the population but only 75% of the area under cereals, and only 69% of the total irrigated area—the area with an assured water supply. The magnificent canal-irrigated areas of Sindh and west Punjab, which at the time had made Punjab a food-surplus province, fell to Pakistan. In pre-Independence India, 24% of the cropped area was irrigated. After partition, only 19% of India's total cropped area was irrigated, compared to 44% in the case of Pakistan. All the traditional famine tracts during the British days, and areas frequently visited by drought, stayed with India.

At the time the British finally left, India had 347 million people and was producing about 45 million tons of cereals. India was a food importer. The country was experiencing annual grain shortfalls. Western observers pointed to India's perpetual "scarcity trap" and asserted that grain imports would become permanently necessary to meet growing consumption of a burgeoning population. With the population growing at a decennial rate of 25%, these experts described India's future as a "begging bowl era."

Throughout the 1950s, when India launched its five-year plans to build basic industries and infrastructure, agricultural production grew at a reasonable rate (see **Table 1**). Foodgrain production, which was 50.8 million tons in 1950-51, went to 82 million tons in 1960-61. But most of the increased

production was the result of extensive farming—putting more land area under the plow—and production remained highly erratic and too dependent on rainfall to apply modern methods. Changes in productivity, whether per hectare or per capita, were very limited.

As a result, India seemed inexorably marching toward a malthusian nightmare whose potential extent was revealed by the unprecedented droughts of the 1960s. The situation grew worse because of the stagnation in foodgrain production which set in in the early 1960s with the beginning of the Third Five-Year Plan. Foodgrain production had reached 82.33 million tons in 1960-61, but went down to 79.4 million tons in 1963-64 and plummeted to 72.4 million tons in 1965-66 and 74.23 million tons in 1966-67. From being a steady importer of 2 to 3 million tons annually in the 1950s, India's import demand grew sharply in the 1960s. In 1961-62, India imported 5.14 million tons and in 1963-64, 4.56 million tons. Imports climbed steeply to a high of 10.96 million tons in 1966-67, then fell back to 8.67 million tons in 1967-68 and 5.69 million tons in 1968-69.

Architect of India's 'Green Revolution'

One of the architects behind India's success with the "Green Revolution" and subsequent achievement of self-sufficiency in foodgrain production is C. Subramaniam. Subramaniam was Minister of Food and Agriculture from 1964-67, the crucial years in India's agricultural history. Explaining the necessity of becoming self-sufficient in foodgrain production, Subramaniam once said: "The pressure was the pressure of scarcity."

India's practical problems in assuring an adequate foodgrain supply through imports, were exacerbated by the use of food as a weapon against India's determination to carry out a foreign policy independent of the two power blocs. India had signed the first PL-480 agreement with the United States in 1956, but it was not until the 1960s that the PL-480 foodgrain supply became a lifeline for many in India. Initially the PL-480 agreement was one of mutual convenience: The United States was laden with a large grain surplus it was eager to offload, and Indian authorities, eager to concentrate on building basic industries and infrastructure, were looking for a breathing space.

But, by the middle of the 1960s, the U.S. attitude underwent a change. The Paddocks and others were spinning out the propaganda to prove that, in their words, "today's trends show it will be beyond the resources of the United States to keep famine out of India during the 1970s." This drumbeat cohered with opposition in the U.S. House of Representatives against the "waste of resources in an unproductive war" between India and Pakistan in 1965, which led to the U.S. government's refusal to sign a long-term agreement with India under PL-480 when the existing agreement expired in August 1965. Egged on by growing congressional opposition to concessional food aid for India, the Johnson administration

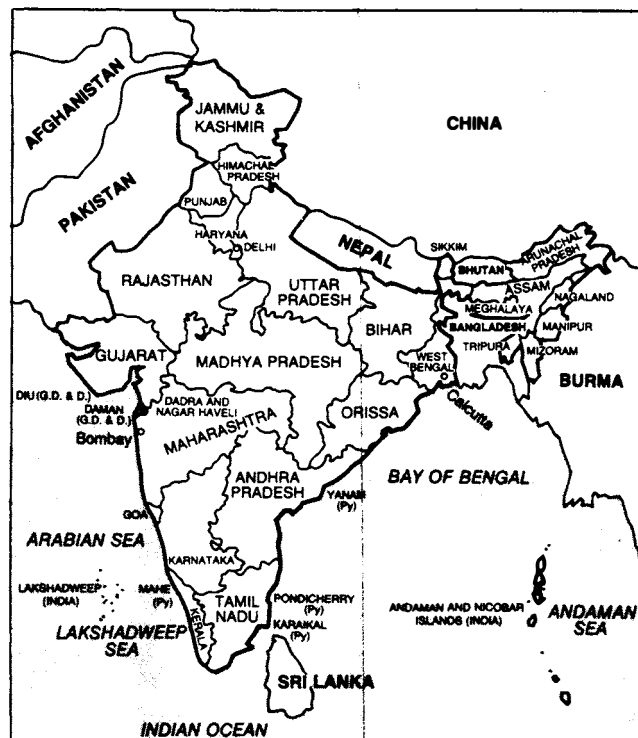
adopted a “short-tether” policy of doling out stocks sufficient to meet requirements for only a few months at a time, and tied the continuation of even this to India’s adoption of policies aimed at increasing agricultural production—i.e., shifting developmental funds from the industrial to the agricultural sector—and curbing population growth.

In 1966, the U.S. Congress categorically refused to renew the PL-480 agreement authorizing sale of surplus commodities for local currencies which expired on June 30 of that year. Upset by India’s criticism of the American presence in Vietnam, the Johnson administration declared that all U.S. shipments of food would henceforth be financed by long-term credits repayable in U.S. dollars only. This new policy, called “Food for Peace,” further aggravated India’s balance of payments situation, which in turn began to seriously affect the government’s ability to import sufficient raw materials, machinery, and spare parts to maintain the nascent industries. A personal appeal to President Johnson by the newly appointed prime minister, Mrs. Indira Gandhi, met with partial success. The United States announced the release of \$100 million out of the balance of \$388 million covered by agreements signed before the termination of PL-480.

In June 1966, with the government and political parties deeply divided, a 36.5% devaluation of the Indian rupee was announced. Devaluation as a policy had been vigorously promoted by the World Bank and, in fact, was set in motion with the bank-sponsored mission, led by Bernard Bell, in 1965. The 1966 rupee devaluation, which set back the Indian planning process for years, came along with a package which prescribed reductions in import duties and elimination of major export policies. Announcing a liberal import policy to allow market forces a much larger role in the allocation of foreign exchange, the Indian finance minister also short-listed 59 priority industries accounting for 80% of industrial production that were to be given import licenses as and when needed for components, raw materials, and spare parts. Within ten days of the finance minister’s announcement, the United States said it would resume economic aid to India.

Besides criticizing India’s mismanagement of foreign exchange during the Third Five-Year Plan period and deriding India’s “obsession” with industrial development at the expense of agriculture, the Bell mission report also called for large-scale import liberalization along the lines the finance minister announced. The report argued that a devalued rupee would encourage industries to divert output from the domestic market to overseas outlets.

While the Gandhi government came under scathing attack on almost all ideological fronts, it looked as if the predictions of the Paddocks—(“So the famines will come. Riding alongside will surely be riots and other civil tensions which the central government will be too weak to control”)—would come true. But, it was not to be. A series of measures to push up agricultural production, under the able leadership of Agriculture Minister Subramaniam began to pay dividends and the foundation for



food self-sufficiency was soon established.

Even today, there are those who criticize the late Prime Minister Jawaharlal Nehru for pushing the development of heavy, capital-intensive industries and large waterworks when the country was short of foodgrains. Some critics point out that the first three five-year plans channeled the entire surplus created by the agricultural sector into building an industrial base. The sorry condition in which the agricultural sector found itself in the mid-1960s, they argue, was because the surplus was used to make agriculture more productive.

How it was done

But C. Subramaniam, in his book *India of My Dreams*, sets the record straight: “Epoch-making as it [the Green Revolution] has turned out to be, it would be less than fair to view it as an isolated quark of development insight. I say this because the new strategy was not—and could not be—dependent of progress we had achieved till then in building up an industrial and infrastructural base. It was because this was available that the new strategy could even be conceived of. All innovations are built on what exists. So did our new strategy.”

Subramaniam elaborates that without the development of basic industries that was carried out through the first three five-year plans, the Green Revolution would have fallen flat on its face. India never had enough foreign exchange to even think of sustaining the Green Revolution by importing such vital ingredients as high-yielding variety seeds and fertilizers for any length of time. Moreover, Punjab, Haryana, and western Uttar Pradesh—the wheatbelt—could not have gone

TABLE 2

Area under foodgrain production

(million hectares)

Foodgrains	1955-56	1960-61	1965-66	1970-71	1975-76	1980-81	1985-86
Wheat, rice, coarse grains	110.56	115.58	115.10	124.32	128.18	126.67	128.0

Source: Economic Survey, Govt. of India.

for double-cropping of wheat without irrigation canals, built in the pre- and post-Independence days (see **Tables 2 and 3**).

The first two five-year plans, which drew the wrath of the World Bank, IMF, and others which believed India should remain a nation of traditional agriculture, such as China practiced, emphasized manufacture of steel and fertilizers as well as heavy machinery building facilities and heavy engineering fabrication works. Irrigation of cropland, directly related to agricultural development, was given high priority along with power generation. Most of the irrigated land in the post-Independence days was created through major and minor irrigation projects, and tubewell development.

India also possessed a scientific infrastructure in the agricultural sector. Following the great famine of 1899-1900, in 1905 the British rulers had decided to set apart a recurring grant of 2 million rupees to assist agricultural research and education in the provinces. At the same time, a sum of £30,000 was donated by Henry Phipps of Chicago to Lord Curzon, then Viceroy of India, for a projected institute at Pusa in Bihar. With the government grant, the Departments of Agriculture were established in the provinces, each headed by a director. Agricultural colleges were set up at Kanpur, Pune, Nagpur, Coimbatore, and Lyallpur (now Faisalabad in Pakistan), to provide basic training in teaching and agricultural research.

In 1929, the Royal Commission set up a central agency, the Imperial Council of Agricultural Research to oversee and coordinate agricultural research. After Independence in

1947, the name of the central agency was changed to the Indian Council of Agricultural Research (ICAR). Besides ICAR, however, there were also "Commodity Committees" which carried out research independently on specific commodities such as cotton, jute, tobacco, and oilseed.

Although the agricultural research institutes were set up in the British Raj days, and later vastly expanded by the Nehru government through large investments, they were not functioning adequately. Subramaniam blames the ineffectiveness of scientific work in those days on "the colonial setup," which "had led to a bureaucratic approach to the problems of the management of research." As he put it: "Research was treated very much as a division of officialdom and administration dominated creativity. The resulting problems of lack of communication and frustration had become so pervasive that even such a simple decision as only to appoint an eminent scientist as head of the research council was considered a heroic innovation in itself."

Fight for science and for parity prices

Subramaniam's first move following his assumption of office as food minister was replacement of a permanent civil servant by an eminent scientist as the head of the agricultural research establishment. Dr. B.P. Pal, an internationally known plant breeder, was made director general of ICAR and the governing body of the council was reconstituted to include a number of eminent agro-scientists. Subramaniam also put all research institutes, including those under the Ministry of Food and Agriculture and the institutes run by the Commodity Committees, under ICAR.

As a next step, Subramaniam, who had the full support of Prime Ministers Lal Bahadur Shastri and Indira Gandhi, both of whose administrations he had worked in, established the Agricultural Research Service. The ARS provided improved salary and promotion prospects for the scientists.

From the outset Subramaniam was convinced that it would be only through scientific application that India's agricultural productivity could be enhanced. His first resolve was to put a quick end to the PL-480 imports. He said in his book: "Easy availability of food under the PL-480 had also dulled, in part, the zest for search for self-sufficiency. It had also encouraged the advocates of a cheap grain policy who did not quite realize the impact of such a policy on the

TABLE 3

Share of states in foodgrain production

(million tons)

State	1975-76	1985-86	1988-89
Punjab	8.83	16.1	17.08
Haryana	5.04	8.14	9.48
Uttar Pradesh	19.48	31.42	35.75
Bihar	9.18	10.96	11.70
West Bengal	8.59	9.13	11.51
Madhya Pradesh	12.00	15.29	15.90
Andhra Pradesh	9.43	10.37	12.99
Tamil Nadu	7.18	7.17	7.29

farmers' incentives."

Subramaniam laid out a "New Strategy." Based on the combination of high-yielding variety seeds—the product of agricultural research—with adequate water and fertilizer, the new strategy was centered around scientific research. In his book *The New Strategy in Agriculture: The First Decade and After*, Subramaniam wrote: "We organized agricultural scientific research in India, because we came to the conclusion that if we were to launch a new technology without the scientific and technological competence it might end in a disaster. . . . That was why, before introducing the New Strategy, we found it necessary to put agricultural science on a firm foundation, so that research work could be undertaken that would meet new challenges and problems."

Having set scientific research in order, Subramaniam braced up for the fight which formed the core of the New Strategy. He argued that the Indian farmer is a rational economic individual who would respond to incentives in improving productivity. Within six months of his coming to power, the government approved an increase of 15% in the procurement price of grain. Recalling the tussle, Subramaniam wrote: "While lip service was provided to the concept of remunerative prices, in practice difficulties arose because of the cheap grain emphasis. In these circumstances, it was almost inevitable that my advocacy of higher incentive prices and a support price policy should have been received with less than enthusiasm by my colleagues in the center and the states. Many refused to see the obvious. I remember vividly how difficult it was to convince my colleagues in the states and the center that in the long run, only a remunerative price could lead to self-sufficiency."

Along with the increased procurement price of grain, an Agricultural Price Commission was established to recommend periodic revision of farm prices. The Food Corporation of India was also set up to purchase foodgrains in support of established price levels.

An equally fundamental shift occurred in respect of the earlier policy that treated the country as a homogeneous agricultural area, and spread the resources so thinly (as in the so-called community development programs) as to become unproductive. A firm decision was taken to identify the maximum grain potential of areas and exploit that potential at the risk of exacerbating regional disparities. It was argued most vocally by Subramaniam that a situation of regional imbalances within the country was vastly preferable to a situation of uniform agricultural stagnation at home and food dependence abroad.

Subramaniam's argument, which won the day, in support of intensive agriculture where the situation is optimal paved the way for Punjab, Haryana, and western Uttar Pradesh to become highly productive foodgrain-growing areas. With the Bhakra Nangal hydroelectric project already set up, the parched lands of the Punjab and Haryana had become arable. The Punjab Agricultural University, which became the training ground for

TABLE 4
Irrigated area under foodgrain production
(million hectares)

Foodgrains	1970-71	1980-81	1985-86
Wheat	9.9	15.5	17.5
Rice	14.4	16.3	17.7

Source: Economic Survey, Govt. of India.

many Punjabi farmers, was created (see **Table 4**).

The Bhakra Nangal hydroelectric project helped provide adequate electrical power to the area. Beside the canal irrigation, which was made possible due to the Bhakra Nangal project, the electrical power necessary for pumping water out of deep tubewells became available to farmers. The electrical power particularly helped those western Uttar Pradesh farmers who had no access to the irrigation water supplied by the canal system built during the British days.

In addition, Subramaniam's emphasis on intensive wheat production in Punjab and Haryana led to a more generous use of fertilizers, particularly of the N-P-K variety (see **Table 5**). With the rise of foodgrain productivity, and associated financial betterment of the farmers, a new phenomenon emerged. It soon became evident that many of the farmers were keen to educate themselves with different skills and not get tied to the land. This process created, what seems absurd in the Indian context, a manpower shortage. Faced with the newly developed constraints, the farmers, helped by cooperative loans, began to mechanize farm activities using tractors, mechanical threshers, and harvesters. The mechanization enhanced productivity further but did little to solve the manpower shortfall problem; machinery maintenance created more skilled jobs and helped to proliferate a whole range of small-scale industries feeding agricultural production. Today, the Punjab and Haryana farmers have become increasingly dependent on migrant laborers from Bihar and eastern Uttar Pradesh.

While the Ministry of Food and Agriculture was putting various elements associated with the New Strategy together, ICAR was consolidating the future potential of agricultural research. There were only eight agricultural universities prior to 1966, but this number shot up to 23 by 1983. There are also 38 agricultural research institutes under the control of ICAR, spread across the country. The premier research institution is the Indian Agricultural Research Institute (IARI) in New Delhi. With a staff of 1,400 scientists and technical personnel, and with 14 regional stations all over the country, IARI is one of the biggest institutes of its kind in the world.

The seeds of hope

By 1964, there were reports of a breakthrough in wheat pioneered by the Rockefeller Foundation in Mexico. Hybrids

TABLE 5

Fertilizer production and consumption

(thousand tons)

Year	Nitrogenous		Phosphate		Potassic	
	Production	Consumption	Production	Consumption	Production	Consumption
1960-61	98	212	52	53	Nil	29
1970-71	830	1,479	229	541	Nil	236
1980-81	2,164	3,678	841	1,214	Nil	624
1985-86	4,328	5,661	1,428	2,005	Nil	808
1988-89	6,712	7,246	2,252	2,659		1,068

Source: Economic Survey, Govt. of India.

of Mexican wheat and dwarf-strains from Japan produced new, shorter varieties capable of absorbing a much higher dose of chemical fertilizers without lodging (falling over), to give yield levels of 2.5 tons per acre—more than twice the potential output of local Indian varieties. Similar advances were reported for rice in Los Banos, Philippines, where “miracle” seeds produced as a result of hybridization between indigenous tall varieties and dwarf strains from Taiwan were highly fertilizer-responsive and gave yields of 2.5 to 3.0 tons per acre—approximately three times the maximum of local varieties. Earlier, in collaboration with the Rockefeller Foundation, ICAR had succeeded in developing new hybrid varieties of maize suitable to Indian field conditions that were able to double the maximum yield of local varieties. But since maize constitutes only a small part of the diet of Indians generally, this development had little impact on the foodgrain scenario.

Though the development of hybrid rice (Mayo, Sonora 63, Sonora 64, and Lerma Rojo 64A) was there for all to see, data on the performance of these high-yielding varieties under Indian field conditions was still insufficient to establish their potential in India. Despite the fear of new pests and diseases raised by many scientists, Subramaniam selected the crop varieties that would most likely prove viable in India. In 1965-66, some 2.4 million hectares were earmarked for experimentation and 200 tons of Mexican wheat were imported, which was locally multiplied into 5,000 tons of seedgrain. In 1966-67, farmer enthusiasm for the new seeds was such that the 5,000 tons of seedgrain had to be supplemented with import of another 18,000 tons of Mexican wheat.

In 1965, Dr. B.P. Pal led an ambitious breeding program for high-yielding variety wheat, using exotic germ plasm for disease resistance. Dr. Pal used the Federation genome from Australia (for loose smut), the Kononso from Japan (for yellow rust), the Frontiera, Frondoso and Rio Negro from South America and the Gazin from Egypt (for brown rust), the Thatcher from the U.S.A., and the Gabo from Australia (for black rust).

The success of the breeding program was unqualified. It produced many high-yielding dwarf varieties, with amber

seeds that were accepted by Indian consumers—Kalyan Sona, Safed Lerma, Chotti Lerma, Sonalika, and Sherbati Sonora. Of these, the last variety, Sherbati Sonora, is the result of mutation breeding of Sonora 64. As with other crops, wheat breeding is a continuous process. Sole dependence on one particular variety may lead to disaster. The agricultural scientist is thus always on the lookout for better varieties in terms of yield, disease resistance, growth cycle, fertilizer responsiveness, resistance to lodging and other attributes. In fact, the Central Subcommittee on Release of Varieties recommends new wheat varieties for different agro-climatic regions every year.

While the scientific approach to bring about the Green Revolution was adopted in all other seedgrains (millet, barley, sorghum, etc.), rice is the crop next in importance to wheat in India. The discovery in Taiwan of dwarf mutant *Dee-geo-woo-gen* played a key role in reorienting the Indian rice-breeding program. The mutant was half the height of traditional tall varieties, with stiff, erect leaves facilitating high photosynthesis (that is, not affected by the length of the day). Taichung Nation 1 (TN 1) was obtained by breeding *Dee-geo-woo-gen* with another local variety, Tsai Yuan-chung, and was subsequently picked up by the International Rice Research Institute (IRRI) in Manila for its rice-breeding program. The IR series has been developed by crossing tall varieties with the dwarf genome of *Dee-geo-woo-gen*, and has been introduced successfully in the All-India Coordinated Rice Improvement Project in Hyderabad. The Indian breeding program has concentrated on identifying varieties with bold grain type, high-yielding characteristic, disease resistance, and wide adaptability in different agro-climatic regions.

Application of the new strategy began to show results in 1967-68, the second year of the introduction of modern farming. The first year, 1966-67, was another drought year, coming on top of the preceding year's unprecedented drought. In 1967-68, Subramaniam says, one of the most effective and spectacular transformations of traditional agriculture was attempted in the district of Tanjore in his own home state of Tamil Nadu. Nearly 400,000 out of 900,000

acres of the district experimented with double-crop paddy using the short duration, high-yielding variety A.D.T. 27. In 1967-68 India harvested a bumper crop of 95.1 million tons of foodgrains. By 1970-71 foodgrain production had crossed the 100 million ton mark. Between 1966 and 1971, India's wheat production doubled.

Malthusians gloat over difficulties

But carrying out the Green Revolution was not a smooth process. "It will fizzle out," a veteran administrator from the U.N. Food and Agriculture Organization had told an agronomist in 1969. The FAO administrator's motives aside, there was in fact cause for worry as the Green Revolution quickly stagnated. The stagnation came at a crucial period in Indian political economy. Indian involvement in the liberation of Bangladesh from Pakistan in 1971 had invited the wrath of the Nixon administration. Besides cutting off all aid to India, the United States had sent a naval task force as a warning to India. In retaliation India asked the American aid office to close down and put an end to PL-480 grain shipments. India declared that it would henceforth buy grain whenever necessary from the international commercial market.

In 1973, the effect of the stagnation in food production began to show up. In 1972-73 and again in 1974-75, foodgrain output fell below 100 million tons. More particularly, from 1970-71 to 1974-75, wheat production—the heart of the Green Revolution—was stagnant. Malthusians began to gloat. Richard Critchfield, an American writing in the *New Republic*, proclaimed: "India has lost one big historic chance to grow enough food. Instead the malthusian scourge has finally caught up with it. India will not have enough food this year or next or possibly ever again."

The problems associated with the stagnation were scientific and logistical. One problem was that the existing varieties of crops tended to lodge with heavier applications of fertilizer, and diminishing returns soon set in. It almost looked as if in the most intensive Green Revolution areas, further emphasis on fertilizers would be unproductive. The other problem was inadequate logistics to get new seeds and the fertilizer, water and pesticide inputs into the hands of the individual farmer in time.

Additionally, wheat-growing, which was the backbone of the Green Revolution, remained a regional phenomenon centered in Punjab, Haryana, and western Uttar Pradesh. In areas where the monsoon is highly active, rice is the main monsoon crop. But the vast Gangetic plain, where the success of the Green Revolution could produce a huge amount of foodgrain, suffers from drainage problems, which in turn affect the monsoon crop badly. It was also evident that the success that hybrid rice varieties had in Tanjore and in Andhra Pradesh was localized; the effect was only nominal in the eastern part of the country where the population consumes mostly rice. Deterioration of the seed quality through repeat-

TABLE 6

Growth rate in post-Green Revolution period (percent per annum)

Crop	Sub-periods	
	1975-76	1976-87
Rice	1.96	2.75
Wheat	5.80	4.95
Total foodgrains	2.09	2.63

Source: Agricultural Survey, *The Hindu*.

TABLE 7

Annual growth rates of foodgrains (percent per annum)

Period	Cropped area	Production	Productivity
1949-50 to 1967-68	1.41	2.94	1.43
1967-68 to 1980-81	0.35	2.39	1.56
1980-81 to 1986-87	0.06	2.45	2.51

Source: Agricultural Survey, *The Hindu*.

ed use, plus the injection of new pests and diseases was also responsible for the leveling off of gains (see **Tables 6 and 7**).

The crisis was soon averted, however, and the repair work done to the Green Revolution quickly paid off. In 1975-76 foodgrain output reached 121 million tons. Except for 1976-77, the subsequent years showed steady progress. India built up a significant 20 million tons surplus stock, which came in handy when a major drought struck in 1979-80. India did not have to resort to imports to feed its population. But the real payoff came in 1983-84, often described as the advent of the "Second Green Revolution." In that year foodgrain production shot up to 151.5 million tons—a 22 million ton jump in output over the previous year's haul. This quantum jump was more than the 20.8 million ton increase in 1967-68, the second year of the Green Revolution.

While the first Green Revolution arose from the introduction of new high-yielding varieties of Mexican wheat and dwarf rice evolved by IARI, the "Second Green Revolution" was totally indigenous. It was a success that can be attributed to the scientists, planners, policymakers and extension personnel, besides the farmers themselves.

While the first wave of the Green Revolution was confined to a few progressive areas of Punjab, Haryana, western Uttar Pradesh and Tamil Nadu, in the second wave eastern Uttar Pradesh, West Bengal, Bihar, Orissa and Madhya Pradesh—traditionally the weak agricultural parts of the country—showed remarkable growth rates. The second Green Revolution succeeded in bringing a wider area under

the sway of modern methods. During the second Green Revolution, it was not only wheat and rice productivity that showed improvement, but other cereals, classified as coarse grains, gained too. More important, perhaps, is the productivity growth in the rice sector. Total rice production had all along hovered between 50 and 60 million tons, but the second wave broke the shackles and pushed output close to 75 million tons.

The Green Revolution permitted India, which had been written off as a "basket case" in the 1960s, to emerge self-sufficient in foodgrain production. Foodgrain output has been kept ahead of population growth. The experts whose forecasts and analyses have proven wrong were prejudiced because they believed the Indian leadership was bereft of responsibility and "childish." Some believed that India's low foodgrain productivity was the product of Hinduism's belief in fate. Others attributed the poor performance to socio-religious-cultural shortcomings. All were proven wrong. The Green Revolution has established what Agriculture Minister C. Subramaniam set out to establish in the first place: Scientific-technological input is the most important input.

An anecdote described in Sudhir Sen's book *Reaping the Green Revolution*, is to the point. When Norman Borlaug, the reputed agronomist who played a crucial role in developing the Mexican dwarf wheat and worked closely with his Indian counterparts for years, first visited India in 1961 for a quick reconnaissance of the wheat situation, he predicted that India could, with the dwarf seeds, double annual wheat production within ten years. In 1971, during one of his routine visits, Borlaug was delighted to see that his prediction went wrong: It took India only eight years to double wheat output!

The Indian effort to make the Green Revolution a success did have its share of help from abroad. India had received foreign capital and assistance—loans and grants—in building up its agricultural infrastructure. Financing of needed inputs such as fertilizers, in which Indian industry was badly lagging, also played a key role. Foreign technical assistance was extensive. Thousands of Western economists, agronomists, hydrologists, educators, and other specialists have applied their skills to finding solutions to India's problems. This effort, which had involved private foreign agencies as well as official bodies, has affected virtually all aspects of India's agricultural development including but not limited to technological developments, such as the improved seed varieties pioneered by the Rockefeller Foundation and the Intensive Agricultural District Program (IADP), which was supported by the Ford Foundation.

Looking ahead

While the second wave of the Green Revolution has established the reality that India is self-sufficient in food production and the periodic vagaries of nature will not be able to bring back another period of food crisis, much less famine, it is also

expected that soon enough India will be reaping a sufficient food surplus to become a food exporter and aid-giver itself.

All this is good news, but does not convey the scope of the country's real potential in food production. A comparison of the Indian experience with that of the East Asian countries will show that the productivity per hectare and per capita in agriculture in India lags far behind that of Japan or South Korea. India's vast water resources, the monsoon rains, have remained virtually untapped, while a large part of the country, living in the rainshadow area, suffers continually from lack of water. Significant efforts are under way to harness and transport surplus water from one river valley to these drought-prone areas. However, the size of the program is inadequate to exploit any significant fraction of the full potential. Along the same lines, India, which has a large reservoir of natural gas, continues to flare it even though the farmland can use a lot more fertilizer to make the land more productive.

No one, in fact, has any concrete idea whether all the cropland can ever be properly irrigated. In the drylands, where the Green Revolution is irrelevant, a different strategy has to be worked out to stabilize and improve production. The main problem in rainfed areas is how best to harvest the rainwater and conserve the moisture as long as possible to ensure at least one crop and to have two crops wherever favorable conditions exist. Dry crops will have to be mainly millet, oilseeds, pulses, etc. New varieties of seeds for these crops which are drought tolerant and pest resistant will have to be evolved. Oilseeds development was made a national "technology mission" two years ago, with the aim of focusing a crash effort to build up production and productivity in this important, mostly dryland crop. India's need to import substantial amounts of vegetable oil for cooking is a severe drain on foreign exchange reserves.

In addition, India has done little to ease the massive problems that landless agricultural workers face. Land reform in many states has not been carried out to any significant extent, and as a result, a huge army of laborers remains in utter despair. India requires a program like that used to create economic miracle in Japan. There, government intervened to bring small industries up to par technologically with the large manufacturers, paving the way for a thriving small industry sector that readily absorbed surplus agricultural labor.

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Anti-greenhouse film finally on U.S. TV

After one year of censorship, a British television documentary debunking the global warming hoax was finally shown on U.S. television. The documentary, "The Greenhouse Conspiracy," appeared on the Discovery channel on June 30, despite strong pressure from professional environmentalist organizations which were demanding it not be shown. Jessica Tuchman Mathews, a former aide at the National Security Council and the CIA, and now vice president of the World Resources Institute, denounced the film as "trash."

What is it about this film that has scared the environmentalists to the point that they are willing to rip up the First Amendment guarantee of freedom of speech, to prevent this film from being shown in America?

The documentary is a Socratic dialogue, in which the producers set the leading spokesmen for the global warming theory against the leading scientists who point out that the theory is a scientific fraud. For the first time, top scientists such as Patrick Michaels, Virginia state climatologist, Hugh Ellsaesser from Lawrence Livermore National Laboratory, Sherwood Idso from Arizona's Water Conservation Laboratories, and Robert Balling, head of the Department of Climatology at Arizona State University, have been able to make their case that the environmentalists who demand the dismantling of advanced industry and scientific agriculture, the prohibition of chlorofluorocarbons which are used in refrigeration, and other drastic measures to prevent an ostensible future danger to the planet, are just full of hot air.

The documentary rips to shreds the arguments of top global warming proponent Stephen Schneider, of the National Center for Atmospheric Research, for advocating "climate models" which bear little resemblance to reality. These models form the theoretical basis for the global warming predictions.

In Maryland, the documentary was followed by a discussion moderated by WAMU (the Washington, D.C. radio station that transmits from American University) talk show hostess Diane Rehm, and featuring Michaels, Balling, and several other scientists, as well as Jessica Tuchman Mathews.

Tuchman, unable to counter the scientists' arguments against global warming, resorted to the *ad hominem* argument that opponents of global warming are a "minority fringe," and claimed that computer climate models have

more veracity than actual weather and climate data. Michaels and Balling took her to task for this, noting that the Earth used to have much higher carbon dioxide levels (which plants love), and that the poles are cooling, not warming (contrary to the assertion of Schneider's climate model). They questioned how public policy could be made based on flawed computer models instead of actual data.

Children's books aim at 'greenwashing'

Death Is Natural, a so-called science book written by Laurence Pringle and published in 1991 by William Morrow & Co. (paperback, \$5.95), indoctrinates six-year-olds "with the green ABCs: People are bad; people hurt the good earth and its creatures; there are too many people," reports Marjorie Hecht, in a critique published by *21st Century Science & Technology* in its Spring 1991 issue.

Although there is some useful factual content, it is "outweighed by the Malthusian propaganda," she reports. The message is one of cultural pessimism. Author Pringle attacks human beings and moots the possibility of species extinction, writing: "The earth has never before seen a species like ours. No other species has had such damaging effects on the earth's atmosphere, water, soils, and life. We may yet change our environment so that we will die out. Humans can become extinct too." (No other species has produced scientists or authors of books, one might object.) But not to worry, opines Pringle, for "In the long view of the earth's history, however, the death of a species is no more remarkable than the death of one rabbit."

In one of Pringle's other books, *Living Treasure: Saving Earth's Threatened Biodiversity*, recommended for children ages 8 and up, the author tells children they should join environmentalist groups and buy environmentally correct products, to save earth from man.

Ninja Turtles used for anti-farmer lies

The American Farm Bureau Federation is mobilizing protests against another children's book, *ABCs for a Better Planet*, published by Random House, which the AFBF denounces as a slanderous attack on farming.

This book, featuring the popular Teenage Mutant Ninja Turtles, is being promoted by the Troll Book Club for summer reading. Under M, for meat, it attacks cattle raising, stating that "a lot of the world's cereal crop is fed to cattle, when it could be used to feed starving people instead. And cattle expel methane, a gas that makes the greenhouse effect worse." It advises eating less meat, and "asking your folks to buy meat from organically raised cattle."

Under P, the book says that pesticides used by farmers may still be in the food you buy at the market, without, of course saying, that the levels are regulated by law to be harmless. Once again, the kiddies are greenwashed by this book to demand that their parents buy "organically" grown vegetables and fruits.

Armenia fights for independence from the Soviet empire

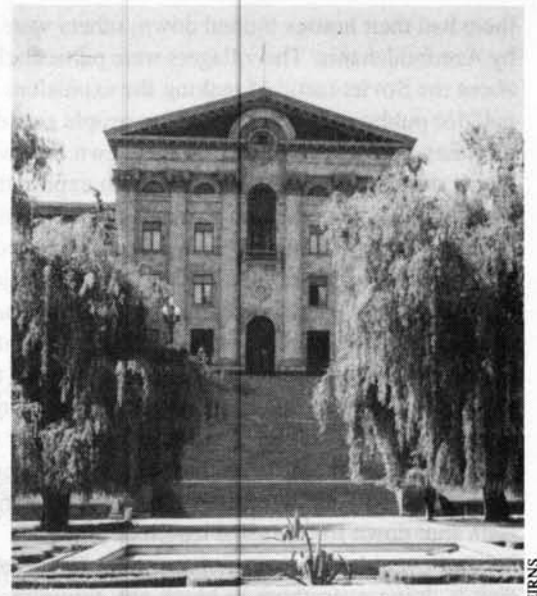
by Anno Hellenbroich

“The Army came with tanks. They hit us—first the soldiers, then the OMON [special forces], and behind them came the Azerbaidzhanis. We asked the soldiers: ‘Why are you doing this?’ They said, ‘This is on orders from Gorbachov.’ ” Sixty-year-old G.W. Adamirovic was agitatedly describing events of two months ago, when he was driven from his hometown of Getashen, which lies in the Soviet Republic of Azerbaidzhan north of the Armenian enclave of Nagorno-Karabakh. More than 50 people have been slain in just the last few weeks; mutilation, terror, looting, and arson mark the war run by the Moscow regime, in its drive to bring independence-minded Armenia to its knees.

In the past three years some 450,000 Armenians have been forcibly expelled from Azerbaidzhan. In emotional letters to the secretary general of the United Nations, to the President of the United States, and to the chairman of the French National Assembly, the democratically elected President of the Armenian Republic, Levon Ter-Petrossian, has sought immediate help to halt the deportations and murders at the hands of Soviet troops, special forces, and Azerbaidzhani militias.

In the letter to French National Assembly chairman Laurent Fabius, he wrote, “The Soviet Union is engaged in a virtual war against Armenia. During the last three weeks Armenian villages along the border with Azerbaidzhan have been assaulted by tanks, artillery, and helicopter gunships; the civilian population is being terrorized; local militia, our regular police functioning under the jurisdiction of the Armenian Interior Ministry, and civilian inhabitants have been taken hostage and incarcerated in Azerbaidzhan.”

So far there has been no appreciable response to the call for help of the President, who sharply criticized the “state terrorism” of the central authorities. In August 1990, Armenia became the second republic of the U.S.S.R., after Lithuania, to elect a non-communist President. In the same month, a declaration of sovereignty was passed and the country now called itself the Republic of Armenia. Earlier, in February 1988, there had been huge demonstrations calling



Houses of Parliament in Yerevan, the capital of Armenia. Note the square hole in the gable, where a Lenin relief has been removed. Left to right: Vice President Harutyunia of Armenia with the Schiller Institute's Anno Hellenbroich and Michael Vitt.

for the joining of Nagorno-Karabakh, an Armenian enclave within Azerbaidzhan, with the Armenian homeland. "One people, one republic," was the demand. It was meanwhile learned that the longstanding request for linking up Nagorno-Karabakh to Armenia was denied by a second-level functionary in Moscow. More than 1 million people demonstrated in the streets of the Armenian capital of Yerevan.

Moscow slandered the Armenian demonstrations as "extremist" and "steered from abroad," and tried to pin the problems in Nagorno-Karabakh on economic mismanagement and corruption.

Then "popular rage broke out"—obviously deliberately planned—in Sumgait, an Azerbaidzhani city with an Armenian minority. Equipped with lists of residents, loudspeakers, and vans, killer squads massacred dozens of their Armenian fellow citizens there, without the militia stepping in. Only on the third day of the pogrom did the military arrive from Baku, a mere 60 kilometers away. What ensued was further brutal riots that left numerous dead and wounded.

In January 1990 Gorbachov rushed Soviet troops to Azerbaidzhan, the only U.S.S.R. republic to have been actually invaded and militarily occupied by the central government, and the autonomous Nagorno-Karabakh region was placed under Soviet emergency rule, after another 28 people lost their lives in clashes. The non-communist Azerbaidzhani resistance was crushed.

The latest brutal deportation operation, which was carried out with the help of Soviet troops, has buttressed the belief

of most Armenians that the Moscow regime was seeking any pretext to shore up the last remaining communist regime in Transcaucasus, under Azeri President Mutilabov, and to weaken the independence-minded Armenian government.

Schiller delegation visits Armenia

At the invitation of parliamentary groups, two representatives of the Schiller Institute visited Armenia at the beginning of June. They repeatedly witnessed evidence of the last weeks' deportation tragedy, which has gone all but unnoticed in the West. In a discussion with them, Vice President Harutyunia emphasized that because of the current crisis it is important that the West—the European countries above all, and especially Germany—politically and economically support Armenia's steps toward independence, which are taking place in full accordance with the rules Gorbachov established. The official particularly thanked the Schiller Institute delegation for visiting suffering Armenia in this very difficult period, and turned over the latest documents on this "undeclared war" to the visitors.

While there, at the invitation of the Karabakh Committee, the Schiller Institute envoys were able to question victims expelled from the towns of Getashen and Martunashen in early May, who have found temporary shelter in a rest home in northwest Armenia, in Zachkadsor. They described shattering scenes of brutality against women and children, but especially against the men of the village (see box). About 20 communities have been driven out in recent months; some of

them had their houses burned down, others were "besieged" by Azerbaidzhani. The villagers were particularly indignant about the Soviet tactic of making the expulsions appear "legal" for public purposes, by having people sign declarations that they had "moved away of their own free will." Documents of this "Operation Zalif," which expose this tactic of Moscow's, have come into Armenian possession.

Because of Azerbaidzhan's Moscow-backed economic blockade of Armenia, and because of the major and still unrepaired damages of the earthquake catastrophe of 1988—nearly 800,000 people live without permanent shelter in northern Armenia—the economic situation of the coming months will be very difficult, especially in regard to energy supplies for next winter. The nuclear plant near the capital, which went on line in 1976, has remained inoperative since the earthquake, and the Sevan Lake hydroelectric plant has been shut down for the same length of time.

But even though—or perhaps precisely because—Moscow is doing everything to block any future moves toward independence, all institutional forces in the Armenian Republic have decided to proceed with the referendum on Sept. 21.

The popular mood is visible on the streets of Yerevan. In recent months the signs of Soviet central power and the communist system have largely vanished. Statues of Lenin have been toppled, and the Lenin relief on the gable of the former Communist Party building, recently taken over by the democratically elected parliament, has been dismantled. Yet there are signs that because of the lingering guerrilla war, a "compromise" on the holding of the referendum in Nagorno-Karabakh will be sought, which ultimately goes in the direction of isolating Armenia and splitting off Nagorno-Karabakh under Azerbaidzhani control.

Armenian President appeals to Bush

This letter was sent by Armenian President L. Ter-Petrossian to President George Bush on May 8.

The Republic of Armenia and the Armenian people, having opted for democracy and sovereignty, are living through critical times.

Armed forces of the U.S.S.R. and Azerbaidzhani Interior Ministries, supported by heavy artillery, tanks, and helicopter gunships, are implementing a preplanned policy of depopulation of Armenians in Azerbaidzhani territory, specifically those living in villages adjacent to Nagorno-Karabakh. Many villages have already been forcibly evacuated and others burnt.

There have been repeated cases of pogroms and massa-

ces committed by Soviet and Azerbaidzhani armed forces against the civilian and defenseless Armenian population.

The horrors which only armies can inflict have now been spread to villages inside Armenian territory near the Azerbaidzhani border since last week. Units of the Fourth Army of the U.S.S.R. stationed in Azerbaidzhan have crossed the border into Armenia and have been shelling villages along the border. In the absence of a declaration of a state of emergency, such operations constitute an undeclared war by the central authorities against the civilian population of a constituent republic.

Armenian self-defense units, whose size and importance have been exaggerated in Soviet and Azerbaidzhani reports, are capable of defending the population from brigands and mob attacks but not against armies. Moreover, it is militiamen of the Armenian Interior Ministry that have been the targets of Soviet army operations, in some cases becoming victims of brutal murders.

My government is convinced that these military operations and atrocities are being committed with the aim of destabilizing the situation in Armenia and weakening its legal and legitimate government. Since the victory of popular and democratic forces last August, Armenia has introduced a multi-party system, implemented a policy of land distribution to the peasants, and adopted a constitutional path toward the attainment of independence. In this respect, the government of Azerbaidzhan, still under the control of the Communist Party, has become an ally of the anti-reformist forces in Moscow. The two share an interest in perpetuating authoritarianism and dependency; their joint policies are intended to penalize Armenia for its decision to hold its own referendum on the question of independence and democracy.

It is apparent that such policy decisions and large-scale military operations could not have been implemented without the knowledge and approval of U.S.S.R. President Mikhail Gorbachov himself. Under no circumstances can President Gorbachov and the central authorities of the U.S.S.R. escape the responsibility for the massive violations of elementary human rights, the Charter of the United Nations, and international treaties and conventions.

The government and people of Armenia have followed closely the concerted action of the international community in dealing with violations of international law and standards in the Gulf region in the spirit of the New World Order, and the consequences of the war there.

Armenia wishes to see nothing more and nothing less than the respect everywhere of international standards of behavior by governments.

It is my hope that the government of the United States will consider carefully the implications of Soviet policies with regard to Armenia and other democratic republics of the U.S.S.R. and that it will undertake whatever means it considers necessary and proper to ensure that the principles of collective security, peaceful conflict resolution, and self-determination are respected within, as much as without, the U.S.S.R.

Armenia must not be the puppet of empires

The interview excerpted below was granted by Member of the Armenian Parliament and chairman of the Association of Armenian Constitutional Law, Hrant Kachatrian, to EIR News Agency of Wiesbaden, Germany:

EIR: Can you describe the most important events that happened in the last six months in Armenia, which led to the forming of this parliament?

Kachatrian: There are several internal problems in Armenia, but all the national forces in the parliament and the Republic have the same aim, namely to get independence for Armenia. Because we realize that we can be one equal family in our country if we will be able to do everything by ourselves and make our national policy. Armenia has now many problems, because the Soviet Union continues its imperial policy, and we reject it and want independence. We know that there is a process not only in Armenia or the Caucasus, a process of change throughout the world. Different imperial forces want Armenia under their control. If Armenians agreed to such a policy, we would be marionettes and we would not become really independent. These imperial forces would use Armenian forces for aggression, and we refuse such a development.

EIR: Two days ago we had the chance to hear from refugees about the horrible events which forced them out of two towns by the force applied by Soviet and Azerbaijani troops—burning down the houses, killing people, and so forth. As one old man told us, this was a town in which they had lived for 1,600 years. How do you view the conflict with the Azeris in Nagorno-Karabakh? How do you see Moscow's role, and where do you see a solution?

Kachatrian: On Dec. 1, 1990, the National Council of Armenia of Karabakh decided to unify with Armenia. The Soviet Union began the policy of state terrorism and aggression against unified Armenia. This policy was joined by the Supreme Soviet of Azerbaijan. After the last invasions, the Soviet authorities want to frighten Armenians and are pushing them to give up part of their country. Azerbaijanis have played a major part in this war. Their intention was to take the western part of Armenia (Nakhichevan), and in the course of 1991 to annex the Nagorno-Karabakh region (in-

habited by Armenians) to Azerbaijan. The intentions of Azerbaijan and the Soviet Union are the same. They wanted to fulfill their intention up to the end.

In this war Gorbachov is also counting on Turkey. Already once, in 1921, the Soviet Union and Turkey banded together, and at that time Soviet and Turkish forces destroyed the young Armenian republic. On March 12, 1991 there was a meeting between Gorbachov and [Turkish President] Özal where they came to an agreement. Concerning the solutions, there is nothing left for a unified Armenia. Its territorial integrity has become a football of international interests.

EIR: In light of the worsening of the situation between two nations—Armenia and Azerbaijan—how do you judge the economic situation from 1989 to the present?

Kachatrian: During the last three years, blockades and economic sanctions have made it worse. There is limited foreign support, besides attacks by Azerbaijanis and Soviet Army troops on the Armenian border which prevent agricultural work.

Armenia is within the economic system of the Soviet Union, and this prevents Armenia from privatizing its economy. In the agricultural economy, the first step in this direction was taken on March 1, and now the peasants do not want to work on the collective farms. They work with great pleasure with their families on their own land. The Armenian fields have become unrecognizable, because the standard of the fields changed and enthusiasm has increased. With respect to mechanization, a very difficult situation remains, but the people do everything they can in order to get enough food for the population, even in such a situation.

EIR: Our last question concerns the upcoming Sept. 21 referendum. What are your activities toward this referendum, and what do you expect from the Western world?

Kachatrian: The laws of the Soviet Union are in contrast to the international laws which are signed by the Soviet Union. This relates for example to the right to self-determination. The mechanisms of application are not in accord with international law. The latest decision of the Soviet Union is to hold a referendum in every republic about whether to secede from the Soviet Union. In accordance with international law, any republic of the Soviet Union, any Supreme Soviet, or any Supreme Council of any republic can declare its independence and can address the United Nations to recognize its independence. But international law can be guaranteed only by the members of the United Nations. The Soviet Union suppresses these guarantees, and the referendum has to be carried out by the laws of the Soviet Union. Several organizations don't agree with it. We demand that international law be upheld. But the referendum is signed, and our organizations, with all the conditions, support this action. We want the Armenian people and the people of Karabakh to leave the Soviet Union.

Not an ethnic, but a political conflict

The following is excerpted from a report written by Armenia's President Levon Ter-Petrossian in May, entitled, "Armenia's Democracy and Soviet Imperialism."

During the past two weeks the central authorities of the U.S.S.R. have introduced two new approaches to the solution of political problems: deportation of civilians and war on constituent republics. Both approaches were planned in detail and involved the armed forces, KGB, and interior and defense ministries of the U.S.S.R. Both were tested against the Republic of Armenia and the Armenian people. The results were mixed. The civilian population suffered much. It is doubtful that any problems were resolved. On the contrary, the increased tensions and resentments make real solutions more difficult. . . .

Beginning on April 29, subdivisions of the Soviet army and the U.S.S.R. and Azerbaidzhani Interior Ministries, supported by heavy artillery, began shelling Armenian villages in Azerbaidzhan, gradually expanding their military operations to villages inside Armenia on the Azerbaidzhani border. . . .

Last January, the world witnessed another Soviet exercise in the use of military power, when the people of Lithuania dared think of themselves as an independent nation. At the time I was sent to Vilnius on behalf of the U.S.S.R. Federation Council to ascertain the facts and find ways of ending the violence. Pointing out the illegality of the military operations and the reaction of the international community facilitated bringing that carnage to an end.

The central authorities avoided the mistake they made in Lithuania by acting under the cover of a July 1990 presidential order to disarm civilians and by marking Armenian militiamen as "armed bandits." While the policy was implemented under the cover of a legal pretext, the specific operations could not be defended even by the standards set by the Soviet government for states of emergency.

Moreover, the Soviet government has yet to present a convincing case for the use of such brutal force. During August and September of 1990, the newly elected democratic government of Armenia was able to disarm peacefully all self-proclaimed and unruly armed elements in Armenia without the help of Moscow. . . .

Armenia has instituted self-defense units as part of the regular militia that function under the command of the republic's legal authorities. . . . They could not have and did not fight the Soviet army. Yet it is these militiamen that became the targets of Soviet army operations, in some cases becoming the victims of brutal murders in the name of "disarming armed bandits."

If the help of the Soviet army was needed for domestic purposes, it is difficult to understand why the Soviet leadership decided to use the Fourth Army stationed in Azerbaidzhan to institute law and order in Armenia when the Seventh Soviet Army is stationed in Armenia. One must also wonder why doctors and journalists have been taken hostage. . . .

It is apparent that such policy decisions and large-scale military operations could not have been implemented without the knowledge and approval of U.S.S.R. President Mikhail Gorbachov himself. Under no circumstances can President Gorbachov and the central authorities of the U.S.S.R. escape responsibilities for the massive violations of elementary human rights, the Charter of the United Nations, and international treaties and conventions. . . .

The history of state sponsored terrorism and its direct link to the highest authorities of the U.S.S.R. suggest that violence has been serving clearly set political purposes.

Since the victory of popular and democratic forces last August, Armenia's parliament, led by the Armenian National Movement Coalition, has introduced a multi-party political system; implemented a policy of land distribution to peasants; initiated a policy of privatization of commerce and industry; adopted international conventions on human, civil, and political right; and accepted universal standards of freedom of conscience and religion. We are now developing legislation to introduce judicial reform.

. . . We see independence as a practical necessity for the establishment of democratic institutions. History has shown that in the long run democratic institutions are incompatible with imperial interests.

Furthermore, independence is a means to extricate ourselves from the machinations of an imperial context within which national interests are distorted to the point where all neighbors are seen as enemies and Moscow is represented as the only guarantee of national survival.

We are reconsidering our relations with all our neighbors. This includes Turkey, with whom Armenians have had tortuous relations, and Azerbaidzhan, with whom we have negotiated in good faith since coming to power on the basis of the *status quo* created in January 1990. We believe Armenian-Azerbaidzhan discussions could have led to some sort of understanding between the two republics, had other considerations not postponed what is inevitably the only road to peace and security.

Independence means neither political isolation nor economic self-sufficiency. . . . On the contrary, independence will allow us to develop more normal and natural relations

with neighbors and the rest of the world community, on the basis of mutual benefits and negotiations.

During the past months it has become increasingly clear that the only policy goal pursued consistently by the central authorities has been the preservation of the empire. Political and economic reform have become expendable. The U.S.S.R. government, in pursuit of its imperial agenda, has been willing to circumvent and even disregard its own laws and Constitution when it comes to dealing with the preservation of the empire.

The entente between imperial Moscow and authoritarian Azerbaidzhan must be seen in this context. The government of Azerbaidzhan, still under the control of the Communist Party, has become an ally of the anti-reformist forces in Moscow. . . . The Soviet Union has tried to represent the conflict as an ethnic one, as if a continuation of the antagonism between Armenia and Azerbaidzhan. Western governments and media have tended to accept that interpretation at face value. The two republics certainly face major difficulties. Yet the last two weeks are evidence of what I have always

believed. The essence of the question is political rather than ethnic or national.

In the short run, the military operations against Armenia, code-named, "Circle," constituted an attempt to draw Armenia into a war against Azerbaidzhan, and to turn Armenians into martyrs in a futile struggle against the Soviet Army. Any of these reactions would have justified a formal military intervention in Armenia itself. While bearing the full weight of the war machine on the civilian population of our republic, the Soviet government intended the citizens of Armenia to associate national and democratic aspirations with terror and destruction, sovereignty with insecurity and impotence. . . .

It is also obvious, that a show of force against Armenia is bound to bolster the weakening authority and position of Azerbaidzhan's President Ayaz Mutalibov, the head of the only Communist government in the Transcaucasus. Without him, Transcaucasus would drift away from the empire, since Georgia has declared independence already and Armenia, albeit in its own way, has stated its intention to achieve independence. . . .

Eyewitnesses tell of Red Army genocide spree

Collaborators of EIR News Agency of Wiesbaden, Germany, during a recent trip to the Soviet Union, asked witnesses about the bloody measures of suppression. What follows is a small excerpt of the terrifying documentation they offered, with the help of a translator:

G.W. Adamirovic, born 1931: "The Army came with tanks. They hit us—first the Army, then the OMON [Interior Ministry special forces] and finally the Azerbaidzhanis. We asked the Army, why are you doing this? The Army answered, this is an order from Gorbachov. A major said that there were three sacks of money there, which someone could come for. But that was a lie. Our prisoners were mistreated by the Azerbaidzhanis. Women and men were raped. We cannot say much about the number of victims, because we don't know what happened to a lot of people, where they ended up. It all took place under the eyes of the Army. If the Army had not been there, the Azerbaidzhanis could not have done that. Before the Army invaded and only the Azerbaidzhanis came, we were always able to defend ourselves."

A younger woman: "On April 30, about 150 tanks encircled our village and cut it off. When they came into the village, they stormed the first house. On the same day they looted everything and killed people. Four people

were killed. The Army did not just kill people. They ran back and forth with tanks over the corpses, so nothing was left of them. Behind the houses, vials of drugs were seen. The Army soldiers had taken drugs, in order to be able to carry out such cruel deeds. Near the house of my brother, two or three vials were found. And the soldiers smeared green paint on their faces, so that no one could identify them. On one tank of the Russian Army was written 'Out with the Armenians, Long Live the Muslims' (Azerbaidzhanis).

"When I realized that the inhabitants of our village were being killed, we fled into the woods. I have a seven-month-old child. We spent three days and three nights in the woods with this child. I went to the commandant and asked, 'Why are you killing our people? You are Russians just as I am.' The commandant repeated that this was happening on Gorbachov's orders. All the houses were plundered and set on fire. I have three small children. We fled from Getashen by night into the woods with the children. Getashen had helped the people who lived in Martunashem, where the first raid occurred. The people came from there to Getashen. With the inhabitants of Getashen they fled by helicopter to Stepanakert. My mother is Volga-German. The Germans were deported. She said that Colonel-General Shatalin, the Supreme Commander of the Interior Ministry troops, was to blame. In the spring he was in Getashen. I gave him a letter because my mother lives somewhere else and I do not know what has become of her. I still have not received an answer. I still don't know whether she is alive or not."

Brazil on war footing in defense of sovereignty

by Lorenzo Carrasco

Anglo-American plans to limit Brazilian sovereignty over the Amazon region, by creating "Indian enclaves" and using the pretext of preserving the environment, has prompted powerful nationalist groups inside Brazil to *unbury* the hatchet and initiate a mobilization against the "new world order" headed by U.S. President George Bush. The reader will find in the following pages details on a series of events reflecting this nationalist reaction, such as the June 24-28 symposium, organized by the Army Command and General Staff School, on "The Lessons of the Gulf War," which included the participation of *EIR's* correspondents in Brazil (see *Documentation*).

Confirming this nationalist "war cry" were the laconic July 26 comments of former President Gen. Ernesto Geisel (ret.), who broke a silence maintained virtually since leaving power in 1976. "The Americans are very drastic" with Brazil, and "if President Collor wants to do away with misery, he must provide employment. And to provide employment, one must encourage investments and not put the nation on this recessive course," declared Geisel, criticizing the neo-liberal economic program through which President Collor de Mello has been leading the country into a veritable dissolution of the state.

The importance of former President Geisel's statement does not lie solely in the fact that the project of "Brazil as a power," including the nuclear agreement with Germany and other great infrastructural projects, was concretized under his mandate. Or that Geisel was responsible for overturning Brazil's military pact with the United States, after Jimmy Carter's illegal intervention in Brazil's internal affairs. Above all, his statements are significant because the former

President is a national figure who commands respect among a wide circle of political, economic, and military figures of every ideological shade.

Geisel's comments were preceded by those of another former President, José Sarney, who emphasized the responsibility of Henry Kissinger in blocking Brazil's national development because, according to the former U.S. secretary of state, it was not in the United States' national interest to have "a new Japan" in the Western Hemisphere.

Sarney added, "I don't believe that the problems of South America are a priority on the United States' agenda. I believe that [the U.S.] position not only in regard to Brazil, but also to the Latin American continent as a whole, is at this moment, the strategic reserve and market. . . . Any agreement at this moment is difficult, because in order to make all the concessions that the United States believes are necessary within the new world design, Brazil would have to abdicate being a nation with a great presence in the world of the future."

Amazonia, a new and 'immense Vietnam'

One of the important elements that unleashed this nationalist reaction without precedent in recent Brazilian history, were the threats of interference in Amazon policy recently made by a group of U.S. senators, through their insistence on demarcating the lands of the Yanomami Indians over rich reserves of uranium, tin, gold, and other minerals.

On June 17, Gen. Antenor de Santa Cruz Abreu, military commander of Amazonas state, told various Brazilian congressmen from the Defense Commission of the lower house, who had been expressly invited to the Amazon city of Manaus, that "we run the risk of seeing the Amazon transformed

into an immense Vietnam," because of the insistence of heads of state like France's François Mitterrand of pushing the "thesis of restricted sovereignty."

According to the daily *Correio Brasiliense*, General Santa Cruz attacked "other efforts of foreign intervention in Brazil, including the attempt to create multinational Indian enclaves through the mediation of foreign groups backing Indian causes; the intervention of European parliamentarians before the European Economic Commission, to try to block the Carajas Project; and the statements of the U.S. Treasury Secretary and the president of the World Bank, in addition to actions by the U.S. Congress, to block the flow of already-contracted loans to carry out projects in our Amazon, including the construction of highway BR 364, which would link Brazil to Peru, facilitating our exports through the Pacific."

The general was even more indignant over revelations of a World Council of Churches document, which states: "It is our duty to block every case of aggression against the entire Amazon region, whether characterized by construction of highways and airports, mainly when crossing gold-prospecting areas, dams of any size, civilian or military border projects such as barracks, military airstrips and others representing attempts to make changes, or what civilization calls progress."

The World Council of Churches document, intended for its missionaries and other institutions such as the United Nations, also proclaims, "The entire Amazon, whose major area is in Brazil but which also encompasses part of Venezuelan, Colombian, and Peruvian territory, is considered by us to be the patrimony of all humanity. The possession of this immense area by the countries mentioned is merely circumstantial. . . . It is our duty: to defend, forestall, prevent, fight, insist, convince, in a word, to use all resources which, legally or illegally, could lead to the defense, the security, the preservation of this immense territory and of the human beings who inhabit it and who are the patrimony of humanity and not the patrimony of those countries whose territories they presumably are said to belong to."

No to 'relative sovereignty'

In a similar vein, Justice Minister Jarbas Passarinho, an old politician with strong ties to the previous military governments, went before the Parliamentary Commission investigating efforts to internationalize the Amazon June 26. Passarinho frontally attacked the thesis that Brazil should have "relative sovereignty" over the Amazon, a thesis defended by "the Presidents of France and the Soviet Union, François Mitterrand and Mikhail Gorbachov, as well as American senators," reported the daily *O Globo* the next day. Minister Passarinho bypassed all protocol in criticizing Brazil's Environment Secretary José Lutzenberger, saying that "the current concern is with those who want to ignore any kind of internationalization of the Amazon, like Lutzenberger, who says he never heard anything like this in the countries through

which he has passed." Passarinho concluded, "No one is going to accept that Brazil be a prisoner at the dock, to be judged at [the international ecology conference] Rio '92."

Along with these official statements, which reveal the convulsion going on inside the government of President Fernando Collor de Mello, new revelations by *EIR* have fallen like a bombshell in Brazil. *EIR* has exposed the plans of former U.S. Secretary of Defense and World Bank President Robert McNamara to condition any new International Monetary Fund and World Bank credits to drastic cutbacks in Third World military budgets. *EIR*'s revelations appeared simultaneously in dozens of national and regional newspapers throughout the country.

This latest exposé made crystal clear for the entire Brazilian military institution that the plan to internationalize the Amazon is in an active implementation phase. This view was reflected in an article by journalist Tarcisio Holanda, one of the most widely read Brazilian political commentators, and published in his July 9 column in Brasilia's leading daily *Correio Brasiliense*. After quoting from *EIR*, Holanda concluded: "There no longer appears to be any doubt that a final blow against our sovereignty over the Amazon, the greatest reserve of raw materials in the world, is being readied."

Making defense firms into 'maquilas'

What has helped place Brazilian nationalist layers on a state of red alert, are the unequivocal signs that the Collor government is committed to implementing, by hook or by crook, the Anglo-American demand that the Brazilian military-industrial capability be dismantled.

When Collor visited Washington in June, the Bush administration had hoped to be able to sign a new U.S.-Brazilian military accord as a means to achieve this goal. This didn't happen because Brazil's civilian and military sectors adamantly rejected it. But now the Collor government has come back with a different approach, which is being championed within the Collor administration by Finance Minister Marcilio Marques Moreira and Science and Technology Secretary José Goldemberg. Their aim, as exposed by reporter José Casado in the June 26 issue of *Gazeta Mercantil*, is to transform Brazil's military industries into *maquiladoras*—the in-bond assembly plants which have become so notorious in Mexico—which in turn would supply components for military equipment produced by large foreign companies. The major companies in the military-industrial complex—the aircraft producer, Embraer; Engesa, which produces combat vehicles; Avibras, producer of rockets and missiles, and others—will become branch offices of the large Anglo-American military companies.

As José Casado charged, "the basic idea is to transform these industries, which functioned as [development] poles within the military-industrial complex, from their status as primary contractors to subcontractors and complementary suppliers of the large Western companies which are leaders in the world

market of high-technology weaponry. The government is preparing its strategy to transfer control over these three companies' stock to foreign capital. Negotiations under way indicate that the leading companies in the world weaponry market will take over 40% of voting capital. . . . The most advanced negotiations so far are those regarding Engesa. The British Aerospace group leads the stock acquisition, taking 40%."

The same intention is reflected in an article in the June 17 issue of *Aviation Week & Space Technology* magazine, including comments from one of the major observers of Brazil's military industries, Prof. Ethan B. Kapstein of Harvard University's Institute for Strategic Studies. Kapstein told *Aviation Week* that Brazil as well as other Ibero-American countries, with their "cheap, ample labor, will remain tempting partners for U.S. companies which all need to cut costs because of sagging military budgets." *Aviation Week* cited the examples of McDonnell Douglas and Sikorski, which already contract subcomponent work in Brazil "because of the deep technological base, good company leadership and excellent workmanship available there."

Technological apartheid in full swing

The primary argument wielded by Washington and its allies in Brasilia is that in the post-Gulf war world, all Third World countries must submit their state-of-the-art technolog-

ies to supranational "supervision" to guarantee non-proliferation of "dangerous weapons." In practice, this means the dismantling of these technological capabilities.

For example, Bush proposes to "sterilize" such Brazilian state-of-the-art technologies as the independent nuclear and aerospace programs, through signing of such international accords as the Nuclear Non-Proliferation Treaty (NPT), the Missile Technology Control Regime (MTCR), and the Multilateral Export Control Committee (CoCom). The last was originally designed to control exports by NATO and its allies of militarily sensitive products to the Soviet Union and Warsaw Pact; since the revolutions in Eastern Europe, CoCom restrictions have been increasingly directed against the industries of nations of the South.

In statements reported in the July 3 *Gazeta Mercantil*, Finance Minister Marcilio Marques Moreira explained approvingly: "It's a matter of creating the conditions for normalizing technological relations among Brazil and the leaders of those sectors in the First World. . . . This will allow us access to the primary science and technology centers [in light of] the existing concerns in those centers regarding nuclear proliferation, or of chemical and bacteriological weapons which are transportable by vectors which should also be the object of such control. The control regimens exist, whether we like it or not," Marques Moreira emphasized.

Who is disarming Brazil's defense?

The following is excerpted from an article by Mauro Santayana in the June 29 edition of Gazeta Mercantil.

Renounce the independent production of weapons and remain defenseless. . . . Is it the case that U.S. military hegemony, allegedly confirmed in the Gulf war and in the Soviet Union's national crisis, guarantees us a *pax aeterna*?

No nation which values itself should be forced to renounce the instruments of its own defense, unless it has been defeated by arms and, as a result, finds itself occupied by the victor. These instruments are basically armies and weapons.

The average citizen also has the right to suspect that disarming and giving up Brazil's industrial infrastructure reflects a unique strategic project. . . . Have some who possess privileged knowledge and astute patriotism concluded that it is better to accept dependence as the wisest option for survival and general happiness? Shall we be the first to consciously submit to a new world order and to

docilely obey the orders of the Planet's Supreme Council, made up of the Big Seven (although the word is that now, with the cooptation of the Russians, it will be eight) under Washington's leadership?

We could, *ad absurdum*, accept the thesis of submission, but it would first be appropriate to listen to the nation . . . we would then invite those gentlemen to send us a governor-general, since, in that case, we wouldn't even have enough dignity to send them *gauleiters*. We could renounce the Portuguese language and adopt that 720-word English which, some historians say, was enough for the slaves of the [U.S.] South to communicate with their masters.

The nation is not being heard, and if it were, it would say no to those who push it toward dissolution. The vast majority of Brazilians may not know the letters of the alphabet, nor the verses of the National Anthem; perhaps they are being corroded by hunger, by disease and by sadness. Yet, despite the internal oppression of the unjust social order, there is in these people, in their social consciousness, an idea of nationhood which many of the wealthy and educated have lost. Ask those Brazilians if they accept foreign tutelage, if they agree with disarming the country, if they applaud the handing over of Usiminas [a state steel company], or the internationalization of the Amazon.

Gulf war triggers intense debate at Brazilian military symposium

by Silvia Palacios and Lorenzo Carrasco

“Lessons of the Gulf War” was the theme of a symposium held June 24-28 by Brazil’s Army Command and General Staff School (ECEME), the military’s elite training institute and think tank. The symposium provided the scene for a heated controversy, to the delight of the select audience of more than 300. The polarized debate was a reflection of the intense discussions that have been ongoing within the Armed Forces on the consequences for Brazil of the new world order, born of the Gulf conflict and proclaimed by President George Bush in Brasilia, during his state visit last December.

Also participating in the event were the authors of this article, *EIR*’s correspondents in Brazil, speaking on three different panels: “Diplomatic and Other Interests Involved”; “Juridical and Ethical Concerns,” and “The Post-War Period and the New International Order” (see *Documentation*).

Throughout the five days of deliberations, it became clear that there exist two clearly antagonistic positions: One view concludes that, in the aftermath of the Gulf conflict, the country is left with no alternative but to align itself unconditionally with the United States, even if that requires “revising the concept of national sovereignty.” This viewpoint was emphasized in the presentation of *O Estado de São Paulo* journalist Antonio Carlos Pereira, a graduate of London’s International Institute for Strategic Studies. Pereira lamented that Brazil had not sent troops to support the “powers of the First World, to which the current [Brazilian] government seeks entrance.”

This extreme liberal grouping, dubbed by Army officers present as the “official current,” maintains a simplistic and pragmatic view of the Gulf conflict. For them, “Iraq invaded Kuwait out of expansionist designs, and to unburden itself of its debt from the war with Iran. . . . The United States reacted to keep stability in the region, maintain oil prices and the oil flow to the allied countries, and to assure Israel’s survival.”

‘War was pre-planned’

The opposing view warned that the conflict was “a diabolical creation of intelligence to, among other things, destroy Iraq’s industrial capability,” making it impossible for Iraq

“to become a regional power that would challenge Israel’s hegemony.” Thus, we saw “the destruction of targets that were of no military interest.” This viewpoint, expressed clearly in the interventions of various ECEME officers, insisted that “Iraq was launched into the war. United States Ambassador to Iraq April Glaspie couldn’t fail to know what Iraq’s intentions were. . . . Saddam was instigated into taking that action [of invading Kuwait]. . . . Kuwait was very confident, despite its clearly provocative attitude. . . . The more one studies this war, the more one must conclude that it was pre-planned,” was the finding of a high-level officer warmly applauded by the audience.

On the Brazilian decision not to send troops to the Gulf, an Army officer declared that, first and foremost, the Brazilian Armed Forces were not in any condition materially to undertake such a deployment. He related the following anecdote: “Upon the arrival of a Navy ship at port, the port guard is supposed to greet it with an artillery salute. When this didn’t happen, the naval captain received the following explanation from the commander of the guard: ‘My Captain, we did not do it for nine reasons: first, we had no powder.’ ” More to the point, continued the Army officer, “Brazil is not cut out to be a *capanga*,” using the derogatory Brazilian term for gangster.

The extreme liberals expressed no fears that the “new world order” stemming from the war on Iraq posed any threat to the sovereignty and technological independence of Brazil, above all—commented the arrogant *O Estado de São Paulo* representative—since “President Bush pardoned Brazil for its neutrality.” Nonetheless, the vast majority of officers present reflected quite a different view, as they already understood that Brazil could be the next target of the New Order, which seeks to limit Brazilian sovereignty over its Amazon territory and its technological policy. “We are being punished for having an attitude of sovereignty and independence, maintaining neutrality in the Gulf War. . . . The reason for the pressures against Brazil is not its neutrality, but because of its potential which, if developed, could alter the shape of world power. This war should serve to remind us to keep our dignity, and not to expect help from the outside that they aren’t going to give us. Let this

war serve to prove that a nation without economic and military power will not be able to establish itself as a great nation," declared a colonel from ECEME.

'New order' threat to military industry

The high point of the ECEME symposium was reached during the debates on the implications of the technological order that emerged from the Persian Gulf war. It was here that the concepts identifying the nationalists with their idea of a national project, and the extreme liberals with what in essence is a multinational project dictated by the Anglo-Americans, came to a head.

The liberals' association with a multinational project was fully confirmed by press reports that a new policy for Brazil's military industry was afoot, which would turn it into a series of assembly plants, or *maquiladoras*, for the giant Anglo-American military companies. This is, in fact, nothing less than the application of Bush's Enterprise for the Americas initiative to the military sector, as was suggested by one of the speakers, who is linked to the military industry. He added that it would be appropriate for Brazil to broaden its participation in the General Agreement on Tariffs and Trade (GATT), in the area of services, which would, he said, "benefit the weapons industry."

The contrary viewpoint was voiced by several participants, who stressed the importance of continuing with such autonomous projects as Brazil's nuclear submarine and the aerospace program—especially the satellite launch capability. At the same time, they denounced the enormous pressures to which the country has been subjected in these areas. To develop high technology, said one engineer who participated, along with Gen. Hugo Piva, in the air-to-air missile project in Iraq, "one needs political will, above all else."

In the final speech to this panel, Prof. Waldimir Pirro e Longo of the Fluminense Federal University, emphasized that "Brazil needs technological and industrial might to make itself respected." Otherwise, he said, as could be seen in Iraq, at "any moment, the superpowers can create shifting coalitions, and bludgeon a nation near or far," leaving behind 200,000 deaths and then moving on to another.

Anglo-Americans find advocate

On the last day allocated to discussing the postwar period and the "new international order," and to summarizing the deliberations of the week, ECEME director Gen. Luciano Casales stunned the audience with his open embrace of the position of the extreme liberals. "I want to apologize," said General Casales, "because last year I said that I didn't believe there would be war in the Gulf. I didn't know that Saddam was insane. Because anyone who dares to challenge a unanimous decision of the U.N. Security Council is just that, insane. . . . The Gulf crisis began over oil prices. In my opinion, the Brazilian fleet should have been the first to reach the Gulf," he told his perplexed audience.

To justify the attack by the Anglo-American coalition against Iraq, General Casales said that "Kuwait is a nation which has existed for centuries. Iraq is not a country, it is a product of who knows how many machinations. Iraq was a watering hole, nothing more, until they discovered oil." The war, according to General Casales, "gave us the opportunity for our economy to recover, because oil prices did not rise. . . ."

Thus, he continued, "we have nothing to learn from this war . . . law without force is not law. When one enters a war, law disappears. The number of Iraqi deaths was because the bombardments had to be carried out from a high altitude, since the Iraqi anti-air defense was the only thing that functioned."

General Casales's position, implicitly attacking the ideas expressed by these authors and by the majority of the nationalist officers who addressed the ECEME symposium, served to clearly demonstrate that two diametrically opposed views exist within the Brazilian Armed Forces on how to act in the postwar world dominated by Bush's new order and Pax Americana: the one, to fight the pressures and defend one's sovereignty; the other, to submit.

Documentation

What really were the stakes in the Gulf war?

EIR Brazil correspondent Lorenzo Carrasco gave the following presentation to the ECEME symposium on June 24.

Four weeks before the invasion of Kuwait by Iraqi forces, *EIR* magazine, for which I and my wife Silvia are correspondents in Brazil, predicted that a Middle East war was about to occur. Specifically, in a July 2, 1990 interview, published in the July 20 issue of the magazine, *EIR* founder Lyndon LaRouche, the economist, politician, and philosopher currently serving a 15-year jail sentence in the United States for having been the first opponent of President Bush's "new world order," stated: "If the present combination [of power] persists in Israel, and the current agreements among the governments of the United States, Great Britain, and the Soviet Union persist, we can say now that war in the Middle East will break out within weeks or months, depending on conditions. . . . The government of the United States is set on a war in the Middle East. The exact date is the only open question. . . ."

LaRouche has no crystal ball. . . . The precision of his

analysis and forecast stems entirely from a correct method of evaluating world events. . . .

The Middle East conflict was not a war over oil prices, nor did it originate from factors intrinsic to the region, although it is related to these. In truth, the war was a broad-based geopolitical maneuver, intended to first affect unified Germany and Japan, which ended up paying a part of the war bill, thereby extending somewhat the life of the bankrupt Anglo-American economy and its condominium with the Soviets. At the same time, the offensive was intended to destroy Iraq, the only country in the region not inserted in the strategic scheme of this condominium, by reason of the fact that Iraq is the simultaneous enemy of both Syria and Israel, in addition to being the country with the greatest demographic growth and vigorously pursuing a plan of autonomous technological development.

It is useful to review some of the developments which preceded the outbreak of the conflict. Go back to Nov. 9, 1989, when the unification of the German nation—which Anglo-American diplomacy had defined as long-term—became the number-one item on the world political agenda.

At the same time, the Soviet economic crisis had entered into a phase of accelerated collapse. The U.S.S.R. would require urgent foreign aid to be able to minimally stabilize its empire. This was clearly shown in the Group of Seven meeting, held July 9-11, 1990 in the U.S. city of Houston, where Soviet President Mikhail Gorbachov's appeal for economic aid was rejected under the influence of the Anglo-Americans. . . . One week later, July 15-16, German Chancellor Helmut Kohl went to Moscow to meet with President Gorbachov. . . . The two heads of state reached an agreement which accelerated Germany unification, in exchange for massive emergency economic aid to the Soviet Union.

The possibility of long-term economic agreements which began with this meeting—and which would make possible the development of a Eurasian heartland—raised the hysteria level of the press, especially the British press . . . against Germany, whose unification was already branded “the Fourth Reich.” On July 9, Britain's Trade and Industry Minister Nicholas Ridley, who lost his post only days later, managed to compare Kohl to Adolf Hitler.

Although President Bush declared that the German-Soviet agreements had been arranged earlier . . . this was, in fact, but a weak attempt to appear to be in control of the most important world development of the moment. The truth is that the unification of Germany and the development of Eurasia through great infrastructural projects—as urged in the Berlin-Paris-Vienna “Productive Triangle” proposal formulated by a team of researchers under Lyndon LaRouche—would make possible a certain stability of the Soviet bloc, while turning Germany, in alliance with other nations of Western Europe, into the centerpiece of world economic recovery. Something which was not—and is not—in the grand scheme of the Anglo-Americans, whose leaders are

determined to impose, through GATT, the same radical liberal-dogmas that have driven their nations into the severe economic depressions afflicting them today. . . .

From this standpoint, the outbreak of a conflict in the explosive Middle East, a conflict which had been readied much earlier, would be favorable to the interests of Washington, London, and Paris (this last, for chauvinist reasons of President François Mitterrand). Such a conflict would seek, essentially, to establish the authority of the United States President as the chief leader on the planet.

Strictly speaking, it was not a war in the Persian Gulf, but a massacre, a cruel exercise in vanity in the best style of the Roman Empire. . . . It is clear that if England and the United States—through economic warfare—created the basis for [Iraq's] invasion of Kuwait while simultaneously organizing a war government in their puppet state of Israel, the invasion by the U.S. and its allies had nothing to do with the supposed liberation of Kuwait, as was propagandized. It was, in fact, nothing but a justification for launching the “new world order,” whose main purpose is control of the world's natural resources and population growth, through “extra-jurisdictional” interventions by NATO, which practice was begun in 1982 during the Malvinas War and whose lessons were not correctly drawn at the time.

‘Desert Storm’ was a defeat for humanity

by Silvia Palacios

The following is a synopsis of the speech presented by EIR correspondent Silvia Palacios, at the ECEME symposium “Lessons of the Persian Gulf War.” Palacios spoke during the panel on “Ethical and Juridical Aspects of the Conflict.”

On the juridical and ethical aspects of the Gulf war, I would like to refer to the two fundamental principles which were destroyed: one, the principle of national sovereignty, which was replaced by the supranational power of the United Nations Security Council; and second, respect for the life and dignity of the human being. We are not talking about two accessory aspects to international relations or to ethical codes, but rather of two crucial principles upon which Western Christian civilization was based.

Seen from this standpoint, the so-called “victory” of the coalition of nations which carried out the “Desert Storm” military assault on Iraq was characterized by the Catholic Church as a “defeat for humanity”. . . .

President George Bush's supremacy in the conflict not only won the unanimous support of the permanent members of the Security Council, but also succeeded in consecrating an internal U.S. doctrine which unilaterally legitimizes the use of force, burying the principle of proportionality, while at the same time making possible the application of the concept of "limited sovereignty" to the countries of the Third World. I refer to the so-called Thornburgh Doctrine, which justified the invasion of Panama in December 1989. The actions sanctioned by the U.N. Security Council in the Persian Gulf were nothing less than the application of this doctrine on a global scale, the granting of extraordinary powers to decide the fate of a single nation of the South.

Such powers can be used again, in the best colonial style, and that prospect is foreseeable in at least two circumstances.

First, in any action that legitimizes the principle of "limiting national sovereignties," as was made clear in the deliberations that followed the cease-fire in the Gulf regarding the Kurdish problem. The Anglo-French proposal of creating a "Kurdish enclave" in northern Iraq, was also backed by former U.S. Secretary of State Henry Kissinger, who publicly stated that the idea of national sovereignty, as understood in the 19th century, was now obsolete. The authors of the enclave proposal did not have merely the "solution" to a local problem in mind. According to the *Financial Times* of April 10, Soviet delegate Yuli Voronstov asked if something similar might be created in other regions, for example, "in the Brazilian Amazon."

Second, the superpowers on the Security Council have already suggested the need to extend that body's powers to such issues as the environment. This is the proposal of Norwegian Prime Minister Gro Harlem Brundtland, author of the report *Our Common Future*, which will orient deliberations at the Eco-92 ecology conference, to be held in Brazil next year.

The war against Iraq had no military sense. What occurred was a cruel experiment in de-industrialization and in depopulation. . . . Using unprecedented military force, the coalition headed by the Anglo-American axis placed Iraq—previously a promising Third World nation which was making an effort to achieve sovereign control over advanced technology—alongside the nations of Africa and other Third World nations which require humanitarian aid for their immediate survival. . . .

There are further ethical aspects of the conflict which merit analysis. One of these was the censorship imposed by the coalition leadership, with the complicity of the major news media worldwide. While a nation and its people were cruelly bombarded, the news services took on the role of psychological warfare technicians, repeatedly transmitting the idea that the attacks were "surgical." As part of this technique, one of the few scenes shown of the "real" effects of the war were two birds coated with oil, a presage of what could become an "environmental catastrophe." What an ab-

erration, defending animal life over human life!

As is now known, the indiscriminate bombardments intentionally destroyed all of Iraq's infrastructure, obeying a purpose that can only be described as genocidal. The exact number of civilian and military deaths is still unknown: 300,000 is the estimate. And the sanctions continue. . . . "Bombs today, death tomorrow," was the rule applied to Iraq, where the malthusian consequences of the destruction of infrastructure are all too evident: hunger, epidemics of cholera and typhoid, etc. Unless the sanctions are lifted, 170,000 children under five years of age will die in the coming weeks. Medical facilities which before the war met the needs of 90% of the population were destroyed. Before the war, Iraq's electrical generating capacity was 9,000 megawatts. Today, it is at 20% of that level.

One may well ask why there are no reactions by the international community? . . . As was stated here on Tuesday [June 24], there was an immense psychological warfare campaign, in which the "war was waged in the minds of the population, which was victim of a massive bombardment so that it would accept the war." The U.S. population has lost its ability to make moral distinctions. . . .

Bush new order means war against South

Following are excerpts of the speech presented by Lorenzo Carrasco on June 28, 1991.

To situate the topic we're discussing tonight, let me begin by mentioning a conversation I had with a Bolivian military friend at the beginning of the Gulf war. He recalled that wars are the midwives of human history, and asked what this conflict might engender. But, since this wasn't a war but rather the Mother of all massacres, what was born was an aberration. So, since 1982, as a result of Anglo-American machinations, we've been watching a different order emerge in this hemisphere. With the Malvinas War, we saw the launching of NATO's "out of area" deployments, which, since the Gulf war, have been called "extra-jurisdictional deployments." At the same time, we witnessed the demise of the hemispheric security system, the Inter-American Reciprocal Assistance Treaty (TIAR), as a result of U.S. collaboration with Britain.

Now, let's jump to Dec. 2-3, 1989, to the Malta summit between George Bush and Mikhail Gorbachov, at which they formally proclaimed the "end of the Cold War" which gave rise to a period of "hot wars" of the North against the South. That was inaugurated only two weeks later, on Dec. 20, with

the blood of at least 4,000 defenseless civilians during the U.S. invasion of Panama. . .

Among other things, what the Anglo-Americans sought with their “splendid little war” against Iraq was the consolidation of NATO’s “extra-jurisdictional” deployments as their primary instrument of military power for the purpose of emphasizing to the nations of the South the futility of attempting any resistance to the implementation of a “100-year new world order” heralded by President Bush.

From July 7, 1990, two months prior to Iraq’s invasion of Kuwait, at the meeting of NATO members’ foreign ministers, until the very last meeting, we witnessed the statutory implementation of the concept of that agency’s “out of area deployments.” This is the primary military instrument of the new world order.

The new order’s basic concept is the worldwide imposition of limited sovereignty, which allows for foreign domination of broad regions of the planet—especially those rich in natural resources, particularly energy and mineral resources. The most diverse pretexts are used—the alleged threat of population growth, drug trafficking, destruction of the environment—in order to justify “preserving” vast regions of the planet, such as the Amazon, as the “patrimony of mankind” . . .

In 1975, after the first artificially created oil crisis, former U.S. Secretary of State Henry Kissinger proposed global control of raw materials when he recommended the creation of an International Resources Bank, as a solution to the Third World’s financing problems. It was during that same period, 1974-75, that Kissinger formulated plans for control of Saudi Arabia’s oil fields, which, according to then-U.S. ambassador in that country, James Akins, are the same ones currently being implemented.

Another crucial aspect of the new order is population control, an issue of great interest to Kissinger. In 1974, under his direction, the National Security Council issued a secret document—NSSM-200—adopted some months later as official policy, which established that the population growth of 13 developing nations, among them Brazil, constituted a national security threat to the United States, alleging that eventually, these nations would interrupt the flow of raw materials and energy abroad. . . .

At the beginning of the 1980s, the idea that NATO would carry out out of area deployments was incorporated into U.S. military planning, as a result of the Carter administration’s *Global 2000* program which planned a drastic reduction of the world’s population. In 1980, this malthusian policy was actively promoted by Gen. Maxwell Taylor, a member of the influential Draper Fund, to which George Bush is intimately linked.

NATO’s new jurisdiction

Finally, on Nov. 29, 1990, at a meeting of the North Atlantic Assembly, NATO Secretary General Manfred

Woerner defended the new definition of NATO’s jurisdiction, explaining that “tensions are being exacerbated not only due to the ambitions of dictators like Saddam Hussein, but also because of population growth, conflict over resources, migrations and underdevelopment. . . .”

First, in analyzing the technological implications of the Gulf war, it’s clear that the great powers intend to impose on the developing sector what has already been baptized as “technological apartheid,” allegedly to prevent the dissemination of technologies which have possible military uses, and thus preventing the nations of the South any possibility of independent scientific and technological development. . . .

Second, the great powers intend not only to dismantle military industries—or in the “softer” version, to convert them into *maquiladoras* for the large international companies—but also the armed forces, alleging that with the presumed end of the Cold War and East-West conflict, there is no reason for sophisticated Third World armed forces to exist. . . .

In the case of Ibero-America, the hypocrisy is even greater, because it presupposes that Desert Storm proved the futility of any country of the region seeking independent technological development. What’s left as a corollary is the idea that the United States will have exclusive responsibility for hemispheric security—which they themselves destroyed during the Malvinas War.

Dignity of life is under attack

Lastly, the most insidious aspect of the “new world order” is located in the area of culture. In this regard, the “new order” attacks the fundamental idea of the sanctity and dignity of human life. That is why the Anglo-American offensive in the Western Hemisphere includes a vigorous assault against the predominantly Catholic roots of Ibero-America. This attack is centered around the reaffirmation of the “Weberian” approach to economics—which is premised on the supposed superiority of the so-called “Protestant ethic,” which is promoted in order to justify usury as everyday economic practice—and an insidious attack on the planned celebrations of the 500th anniversary of the arrival of Christopher Columbus to American shores, and of the beginning of the process of evangelization.

In closing, I cannot fail to mention the fact that the emergence of this “new world order” was foreseen back in the early 1970s, independently by two prominent figures of the international political scene: the American Lyndon H. LaRouche, and Brazilian Ambassador Araujo Castro, both of whom denounced the efforts of “Kissingerian” diplomacy to freeze the unjust world *status quo*, on behalf of the Anglo-American oligarchy. For LaRouche, the price of this position has been a 15-year jail term; for Araujo Castro, his teachings seem to have been largely forgotten. But in the ideas of both, the patriots of this subcontinent can surely find valuable inspiration.

Superpowers create civil war in the heart of Europe

by Nancy Spannaus

Asked whether U.S. Secretary of State James Baker had given secret approval to the Belgrade army leadership to launch its bloody assaults on Slovenia, the Slovenian parliamentary president Professor Bucar said: "I believe that the army and [federal Prime Minister Ante] Markovic would not have undertaken anything without Baker's approval. . . . The West is cynical. . . . Objectively the West is supporting the Bolshevik-leaning army and with it the policies of [Serbian communist demagogue Slobodan] Milosevic."

Bucar's answer is obviously true, and as a result, the heartland of Europe is currently headed directly toward a spreading civil war.

The current line-up around the Yugoslav crisis is ominous indeed. On the side of the Serbian-dominated army are the United States, the U.S.S.R., and the European Community (EC) as a whole; on the side of Slovenia and Croatia's rights to independence are Austria, Germany, and certain prominent politicians in Italy. From this configuration one can expect few restraints on the escalation of a "Greater Serbia" drive by the so-called federal army, and hence the devolution of the situation into long-term partisan strife.

Equally alarming is the adoption by the Serbians and the French of the ludicrous British charge that Germany is maneuvering in order to reconstitute a "Fourth Reich." This rhetoric betrays the underlying geopolitical assumptions of these forces, the idea that any possible pretext should be used to smash German economic power, which could form the core of a drive to end the world depression.

Great instability

While the Slovenian parliament has voted to suspend its declaration of independence for three months, as the EC mediators demanded, there is no reason to believe that the hostilities will end. For one thing, although the Slovenian

militias have been forced to agree to demobilize, the 200,000-plus Serbian militiamen have been left free to continue their activity.

The primary focus for Serbian mobilization at present is Croatia, where 600,000 ethnic Serbs live. Serbian leaders, including Milosevic, have consistently demanded that this population be "protected" or annexed into a Serbian state. The Serbian-dominated army has already been mobilized in Croatia, allegedly for the eventuality of deploying against Slovenia. Clashes are occurring regularly between the militias of both the Serbs and the Croats.

Most chilling was the report of a meeting of all Serbian parties held around July 9, at which the patriarch of the Serbian Orthodox Church presided and demanded a sacred oath for the defense of Serbia, the attacker.

Other major flashpoints are the province of Kosovo, which is 92% inhabited by Albanians, and Macedonia. The Albanian Democratic Alliance in Macedonia has charged that Serbian reservists are flooding their province, and are threatening to declare independence from Yugoslavia. Neighboring Albania has heightened military preparations as well. In Macedonia, a state of emergency has been declared, and there is widespread anticipation that this province might also declare its independence.

The Belgrade army authorities continue to talk tough. Most virulent has been General Adzic, the federal army chief of staff, who appeared before 150 senior officers on July 6 to issue bloodcurdling threats. "We are ready for our revenge," said Adzic. "From now on fear will compel the adversary to capitulate and this means the use of all weapons at our disposal: We will have to open fire against everyone who wants to oppose our action."

General Adzic also accused Austria, Germany, Hungary, and Czechoslovakia of working against Yugoslavia, in

league with Slovenia and Croatia. In fact, the Serbian-dominated command has charged that the secession is part of a NATO plan under which Yugoslavia is allegedly to be invaded by Germany, Austria, and Hungary. The defense plan is code-named "Bedem '91."

The 'Fourth Reich' gambit

In line with the general's accusation has been a whole wave of propaganda in the Serbian press, backed up by a similar line in the press of France and Great Britain. According to this scenario, Germany is allegedly carrying out a "bloody plan" for "domination" of Europe, by means of its opposition to the Serbian military aggression. The detonator for this stream of vile abuse was a statement by German Foreign Minister Hans-Dietrich Genscher in which he warned of "harsh diplomatic and economic consequences" if the Serbian-communist army did not observe the cease-fire.

The idea that a reunified Germany would become an aggressive "Fourth Reich" was floated most prominently for the first time in recent history through the mouth of Nicholas Ridley, formerly an official in the Thatcher government. The statement, made during the throes of German political union in 1990, was considered enough of an embarrassment for him to resign several months before Mrs. Thatcher did. But the concept did not die with his government career. Indeed, it has been an axiom of British oligarchical policy for nearly a century that German industrial power has to be controlled or destroyed.

During the course of the war against Iraq, for example, the British press lost no opportunity to come forward to attack Germany. But now the "crime" was not German militarism, but economic ambitions which it called Germany's "excuse" for failing to send troops into the Third World.

Beginning in early July, Germany again began to be attacked as a "Fourth Reich." All the major Serbian press featured this line, arguing that Germany was in alliance with Slovenians and Croatians in an effort to conquer access to the Adriatic coast. "The latest conduct of Austria and Germany," wrote the biggest Serbian daily, *Vecernje Novosti* on July 5, "was clearly the intention of destabilizing Yugoslavia and incorporating Croatia and Slovenia into a future Fourth Reich."

The line was picked up by France, albeit in coded language. Foreign Minister Roland Dumas declared at the EC foreign ministers' meeting on July 5 that "we must avoid in every possible way, that some republics become too openly under foreign influence. This would create an ever more complicated situation. . . . When we had zones of influence in the past, it was not the happiest of times."

Dumas could have been talking about Serbia's historic alliance with Moscow, but he wasn't. Participants at the meeting understood this as a warning against Slovenia aligning too closely with Austria. There indeed have been demonstrations throughout Austria in favor of Slovenia's

declaration of independence—which were undoubtedly catalyzed all the more by the brutal actions of the Serbian federal army command.

On July 6 the London *Times* echoed the French-Serbian line, warning Bonn to "take special care to avoid reviving fears of German dominance, in France as well as Eastern Europe. However exaggerated, such suspicions would make a Balkans peace even more elusive."

Such rhetoric is geared to have an enormously inflammatory effect in Yugoslavia, which underwent a very bloody civil war between Serbs and Croatians in the 1930s and '40s. But it would be a gross error to believe that these tensions came to the surface "naturally." They have been systematically fanned by not only the British and Soviets, but also by the the economic debacle created by the measures of the International Monetary Fund.

The condominium deal

The real "danger" of an independent German approach to the Yugoslav crisis, is that it might adopt the economic and political program which could stabilize all Eastern Europe. The agreement between the U.S. and U.S.S.R., to the contrary, is one of crisis management, in which each hopes that the other's economy will collapse first, and that his country will reap the imperial benefit.

Thus the Soviets have agreed with the United States to put their political backing behind the Serbian military, in the name of "inviolable borders." At the same time, they undoubtedly look at the situation as a window of opportunity for returning to the East bloc. The Serbs, as emphasized by Lyndon LaRouche back in 1988, represent a major asset of the Soviet military in the East bloc, and to put backing behind them is to play with the potential for future East-West explosions.

It appears that the short-sighted Americans can't think this far ahead. Instead, they are crowing about the fact that the Soviets are once again going ahead with U.S. policy.

What some of the U.S. financial establishment believes, is that the chaos in Yugoslavia is actually in the interest of the United States! A senior spokesman for the New York-London investment bank Morgan Stanley, interviewed July 3, was crowing about the alleged financial benefits of the crisis. Predicting capital flight out of Central Europe, and especially out of Germany, the spokesman believed that "it would strengthen the U.S. dollar and raise European interest rates. This would damage economic activity in Europe, and raise budget deficits (particularly in Italy). U.S. and U.K. financial assets would command a safe haven premium."

The same kind of insanity unfortunately predominates in the U.S. State Department, where former Yugoslav investor Lawrence Eagleburger handles policy for the country. Eagleburger was once a business partner of Serbian communist strongman Milosevic. Usury does make for strange bedfellows—and a lot of destruction. And no one seems to mind that such games could lead to World War III.

Aid is mobilized to save Iraqi children

As more information comes out every day about the suffering and deaths of Iraqi children as a result the destruction of that nation's infrastructure, an increasing density of activity has been mobilized internationally to provide food and medical aid, and to lift the U.N.-imposed economic sanctions.

In a breakthrough on July 7, the Committee to Save the Children in Iraq sent a shipment of medicines and food to Iraq, on board an Aeroflot Ilyushin-76 cargo plane, made available for the humanitarian purpose by the Executive Delegate to the United Nations, Prince Sadruddin Aga Khan. Dr. Hans Koechler of the International Progress Organization, a constituent part of the committee, had discussed the shipment with Austrian President and former U.N. Secretary General Dr. Kurt Waldheim, who in turn approached Prince Aga Khan.

The shipment contained food and medicine donated by Action Medeor, the Schering pharmaceutical firm, the Letter of St. James (Sweden), the Essen Doctors' Initiative, and Lindau Help for the Needy, among others. Members of the delegation that accompanied the shipment were Mr. and Mrs. Fakhoury (Essen Doctors' Initiative), Dr. Said Azzau (International Physicians for the Prevention of Nuclear War), and Mr. and Mrs. Michael Weissbach (Committee to Save the Children in Iraq).

The goods were flown, through a special arrangement of the U.N. Executive Delegate's office, directly from Frankfurt to Baghdad, where they were delivered to representatives of the Chaldean Church in Babylon. Patriarch Raphael I. Bidawid of the Chaldean Church is a founding member of the committee, and is overseeing distribution of relief goods to all those in need.

In its organizing efforts in the United States, the Committee to Save the Children in Iraq has sought to change Washington's policy and lift the embargo against Iraq, to allow the rebuilding of power plants, sewage facilities, and other infrastructure. The committee organized days of lobbying in Washington, D.C. on June 12 and June 26, conducting meetings with scores of congressmen and their aides. If the U.S. policy is not changed, the embargo will remain in effect, since each Permanent Member of the U.N. Security Council has the power to veto any resolution to lift the sanctions.

Congressional resolutions

Two U.S. congressmen have submitted resolutions addressing the crisis. The strongest is that of Rep. Henry Gonzalez (D-Tex.) (see full text in the last issue of *EIR*), who is circulating a "Dear Colleague" letter to the Congress which

says, in part:

"The economic embargo of Iraq is killing 1,000 people every day. Most of these civilians are children. Immediate action is desperately needed to save tens if not hundreds of thousands of Iraqi civilians from death by starvation and disease. For this reason, I introduced H. Res. 180, calling for the end of the economic embargo of Iraq, and I invite you to join me in this effort.

"Relief organizations now working in Iraq, including the United Nations, the Red Cross, and Physicians for Human Rights have documented the fact that thousands upon thousands of Iraqi civilians are now dying. Cholera, typhoid, and gastroenteritis have become epidemic. Starvation could reach famine proportions. The Harvard Study Team estimates that 170,000 Iraq children under the age of five will die in the upcoming months from these delayed effects of the war. . . .

But the genocide lobby has . . . Chip Berlet

The activity of the Committee to Save the Children in Iraq has drawn slanderous attacks on both sides of the Atlantic in an effort to slow or stop its campaign to reverse the genocidal conditions in Iraq. With the committee's widely reported press conferences, its successful lobbying, and now the shipment of medicine and food to Iraq reported above, the salvos have been fired against the committee by John Foster ("Chip") Berlet, an aging leftist and pro-drug scribbler with a long history of FBI and CIA connections.

The Committee to Save the Children in Iraq was founded as a non-partisan coalition of doctors, intellectuals, civil rights leaders, religious leaders, politicians, right to life activists, farmers, and others who cherish the sacredness of human life, including Mrs. Helga Zepp-LaRouche.

Chip Berlet has been active inside the anti-Gulf war movement in attacking the work of political prisoner Lyndon LaRouche and his associates; yet all of his attacks are identical to simultaneously published ones by Iran-Contra hand John Rees and the Anti-Defamation League of B'nai B'rith, the perfervid *proponents* of Bush's "Desert Storm" butchery.

Berlet has a long history of disrupting political coalitions and of cooperating with federal agencies in order to protect Anglo-American establishment policies. His "leftist" career began when he ran publication production for the National Student Association, exposed as a CIA-funded front group in 1967. According to reports, the CIA ran "Operation Chaos" through 1973 in order to disrupt

"These deaths are the result of severe scarcities of food and medicine caused by sanctions against Iraq and the destruction of Iraq's electrical and water purification infrastructure by the massive U.S.-led bombing during the war. . . .

"Unless Iraq is allowed to re-enter international commerce, to buy food and medicine, and to repair power, sewage, and water treatment plants, tens of thousands of people will die. For this reason, I ask that you take into serious consideration the co-sponsorship of H. Res. 180, in the effort to end the economic embargo of Iraq to save innocent Iraqi civilians, especially children, from disease, starvation and death."

Rep. Craig Washington (D-Tex.) indicated on July 9 that he, for one, would co-sponsor the Gonzalez bill.

A second resolution, introduced by Rep. Tim Penny (D-Minn.), is much weaker, since it would not lift the embargo, but only release a portion of Iraq's frozen assets to the U.N.

for the purpose of providing medical and humanitarian assistance to Iraqi civilians. Penny held a press conference on July 10 in Washington to publicize his initiative.

The call for an end to the embargo has been joined by such relief groups as the Interaction Council. A new group called the Coalition for Human Rights in Iraq held a press conference in Washington, D.C. on July 1, at which four doctors from the Arab-American Association reported on their fact-finding tour of Iraq. Iraqi hospitals are operating by candlelight, and they reported, finding conditions they had been trained to look for in Africa, but never expected to see in Iraq.

In Michigan, a group of Arab-American doctors convened a meeting to discuss getting the sanctions lifted. One doctor reported this comment from an Iraqi mother: "It may be too late for my child, but go back to your country and change the policy."

and monitor the new, "non-CIA" NSA. Berlet joined the NSA in the early 1970s, during "Operation Chaos." Was he sent in to gather intelligence?

Berlet claims that his history of ties to FBI and CIA agents is mere happenstance. He even claims that he was "duped" into hiring an acknowledged CIA agent to be the Paris correspondent for the College Press Service. He alleges he was "fooled" into entertaining the FBI spy in the Gainesville conspiracy case.

After leaving the NSA staff, Berlet surfaced as a public figure in the dope lobby, serving for years as the Washington, D.C. "bureau chief" of *High Times* magazine, where he stumped for legalization of drugs.

His role in assisting the goals of the Anglo-American establishment in attempts to silence Lyndon LaRouche—first by shutting down publications that print LaRouche's writings, then by getting him jailed on false charges—has been an active one. On Dec. 16, 1981, Berlet joined Dennis King (later the author of a book-length libel against LaRouche financed by the CIA-linked Smith Richardson Foundation) in a press conference in Washington, D.C.. The two drug lobbyists called for federal and state investigations of Lyndon LaRouche. Their seven-page press release was filled with wild fabrications, yet it became the basis for federal and state prosecutions years later.

Berlet was given cash to give a briefing on LaRouche to a Wall Street- and CIA-backed "salon" in New York City in 1983, where legal attacks on LaRouche were planned as part of an effort to protect the foreign policy later known as "Iran-Contra." John Train, Wall Street investment counselor and financial angel of Freedom House, sponsored this salon. The guest list read like the unredacted pages of Oliver North's notebooks. Besides his old pot-smoking pal John Rees, founder of Western

Goals, Inc., Berlet enjoyed the company of Roy Godson of the National Security Council, who later ran money for Oliver North; Mira Lansky Boland, "former" employee of the CIA and Washington, D.C. head of the ADL Fact Finding Division; and Richard Mellon Scaife, the leading private funder of Iran-Contra operations.

Berlet's career as a provocateur and snitch on behalf of the establishment was well prepared by his father, a career Army officer, Lt. Col. George N. Berlet, Jr. In 1949, the colonel named his son John Foster Berlet, after his hero John Foster Dulles, the British-loving future secretary of state. Berlet has recently bragged about serving cocktails to Gen. Norman Schwarzkopf when "Stormin' Norman" socialized with his dad. His mother, Vera Berlet, still active in the West Point social scene, strongly supports her "leftist" son.

The activity of Berlet against the Committee to Save the Children in Iraq and against others, such as former Attorney General Ramsey Clark, who denounce Bush's new world order as a depopulation plan, has increased as the plight of the Iraqis has become better known. According to the London *Times*, the White House worries that "countervailing pressures might encourage some softening of sanctions." George Bush is concerned, the *Times* reports, that news accounts of Iraq's children dying of disease and malnutrition after the bombing campaign that destroyed vital infrastructure may become a political liability.

Just in case there is any new resistance building up against this genocide, Berlet has put himself in charge of the Civil Liberties Committee national computer bulletin board of the National Lawyers Guild. There he can easily monitor anyone who dares to speak out against the new world order.—*Nancy Primack*

Resistance surfaces in Colombia to the deal with narco-terrorists

by Andrea Olivieri

The narco-tolerant policy of the César Gaviria government in Colombia has met a challenge from one of the country's few survivors of its now defunct war on drugs.

Former Colombian Justice Minister Enrique Parejo González, a long-standing advocate of extraditing drug traffickers, had submitted his resignation as ambassador to Switzerland on June 25, to register his "moral incompatibility" with the government's surrender to the forces of narco-terrorism, including the recent constitutional ban on extradition. He announced his intention to return to Colombia shortly.

Gaviria's Foreign Ministry responded by rejecting Parejo's resignation and urging him to retain the protection of a foreign diplomatic post. Parejo answered with a public reaffirmation of his resignation, and provocatively declared: "The state has the duty, as stated by the Constitution still in force, to protect the life, honor, and goods of all citizens. If the government fears that my return to the country would endanger my life, my personal security, isn't it thus demonstrated that the government doubts the efficacy of its own policy vis-à-vis drug trafficking and narco-terrorism?"

President Gaviria's infamous plea-bargaining deal with the chiefs of the so-called Medellín cocaine cartel—who had murdered Parejo's anti-drug predecessor and nearly succeeded in assassinating Parejo—was justified in the name of "ending narco-terrorism."

Parejo's willingness to lay his own life on the line, rather than share in the moral degradation of the government he was delegated to represent abroad, is serving as inspiration for others. A former senator, Hector Polania, sent Parejo a statement of solidarity, declaring: "On the occasion of your powerful protest against the recent national submission to criminals, I want to reiterate my solidarity, admiration, and friendship. You are a key element of the scarce reserves of dignity and courage that remain to the country."

U.S. complicity unveiled

Parejo's action is also implicitly an indictment of the Bush administration, which helped orchestrate the Gaviria government's capitulation to the narco-terrorists and is now, cynically, expressing "regret," and even threatening reprisals, over the dual-power situation reigning in that country as a result.

On June 27, under the headline "The United States Nego-

tiated the Non-extradition of Escobar," Colombia's anti-drug daily *El Espectador* cited the July 1 issue of *U.S. News and World Report* to the effect that the recent "surrender" of Medellín Cartel chieftain Pablo Escobar followed assurances "that he would never be extradited to the United States—a demand that the Bush administration had already sacrificed months ago, in part to win Colombia's vote during the Gulf crisis."

The *U.S. News and World Report* exposé confirmed what this magazine was told, and reported, in December of 1990 by a high-level Colombian Foreign Ministry official, regarding a deal that had been struck between the Bush and Gaviria governments, whereby Colombia would throw its vote in the United Nations Security Council to the U.S. side in Bush's war against Iraq, in exchange for an okay from Bush to Gaviria's negotiations with the cocaine cartels.

Although both the Foreign Ministry and the U.S. embassy in Bogotá rushed to deny the magazine's assertion as "unfounded" and "mere rumor," it is in fact common knowledge that the plea-bargaining arrangement between the Colombian government and the Medellín Cartel was crafted in Washington. As the *Washington Times* reported as far back as October 1989, the Gaviria government—not yet in office—was fully expected to strike a deal with the traffickers, and "some sources said the U.S. would accept Colombian proposals for plea-bargaining in specific cases, or partial amnesties, if these further the goal of stopping the shipment of drugs to the United States."

That this was indeed U.S. policy was revealed in February 1990, when U.S. Ambassador to Colombia Thomas McNamara told the press, during an anti-drug summit of Andean leaders in Cartagena, Colombia, that "the solution to the drug-trafficking problem is not extradition." And the March 1990 strategy report of the U.S. State Department's Bureau of International Narcotics Matters declared that "while extraditions of major traffickers should continue *through the next year*, success ultimately rests in Colombia's ability to prosecute and jail traffickers in Colombia" (emphasis added).

The Iraq treatment?

And yet, suddenly, the Colombian press is filled with rumors that the United States, unhappy with Pablo Escobar's

lenient treatment, is threatening "reprisals." President Gaviria himself was forced to deny the possibility, in a June 23 interview granted to the widely read daily *El Tiempo*. Then on June 25, Ambassador McNamara warned that unless Escobar gets a hefty prison term, comparable to U.S. standards, "we will have problems between the Colombian and American people." U.S. "drug czar" Robert Martinez told the U.S. media that "Colombia will be on trial with Pablo Escobar."

For those Colombian patriots horrified by the Gaviria government's capitulation to the narco-terrorists who have devastated their country for more than a decade, *El Espectador's* exposé of the Bush-Gaviria pact proves that there is no solace to be found in the self-righteous sabre-rattling of the Bush administration.

In fact, the situation currently existing in Colombia—Congress dissolved, President ruling by dictate, and a new national Constitution written by "amnestied" terrorists and front-men for the drug cartels—is the explicit creation of the Bush administration's "Democracy Project," re-dubbed "new world order" in the aftermath of the Iraq massacre. The political, social, and economic instability which characterizes Colombia at this moment provides precisely the laboratory conditions for a wide array of "retaliatory" measures, ranging from trade warfare, to economic blockade, to so-called surgical strikes and all-out invasion à la Iraq. Bush's new world

order is one of "limited sovereignty," population reduction by any and all means, and resource grabs. In Iraq, it was oil; in Colombia, perhaps cocaine?

Drug legalization—by phases

Certainly, the Gaviria government is doing everything in its power to accommodate the Bush administration's "free trade" ethos, by stripping the war-ravaged Colombian economy of the protectionist remnants of bygone days. At the same time, the Colombian economy is being rapidly "dollarized," the result of an avalanche of American greenbacks into the country, triggered by a series of Finance Ministry measures:

- tax amnesty to facilitate "capital repatriation";
- total crackdown on credit by means of a 100% reserve ratio, in the name of fighting inflation;
- very high domestic interest rates; and
- creation of a virtual free-exchange market.

The *Financial Times* of London wrote on July 2 on the dollar flood: "As to how much is due to drug income, no one is even prepared to guess, but the large proportion of cash involved suggests that contraband could be a main factor. The government denies that measures taken this year to open up foreign exchange markets have made it easier to change drug dollars." Estimates are that dollars are entering the country at the rate of \$9 billion a year!

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New proof of U.S. agents' drug ties

Israeli weapons were shipped to the Colombian drug lords as part of the Iran-Contra deals—with Endara's complicity.

The U.S.-installed President of Panama, Guillermo Endara, was involved with the cargo of weapons sent from Israel to Colombian drug lord Gonzalo Rodríguez Gacha in 1989.

According to information obtained by *EIR*, Endara and his law partners Menalco Solís, who runs Endara's CIA-trained intelligence service, and Hernán Delgado, the chief presidential adviser, were the agents for the *Seapoint*, the Colombian-owned vessel, registered in Panama, that picked up the weapons from the Caribbean island of Antigua, where they had been sent by the Israeli government-owned Israeli Military Industries (IMI) aboard the Danish ship *Else TH*; they were then delivered to the cocaine kingpin.

Those weapons figured in the murder of Luis Carlos Galán, the anti-drug crusader who was expected to win Colombia's last presidential elections. Galán's assassination in August 1989 set the stage for the current surrender of the Colombian government to the narco-terrorists.

The discovery that Endara—who also shared ownership of Panama's Banco Interoceánico with Rodríguez Gacha—is tied to the weapons traffic, undermines the Anglo-American attempts at a coverup. Endara is just one of several agents or officials of the U.S. government whose names have been linked to the arms deals.

Those weapons were purchased for an operation against Gen. Manuel Noriega. Former U.S. Assistant Secretary of State Elliott Abrams, a major player in the Iran-Contra scandal, financed the operation using Panamani-

an money confiscated by the U.S. government, which was then conducted through a fictitious "Panamanian government in exile" nominally headed by former Panamanian President Eric Delvalle.

On Feb. 8, 1989, on Abrams's orders, the U.S. Federal Reserve Bank in Richmond, Virginia transferred \$100,000 from the Delvalle Panamanian embassy account, to the personal account of Col. Eduardo Herrera at American Security Bank in Washington. An admitted CIA contract employee and likely Mossad agent who was later to serve as Endara's chief of police, Herrera said last year that he had organized a force of "Panamanian, Israeli, and South American comandos to overthrow Noriega." The operation was canceled when Bush opted to invade Panama in December 1989.

Herrera wired the money to the U.S. Bank Hapoalim account of Israeli reserve general Pinchas Sachar, an IMI representative, on Feb. 13. Sachar, in turn, forwarded the money to Israeli reserve colonel Yair Klein.

Both Sachar and Klein say that the money was a down payment on the weapons. But, incredibly, a minority report issued by the U.S. Senate Permanent Subcommittee on Investigations, after hearings held by Republican William Roth of Delaware on Feb. 27 and 28 of this year, concludes that "the \$100,000 in fact, had nothing to do with the weapons down payment, since the down payment on the weapons had already been made." The report then lists other payments to Klein, one wired in November 1988

and one on Feb. 3, 1989, from an account his company, Spearhead, had at Panama's Banco Aleman-Panameno, to Sachar's account at Bank Hapoalim in the U.S., which forwarded it to IMI in Israel.

It was this money, supposedly from Rodríguez Gacha, who employed Klein to train assassins—not the money from Elliott Abrams via Herrera—which was used to buy the weapons, says the committee, as if the Colombian kingpin and his Panamanian partners were distinct entities. More incredible, the Senate investigators say they "found no evidence of involvement by United States government officials in this affair."

The Senate committee relied on the testimony of Britisher Geoffrey Robertson and the coverup he and Louis Blom-Cooper perpetrated on the case last year in Antigua. After the world's press began to report on the CIA's involvement in the Klein affair, Robertson, without addressing the substantive issues, said on Aug. 27, 1990 that the charges originated with *EIR*, which, he said, "is associated with Mr. Lyndon LaRouche . . . who is best remembered, for alleging a few years ago that the world's largest drug runner was none other than Queen Elizabeth II, the Queen of Antigua."

Robertson and Blom-Cooper are operatives of Amnesty International, an organization which its founder, Peter Benenson, was forced to abandon when he discovered "British intelligence's infiltration of the organization's leadership," according to an official history.

The U.S. Senate committee also relied on U.S. lawyer Lawrence Barcellona, even though he helped to arrange the deal by which Republican political operative John Zagame was contracted to serve as the intermediary between Colonel Klein and the anti-Noriega forces.

German-bashing alliance in action

The Anglophiles are waging black propaganda about the alleged rise of a "Fourth Reich."

The Germans have turned a bit too independence-minded and selfish; they tend to forget old friends lately." This is what a close adviser to President George Bush told a German reporter a few days before the Group of Seven economic summit in London began. He said that Bush thinks he has been tricked by the Germans into accepting Mikhail Gorbachov's arrival to meet the G-7 leaders in the British capital on July 17.

Originally, Bush didn't want to meet with the leader of the "superpower that was" on economic issues, because he wanted to avoid any commitment of U.S. financial support to the Soviet Union. Bush and Secretary of State James Baker wanted to handle the Soviet reforms through the "service entrance," through the Harvard-Soviet team of Jeffrey Sachs and Grigori Yavlinsky.

But intense German diplomacy with Moscow and repeated appeals to the West to support the Soviet reforms actively, have created a situation that posed the following unpleasant alternative to Bush, his adviser said: "Maybe Gorbachov, prompted by Kohl, is going to present us a costly deal of reforms against cash in London. The generous Germans then will appear as the great supporters of peace—and we niggardly Americans as cold warriors that have only partially changed views."

The U.S. administration is very angry at the German government, as evidenced by numerous recent statements from senior U.S. spokesmen.

For example, Vernon Walters, the outgoing U.S. ambassador to Bonn, said to the *International Herald Tribune* July 8 that given their industrial

power and skilled labor, the Germans couldn't be "abandoned to themselves," and so the United States would keep a watch on them.

Henry Kissinger declared in the *Berliner Morgenpost* on July 7 that "united Germany should not adopt an independent role, nor try anything on its own initiative, under any circumstances."

As for the British, former prime minister Margaret Thatcher had vehemently opposed German unification, saying it would "not come in 10 years or even more"—or so she hoped.

Her foreign secretary, Douglas Hurd (who is now serving under Prime Minister John Major), even threatened to withhold the British signature on the German Unity Treaty in Moscow in September 1990, and would not change his mind until the German foreign minister threatened him with a fierce anti-British campaign in Germany.

The French government, too, has turned more and more hostile to Germany, ever since the Gulf crisis moved into its decisive phase.

Prompted by London in the first place, immense paranoia over the political stature of the united Germany has been building in the minds of the Paris elites. The paranoia rose to the surface in a vicious outburst, when the Germans forced West European issues off the agenda of the Luxembourg June 28 European summit, placing the Yugoslav crisis up front instead. The German motion, launched by Chancellor Helmut Kohl with the remark that "we Europeans cannot leave that crisis to the hands of the United States," was approved with

lip-service, but no real support.

The other Europeans wanted to hold on to the Belgrade regime, while the Germans wanted an upgraded status of Slovenia and Croatia close to full diplomatic recognition.

Discontent with the European summit's half-hearted resolution for "crisis dialogue" on the Yugoslav situation, Foreign Minister Hans-Dietrich Genscher decided to visit Belgrade on July 3 in his capacity as presiding chairman of the foreign ministers council of the Conference on Security and Cooperation in Europe (CSCE). This independent initiative was read as a provocation by the French, whose foreign minister, Roland Dumas, summoned an emergency session of the 12 European Community foreign ministers after Genscher's return, succeeding in voting down the Germans, who were only supported by the Danes.

There was more to come: The French media began attacking the Germans for alleged ambitions to build a zone of influence in Eastern Europe, a "Fourth Reich" or a remake of the Hapsburg Empire in the Balkans. This was taken up forthwith by the Serbian media, with the newspaper *Politika Ekspres* stating July 5 that "the French must be praised for the committed fight they're waging against the wild-running ambitions of a Greater Germany and a new Fourth Reich."

There are other, even more ominous signs. The first civilian target the Yugoslav Air Force shot down in Ljubljana was the German Airbus-320 of Slovenia's Adriatic Airways, and Serbian officers threatened to bomb the German-made shield around the Slovenian nuclear power reactor at Krsko. The German nuclear industry and the Airbus have been prime targets of Anglo-American political attacks over the years. Is this perhaps surrogate warfare against Germany?

International Intelligence

U.S. policy on Yugoslav crisis is 'deadly wrong'

A flood of Austrian media attacks on the U.S. and European Community policy toward Yugoslavia has been monitored since the June 27 intervention of the Yugoslavian Army in Slovenia.

For example, the Vienna *Kurier* daily carried two editorial commentaries on June 28, the first stating: "Wrong, deadly wrong is the approach of the U.S.A. and the EC to Yugoslavia which is merely *kept together* by tank communism. In an amazing blindness, both Bush-Baker and the EC are opting for a forced unity that no longer has any chance. . . . Do the U.S.A. and the EC intend to save a military regime of old Bolshevik generals from bankruptcy, by diplomatic recognition and credits? . . ."

"For the European postwar policy, the Bush-Baker line has undoubtedly reached a new quality: For the first time, the U.S.A. is not standing on the side of the men that are calling for freedom, but on the side of the tanks."

The second *Kurier* commentary graded: "The issuing of a \$300 million loan by the World Bank, which has its seat in Washington, to Yugoslavia exactly at the moment Slovenia and Croatia split from the united state, has a symbolic character. This, too, is to underline the American position: Only a united Yugoslavia is a good Yugoslavia for us."

Thatcher won't keep her seat in Parliament

According to informed U.K. reports, former Prime Minister Margaret Thatcher's announcement on June 28 that she will not keep her seat in Parliament is a direct reaction to the extraordinary decision by the House of Lords to permit Tiny Rowland's Lonrho company to seek damages for fraud in a contested 1985 takeover of the House of Fraser department store empire by the Al Fayed brothers, Arabian financiers.

According to these reports, "The House

of Lords decision is part of the ongoing purge by anti-Thatcherites among the U.K. establishment. She is known to have been very deeply implicated in the Al Fayed misdeeds. By now her constant ranting against Europe has become a positive liability and the establishment has decided she must be silenced. She will probably spend increasing amounts of time in the United States, where they seem to appreciate her kind of railing more these days."

Concerning Thatcher's activities otherwise, the *Daily Telegraph* of London reported on July 6 that she has been appointed to the post of "eminent adviser" to the "Earth Summit" in Brazil in 1992. She had been offered this position back in April of this year, but only accepted after being urged to do so by Sir Crispin Tickell, former British ambassador to the United Nations and a key architect of "green" policies. The *Telegraph* says Thatcher is angered by current British Prime Minister John Major's refusal to follow up on the "environmentalist" perspective enunciated by Thatcher in her speech before the Royal Society in London in September 1988.

German TV show attacks Helga Zepp-LaRouche

The German TV Channel launched, in its prime-time news broadcast "Tagesthemen" on July 1, an attack on the activities of the Schiller Institute and its founder, Helga Zepp-LaRouche. The program especially targeted Zepp-LaRouche's role as a founding member of the Committee to Save the Children in Iraq, as well as the international political role of her husband, Lyndon LaRouche.

The libel was constructed by Hessischer Rundfunk reporter Harald Feller, whose sponsors can be found among the Anglo-Zionist group tied into the Frankfurt organized crime mafia, as well as those forces who are for a renewed war in the Gulf. Feller attempted to portray the committee as fraudulently raising funds—although he was forced to admit that the Committee to Save the Children in Iraq does not call directly for

money donations. Its actual role has been to alert other groups and individuals to the crisis afflicting Iraq's children, and to mobilize them to undertake relief efforts.

Feller attacked the "LaRouche empire" for "using every opportunity," like campaigning for agriculture in the former East Germany or for nuclear energy. Feller, and those who authorized the sophisticated piece, are evidently furious about one fact in particular—that Lyndon LaRouche "is the man who believes that he is a better President than George Bush."

Will Algiers get the 'Beirut treatment'?

A military communiqué quoted by Algerian television on June 30 said that Abassi Madani, leader of the Islamic Salvation Front (FIS), and his deputy Ali Behadj, were being held for trial on charges of conspiracy against state security. The arrests mark an escalation of the government crackdown on militant fundamentalists and followed the first prolonged clash in daylight between paramilitary riot police and the Islamic Salvation Front. The *Washington Post* reports that many Algerians now fear that the capital is scheduled for the "Beirut treatment."

The Algerian government press is pointing the finger at Iran and France for fostering the destabilization of the country. On June 30, radio commentator Barhoum Boudmoumaa denounced Iran's Ayatollah Ali Khamenei for proclaiming that the Algerian fundamentalists have learned from the Iranian Revolution. The broadcast noted Iran's role as a de facto ally of the United States in the war against Iraq.

German officials on terrorist hit list

German Finance Minister Theo Waigel and two other key government officials are on a terrorist hit list for assassination in July, according to a secret report of the Bonn Justice Ministry leaked by the daily *Die Welt* on June 28.

Without going into more detail, the article says that Waigel and the two assistant ministers Horst Köhler (finance) and Dieter Kastrup (foreign affairs) are on the hit list for their role in cementing German unity.

According to Red Army Faction terrorist planning material seized by anti-terror experts, Waigel is a special target because of "his role at the last meeting of the finance ministers of the seven biggest industrial nations in Washington, D.C." and because of "the financing of the Gulf war."

Köhler has been the key person to negotiate most of the financial deals between Germany and the Soviet Union, but also Eastern Europe; Kastrup negotiated the foreign policy side of the German treaty with the postwar occupying powers (the "2 plus 4" treaty), as well as bilateral treaties with the Soviet Union and Poland. Both officials have repeatedly been in Moscow on top-secret preparation missions for meetings between Chancellor Helmut Kohl and President Mikhail Gorbachov.

Are Hondurans being forcibly sterilized?

According to charges made by Honduras's main labor federation, foreign companies operating *maquiladoras* (labor-intensive assembly plants) in northern Honduras are forcing female employees to accept birth control injections, in order to save on maternity benefits provided by Honduran law.

According to Luis Vaquedano, head of the Confederation of Honduran Workers, "Periodically, the companies give injections to women between the ages of 25 and 30. We don't know exactly what is in the shot, but it is a medicine to prevent pregnancy." The *Washington Times* of July 5 reported that the women are between 15 and 20 years of age. Some 3,000 women have thus far been involved, and may have been rendered sterile by the procedure. Vaquedano said the women have not protested out of fear of losing their jobs.

Honduran law provides that 40 days before and after delivery of a child be paid for by the employer, as well as on-the-job

breaks for nursing mothers. The Honduran Labor Ministry is investigating the allegations, and the Catholic Church has denounced the alleged practice.

Pope appeals for end to violence in Yugoslavia

Pope John Paul II on June 29 told worshippers in St. Peter's Square, speaking about the assaults against Slovenia and Croatia: "I repeat once again that one must not and cannot suffocate with force the rights and legitimate aspirations of the peoples."

The Pope also sent messages to the Presidents of Slovenia and Croatia and to the President of the Yugoslav Federal Council, Prime Minister Ante Markovic. "I want to state in the most determined way," he said, "the request to suspend the use of force and to create conditions that allow the restarting of dialogue among all the parties in a such a way as to satisfy their legitimate aspirations."

Britain's Major bewails 'excessive immigration'

British Prime Minister John Major, in a startling, racist speech at the summit of European leaders in Luxembourg summit on June 28, called on Europe to build a "really strong and tight perimeter fence," to "stem the flow" of what he called "excessive immigration."

"We must not be open to all comers, simply because Paris, Rome, and London are more attractive than Bombay or Algiers," he said. Warning that the number of immigrants already in Europe was equal to the total population of Belgium, the prime minister called for much greater collaboration among Europe's police forces to curb migration.

The British refugee-support group, Charter 87, denounced Major's speech, stressing that a large number of refugees are legitimately seeking political asylum, not simply wanting to find a "more attractive" place to live.

Briefly

● **ARIEL SHARON**, Israel's housing minister and would-be "new Hitler," stated on June 30, in a reference to Jordan: "The territory is ours, even if another state is currently there. It must be made unequivocally clear that all of Eretz Israel belongs to the Jewish people, even if today de facto, there is a Palestinian state on the eastern banks of the Jordan River. This does not mean we have lost our right to all of Eretz Israel."

● **CHINA** will soon tighten birth control and eugenics programs aimed against minorities, an article in the official *China Daily* suggested on July 3. Until recently, birth control policies have been less strict for minority families, who were allowed to have two to three children, whereas Chinese couples were allowed only one. The minority population has risen 35.5%, compared to 10.8% for the Chinese.

● **KUWAIT** is like a gulag, reveals the Catholic magazine *Il Sabato*. People are tried and condemned to death without evidence or tortured and thrown into mass graves. Officially there are 600 people on trial; Amnesty International monitored 850. A child was condemned to 15 years in prison for wearing a T-shirt with a picture of Saddam Hussein.

● **ALBANIAN** Prime Minister Ylli Buqi was invited to a private audience with the Pope at the Vatican early in July. This was arranged in the context of the reopening of diplomatic relations between them which is to become formal soon.

● **EDUARD SHEVARDNADZE**, the former Soviet foreign minister, and several other Soviet leaders are going to create a new party in September. A spokesman for President Gorbachov welcomed the development, saying, "It is clear the movement is non-confrontational. It inspires cooperation from all those who support perestroika."

Budget deadlocks, emergency rule usher in new fiscal year

by H. Graham Lowry

Even as the Bush administration was declaring the "recession" officially over, chaos was enveloping state capitals across the country, in the scramble to cover huge budget deficits for the fiscal year which began July 1. Ten days later, nine states had still not reached final agreement on the combinations of tax hikes and spending cuts required, as revenues continue to plunge to depression levels.

Besides such emphatic proofs that the accelerating economic collapse has driven deficits out of control, and beyond even short-term forecasts, the resulting political confrontations are clearly moving in the direction of rule by decree. The governors of Maine and Connecticut, both of which failed to meet the budget deadline, declared an outright state of emergency and furloughed tens of thousands of public employees for a week without pay, shutting down all but essential functions and emergency services.

In state after state, chief executives have used the threat of mass firings, lost pay, shutdowns, and wholesale program cuts, attempting to bludgeon their legislatures into passing austerity measures which they had previously rejected. In California, under the threat of more than 22,000 layoffs of state employees, the legislature agreed to let Gov. Pete Wilson seize \$1.6 billion from the state's public employee pension fund. The unions must also accept a 5% wage cut and two payless paydays a month to forestall 9,380 of those layoffs.

New Jersey's \$14.7 billion budget, signed just before the July 1 deadline, left a gap which Gov. James Florio immediately began closing by laying off another 2,000 to 3,000 state workers. At least three times that many are being bumped to lower civil service classifications, at lower sala-

ries. Another 1,300 workers were strong-armed into early retirement, at pension levels nearly 50% below the salaries they received while working for the state. Florio had repeatedly justified his budget cuts as necessary to protect the state's AAA credit rating, but Wall Street is still demanding more. On July 5, Standard and Poor's announced that it was dropping New Jersey's rating one notch.

New York City, scrambling to cover a \$3 billion deficit, came in under the wire by increasing taxes by \$735 million, cutting city services by \$1.5 billion, and laying off 10,000 municipal employees. On July 1, the leaders of the two major municipal unions said they were willing to give back as much as \$100 million in wages and other concessions, on the possibility that 4,300 of the layoffs could thus be averted.

Confrontation in Connecticut

Connecticut Gov. Lowell Weicker's declaration of an emergency on July 2 locked out 20,000 of the state's 48,000 employees. That same night, angry state workers took to the streets in protest, charging that the unpaid furlough violated Connecticut law. But at the same time, the state employee unions tentatively agreed to a \$340 million package of wage and benefit concessions which Weicker had demanded, if a budget could be passed quickly and the workers recalled. They returned to their jobs July 8, and the state is operating on a temporary budget resolution through July 28.

But the legislature remained deadlocked over Weicker's demand for a state income tax to deal with a \$2.8 billion deficit, out of a total budget of only \$8 billion. He vetoed a last-minute sales tax increase passed by the legislature, saying that collapsing sales tax revenues are already the major

factor in the state's revenue shortfall, which is currently running more than \$100 million a month.

On top of that, the state still has a \$940 million deficit from last year, which is being carried forward at a cost of \$100,000 a day in interest alone. Weicker has announced that if the assembly wants to operate the state on two-week budgets, he will simply leave matters unresolved, and that if a budget is passed without an income tax, he will call the legislators back into session as soon as deficits appear.

Rule by decree was again the story in Maine. The emergency declared July 1 by Gov. John McKernan sent 10,000 "non-essential" workers home for a week, until the legislature passed a two-year, \$3.2 billion budget with enough tax hikes and spending cuts to cover a projected \$1.2 billion deficit. But McKernan then demanded a 35% cut in workers' compensation to offset \$300 million in new taxes, giving the legislators only three days to knuckle under, or the new budget would be voided! They refused, and he shut down the state again on July 11.

Statewide strike threatened in California

In California, where the budget confrontation between the legislature and Gov. Pete Wilson also remained unresolved, the state employees' association on July 10 threatened to strike for the first time in its history. Leaders of the association charged Wilson with "union-busting," and announced that they were polling their members to determine whether there was support for a statewide strike after July 19, in opposition to contract concessions demanded by the governor. The 78,000-member union filed an unfair labor practice charge with the Public Employment Relations Board, accusing the state of failing to bargain in good faith.

"It is clear to us the state is not serious about bargaining," a spokesman said. "We anticipate that state negotiators will attempt to force us into an impasse at the bargaining table so that the governor can implement mandatory furloughs, wage cuts, and the elimination of merit salary adjustments without reaching an agreement." State workers' contracts expired July 1, and Wilson is also now demanding a revamping of workmen's compensation rules as part of the budget cuts. The unions have complained that Wilson sought to cut wages and alter work rules through the legislature, instead of negotiating with them in contract talks.

California's budget impasse centered on what kind of taxes should be enacted to close a \$2 billion gap remaining in a deficit projected at a staggering \$14.3 billion. A record \$4.1 billion increase in sales taxes was approved June 28, in an overall \$7.3 billion tax hike which will cost the average California family nearly \$1,000 a year in additional levies, including taxes on almost every item purchased except food and prescription medicines.

Nearly \$500 million was cut from state welfare payments, and \$660 million was cut from pension benefits for teachers and other local school district employees. The state

also dumped the costs for 15 mental health, drug and alcohol, and other health programs onto the counties—the biggest shift in state and county responsibilities in California history. With no budget in place, California failed to make a \$160 million payment due to the counties July 10, and faced a series of payless paydays for state employees.

In Pennsylvania, 10,000 state employees went home without paychecks July 5, and another 9,700 were to go unpaid July 12, until a state judge ruled that the \$23 million withheld had to be paid because the work was done prior to June 30, before the old budget expired. Hundreds of state workers rallied in the Capitol Rotunda on July 9, demanding their checks and chanting, "We will remember in November." Without a new budget by July 26, however, 100,000 would be left without their paychecks—nearly the entire state work force.

The Massachusetts legislature rebuffed Gov. William Weld's attempt to seize dictatorial powers over state spending, by rejecting a bill which would have created an Emergency Control Board by gubernatorial appointment, to cut the budget without legislative consent. But Weld used his power of line-item veto to further reduce spending in the draconian new budget by \$80 million. He also eliminated the legislature's appropriation for the state workers' group insurance plan, because it did not include his demand that worker contributions be increased from 10% to 50%. Weld will submit his original scheme to the legislature again. He also terminated the state's General Relief program as of July 31, and is refiling his plan for one with vastly restricted eligibility. The state is already projecting a deficit for 1993 of \$2 billion.

More woe for nation's cities

Besides these fiscal breakdowns at the state level, more and more of the nation's cities—like bankrupt Bridgeport, Connecticut—are reaching the point where no amount of juggling can maintain a working budget. The National League of Cities released its report on "City Fiscal Conditions in 1991" on July 8, presenting a grim picture of urban distress nationwide.

In a survey of 525 cities, including 94 of the nation's 183 cities with more than 100,000 population, the league found that over 70% of them will be even less able to meet their needs than last year. Over 60% already project deficits for this year, and more than a quarter of the cities expect shortfalls larger than 5% of their budgets—despite the fact that nearly 85% of them increased taxes and fees this year. Among the cities surveyed with more than 300,000 people, 62% imposed a hiring freeze; 55% laid off workers; and 41% reduced municipal services.

New Orleans Mayor Sidney Barthelemy, the league's president, declared, "Bridgeport is a fire alarm," and added that other cities could soon join it in bankruptcy court. When Bridgeport filed for bankruptcy on June 8, its deficit was less than 5%.

Gates confirmation: Irangate won't die

by Herbert Quinde

The confirmation of Bush administration nominee Robert Gates to replace William Webster as Director of Central Intelligence has foundered on an iceberg. The iceberg's tip broke the surface when a senior ex-CIA official, Alan D. Fiers, pleaded guilty on July 9 to participating in a coverup, on orders from his superiors, of the Iran-Contra affair, the worst foreign policy fiasco of the Reagan-Bush administration. Gates was number two at the CIA, handling day-to-day affairs at the time Fiers said a coverup was carried out.

In May, President George Bush nominated Gates to take over the spy agency. Gates, who is deputy assistant national security adviser, was a central figure at President Bush's side during the Persian Gulf war, and up to now was expected to breeze through his confirmation hearing before the Senate scheduled for mid-July.

But his confirmation is now in jeopardy.

Fiers, 52, the former head of the CIA's Central American task force, admitted in court that he and other senior CIA officials were fully knowledgeable of the activities of Lt. Col. Oliver North and his confederates for months before the scandal grabbed headlines in October and November of 1986. North was a key player in a secret operation which diverted funds to the Nicaraguan Contras that had been illegally obtained by selling weapons to the government of Ayatollah Khomeini. In exchange, the Iranians were supposed to put pressure on the Lebanese Hezbollah to release their American hostages. Fiers's guilty plea is the first uncontested proof that the CIA was intimately involved in Iran-Contra. It confirms the widely held belief that the failed covert operation dubbed "Project Democracy" was not the work of a "parallel government" directed by a rogue overzealous Marine, but was the official policy of the Reagan-Bush administration.

Fiers's plea of guilty to two misdemeanor counts of unlawfully withholding information from Congress came as part of an agreement with Independent Counsel Lawrence E. Walsh. He faces one year in prison and a \$100,000 fine for each count. In November 1986, before the Senate Intelligence Committee, Fiers lied about his knowledge of the covert operation. "In 1986, I was faced with some very difficult decisions," Fiers told reporters after he appeared in court. "At that time, I did what I thought was in the best interests of the country. . . . Today I was faced with equally difficult

decisions and today I have done what I think is in the best interests of the country and not only that, but what the Constitution requires of me."

The plea agreement includes a commitment from Fiers to cooperate fully with Walsh's continuing investigation. "It sure looks like Fiers has decided to rat us all out," commented a former senior CIA officer who recently testified before Walsh's grand jury. For four and a half years, Walsh's investigation has been frustrated by both the Reagan and Bush administrations, as well as by Congress. The *Washington Post* reported that CIA witnesses who have recently appeared before the grand jury "have been acting as though they've got Alzheimer's disease—they can't remember anything." Several observers of the investigation characterized the development as a "breakthrough," and Walsh himself called it a "significant advance" in the probe.

Gates and the coverup

Fiers's pledge to "truthfully disclose" all he knows about Iran-Contra will further clarify Gates's acts of commission and omission in the affair. Four years ago, Gates's role in what some call "Iranamok" came under close scrutiny by the Senate when he was first nominated to head the CIA as William Casey's replacement by President Reagan. During his testimony, Gates admitted having a lunch with Colonel North and Casey, where "a cryptic remark about Swiss accounts and the Contras" was made by the Marine. Gates was asked why he had not pursued the comment by Sen. Bill Bradley (D-N.J.). In an amateurish display of innocence, Gates responded that a congressional ban on CIA involvement with the Contras prevented him from asking further questions. After two days of intense questioning, Gates withdrew his nomination, saying he wanted to avoid stirring up further controversy. Now both the Senate and Walsh's investigators must determine if Gates also committed perjury. There is extensive documentation available from previous investigations by the Tower Commission and the Congress which clearly suggested that Gates coordinated the coverup with numerous Reagan administration officials.

Gates is not the only person feeling the heat. U.S. Ambassador to South Korea Donald Gregg and former Assistant Secretary of State for Inter-American Affairs Elliott Abrams both dealt with Fiers extensively over the Reagan years. Gregg was Vice President Bush's national security adviser and handled the matter involving Bush's close CIA buddy Felix Rodriquez, who headed North's operation in El Salvador. Abrams, who worked closely with Henry Kissinger on Central American issues, also met regularly with Fiers to coordinate both overt and covert policies in Central America.

Rumors have abounded in the nation's capital in recent months that Gregg would soon be indicted by Walsh. Should Fiers's revelations lead to an indictment, President Bush may well have to finally answer the question: "What did he know and when did he know it?"

Book Review

A portrait of immorality

by Nancy Spannaus

The Commanders

by Bob Woodward

Simon & Schuster, New York, 1991

398 pages, index, hardbound, \$24.95

In this highly publicized and controversial book, Bob Woodward once again purports to portray the inside workings of a federal administration, this time around the invasions of Panama and Iraq. Relying on personal interviews and leaks, he seeks to give the reader the idea that "you are there" in the chambers of the decisionmakers in Washington.

Without necessarily believing that Woodward's replication of inner sanctum discussions is 100% accurate, numerous of his portraits ring true. First, it is clear that Bush was totally committed to war with Iraq from the beginning, as Woodward depicts it. Scowcroft and Cheney likewise.

Second, we have the portrayal of the reticence of certain military circles to sign on to these wars of aggression. Woodward gives a graphic portrayal of the process leading toward the firing of Gen. Fred Woerner from the Southern Command, in order to pave the way for the invasion of Panama. He also gives attention to the public relations aspect of preparing this adventure, including the change of the name from Blue Spoon to the (unjustified) Just Cause.

Third comes the detailed rendition of the role which Saudi Ambassador to the Washington Prince Bandar bin Sultan played in ensuring that the Saudi monarchy agreed to Bush's plan for massive troop deployment in the Gulf region. Woodward's account gives a rare glimpse of the Prince's role, which is credible, although still probably underplayed.

The stir caused by *The Commanders* centered heavily on its alleged revelations about the role of Chairman of the Joint Chiefs of Staff Colin Powell, and his opposition to the military action in the Gulf. Indeed, the book is shaped as if to portray General Powell as the protagonist, dwelling at length upon his career decisions, his feelings, his list of maxims, and his actions. It is not at all farfetched to believe that Woodward and his masters wanted this book to promote the potential for Powell's future political triumphs.

But *The Commanders* does not show a courageous Powell presenting a case for deferring military action to the President of the United States, or even to Defense Secretary Cheney. To be sure, as Woodward puts it, Powell was left out of a great deal of the discussion which led to both the Panama and Iraqi wars. But when Powell did get a chance to speak his mind, he acted like a career-minded coward, to put it politely.

In fact, given the holocaust now resulting from the U.S. preplanned war against Iraq, Powell's refusal to present an alternative to war is downright obscene.

Woodward describes the crucial meeting twice, a meeting held in early October 1990 at the initiative of Cheney, who took Powell over to the Oval Office to "see what the man thinks about your idea." Powell's idea was containment, or "strangulation," as he called it.

But Powell found that "for some reason the atmosphere wasn't right." He told the President that there were two options, offensive action or containment. Woodward presents it as follows:

" 'This [containment] is an option that has merit,' he said. 'It may take a year, it may take two years, but it will work some day.' He tried to speak as an advocate, adopt the tone of an advocate, support it with his body language. He sat on the edge of his seat, his hands were in the air emphasizing his points, he spoke with conviction. *But he did not go so far as to say to the President that containment was his personal recommendation.*"

" . . . Afterwards, Powell said his conscience was clear. He had presented the military implications of each choice. There was only so much he could do."

Career management

Does Woodward consider this kind of cowardice by Powell to be a recommendation for his virtues?

What Powell is reflecting, as Woodward portrays him at least, is the typical kind of career management behavior, in which the subordinate tells his boss exactly what the latter wants to hear. He looks and listens to find out which way the wind is blowing, and then adapts to that direction. The consequences are disastrous.

This situation is exacerbated in the case of the Bush administration, which is run as a gathering of a bunch of jocks and longtime cronies. Serious discussion about the consequences of a policy is virtually ruled out of order. Although Woodward never makes reference to Bush's hyperthyroid disorder, his portrayal is coherent with the analysis that the President just doesn't have much of an attention span.

At the book's conclusion, Woodward implies that the operation was a success, because so few Americans were killed. What he means is that the careers of the commanders were secure. The morality of their actions never became a really serious issue.

If Woodward is lying, Colin Powell had better speak up and deny it.

National News

Buchanan hits Bush policy on Yugoslavia

Columnist Patrick Buchanan attacked the Bush administration policy in Yugoslavia in a column in late June.

Reviewing the threats made by White House spokesman Marlin Fitzwater against the rebellious republics, Buchanan says, " 'Unilateral' and 'secession' may be dirty words in the lexicon of the new world order, they were not to the men who founded this republic. . . . And did George III preside over a despotism more onerous than the squalid police state erected by Marshal Tito?"

"But what vital interest of the United States requires preservation into eternity of that abortion of Versailles called Yugoslavia?"

"One detects in the administration's amoral *realpolitik* the fine hand of Larry Eagleburger, who moved from the No. 2 position at Kissinger Associates to No. 2 at State. A former envoy to Yugoslavia, Eagleburger has had deep political and business ties to the Belgrade gang. . . .

"According to the *New York Times*, the international bankers especially are terrified of a Yugoslav breakup. . . . Here, surely is a test for Republicans. Do we stand beside the Marxist bureaucrats of Belgrade and the international bankers, or do we stand with Slovenia and Croatia?"

Ad consultant backs off anti-nuclear ad

Ad man Tony Schwartz, known for his "guerrilla media" techniques, has disavowed a radio ad which says that food irradiation "might kill you." He says he will no longer work with an anti-nuclear group, Food & Water, Inc., which commissioned him to write it. The ad is part of a \$330,000 campaign that the group is mounting to stop the nation's first commercial food irradiation plant, scheduled to open in August in Tampa, Florida.

Schwartz is credited with causing Barry

Goldwater to lose the 1964 presidential election with his ad of a young girl picking petals off a daisy in time with a nuclear countdown.

Schwartz, who told *EIR*, "I still have a great deal of hesitation about anything nuclear," broke with Food & Water because he is involved with an anti-smoking campaign and a client informed him that Food & Water gets its funding from the R.J. Reynolds tobacco fortune.

The June 26 *Wall Street Journal* reported that Food & Water has pushed several food producers—including H.J. Heinz, McDonalds, Campbell Soup, and General Foods—into stating that they would never use irradiated products. The group was taken over by osteopath Wally Burnstein who told the *Journal*, "We have to use every means we have to stop this technology."

Despite high-profile lobbying and other abuses of its tax-exempt status (which were granted because it was founded in 1984 to provide aid to Ethiopian famine victims), the IRS has taken no action against the group.

Gulag justice meted out to former S&L director

A federal judge has sent Stanley Adams to the Federal Medical Center in Rochester, Minnesota for "psychiatric evaluation" prior to his trial in September for alleged savings and loan fraud. Adams has been under intense pressure to plea bargain. When he was indicted, Attorney General Richard Thornburgh personally issued a statement praising the prosecutor. As Adams's trial approaches, the government has stepped up its bullying tactics.

Adams was the principal owner and former CEO of Lamar Savings. He was forced to resign in 1986, after a fight with the Federal Savings and Loan Insurance Corp. He was trying to reorganize Lamar when he stepped down; within a year, under federally approved management, Lamar had lost more than \$1 billion and was subsequently closed.

Adams maintains that he and many other S&L officials are the victims of incompetent

government policies, including the deregulation bills of 1980 and 1982, and the depression-inducing policies of the Reagan-Bush administration.

The judge sent Adams for evaluation not only to determine his competency to stand trial, but, at the prosecution's request, to determine if he was competent when he was running the bank.

Anti-abortion protester wins court ruling

In a victory for Rescue, an anti-abortion organization, an appeals court in New York ruled in late June that Rescue members using passive resistance cannot be charged with resisting arrest or obstructing governmental administration.

This decision was rendered in the case of Dennis Heiner, who was convicted on these counts as well as disorderly conduct, for the January 1990 Rescue action in Dobbs Ferry, New York.

According to *The Newborn*, the newsletter of Rescue, the appeals court overturned the conviction for resisting and obstruction, but allowed the disorderly conduct charge to remain in place. Heiner served 10 days of a four month jail sentence.

Calls for AIDS testing of health care workers

Several congressmen and the doctor of Kimberly Bergalis called for AIDS testing of health workers at a press conference in Washington June 26. Bergalis is a young woman who contracted AIDS from her dentist, who was allowed by Florida health officials to continue his practice without informing patients of his infection.

Rep. William Dannemeyer (R-Calif.), Dan Burton (R-Ind.), Joe Barton (R-Tex.), and Robert Dornan (R-Calif.), announced that they will introduce "The Kimberly Bergalis Patient and Health Providers Protection Act of 1991." The bill would list diseases such as AIDS and hepatitis B and

Briefly

restrict health care providers with such diseases in what they could do. It would also list invasive and dental procedures they are prohibited from performing, and specify when and how often testing should occur.

Dornan said that health workers who know they have AIDS and don't tell their patients should be charged with manslaughter. He said professionals were "jacking us around with statistics," referring to those that say the odds of catching AIDS is small.

Dornan and Dannemeyer attacked Rep. Henry Waxman (D-Calif.) for fighting against AIDS and contact testing, and stressed that AIDS testing was a health issue, not a civil rights issue.

Barton added that if we pass environmental laws that protect 1 in 70 million, we have the right to pass laws to protect many more people from AIDS.

Teamsters chafing under DoJ dictatorship

Some 1,900 delegates to the International Brotherhood of Teamsters convention in Orlando, Florida voted unanimously on June 26 against a government "reform" package, including a government-mandated new constitution. The delegates also voted to permit local union leaders, business agents, and some others to represent their membership at conventions without having to be chosen by balloting at the local level.

The vote is in open defiance of a Department of Justice decree, and the package is mandated by the federal courts. A federal judge will now decide whether to allow this vote to stand. The union could be held in "contempt of court," and renewed sanctions could be taken against the union and its leadership. The DoJ has the power to prosecute anyone who they determine is opposed to their "democratic" process.

The new democracy stemmed from the government's unprecedented takeover of the union in the wake of racketeering indictments. The government charged that the Teamsters was dominated by organized crime. More than 100 union leaders were forced out, and a federal trustee was appointed. The government mandated that

new elections of union officers be held, and that the union adopt a new constitution crafted by the government.

Rep. William Clay (D-Mo.) and Sen. Tom Harkin (D-Iowa) denounced these police-state methods as "tyranny," and called for the receivership to be ended. Clay told the members the proceedings reminded him of some 1960s civil rights movement conventions, where there were two FBI agents for every delegate.

Maryland takes first step on AIDS testing

The state of Maryland has been handed a legal opinion giving the go-ahead to begin testing state government health-care providers for AIDS in order to ensure that their patients are not exposed, the June 26 *Baltimore Evening Sun* reported.

According to the *Sun*, in May, as the story about 47-year-old Dr. Victor Luckritz, the Maryland Penitentiary's chief dentist who died of AIDS but treated thousands of patients without protective measures before he died, got around, Gov. William Schaefer said that "he would support testing of all state government health-care providers 'before they ever touch anyone. I don't know whether I can do that or not, but it's what I want.'"

Maryland Attorney General J. Joseph Curran, Jr. has now publicly issued his legal opinion to Schaefer that an AIDS test may be required in cases where health-workers "regularly engage in medical procedures that could expose patients to their blood and if the medical evidence shows that patients are subject to a 'significant risk.'"

Curran also wrote that federal law prohibiting discrimination against disabled people "does not preclude special restrictions on . . . HIV-positive health-care providers if the restrictions are justified on medical grounds."

Jack Schwartz, who researched the opinion for Curran, noted, "While the American Medical Association and [Atlanta] Centers for Disease Control wrestle with this on the medical end, what we are saying in the opinion today has implications in other areas."

● **COL. J.R. SHIKE**, editor of the *Voice of Freedom* of Houston, Texas, called on President Bush to free Lyndon LaRouche "so he may travel freely throughout the U.S. to campaign," in his editorial in the June issue. Shike is a former Bush supporter.

● **A WILDCAT STRIKE** of 3,200 workers at the General Motors plant in Baltimore began June 24. The strike is largely to protest lapses in worker safety. Since GM laid off 200 in February, over 300 workers have suffered injuries, ten times the previous injury rate.

● **SEN. GEORGE MITCHELL** (D-Me.) is gaining support from the Harriman wing of the Democratic Party for a presidential campaign, the June 28 *Washington Times* gossip column reported. Mitchell has a sure job as Senate Majority Leader and is not up for reelection until 1994.

● **GEORGE BUSH** "said he received a letter from farmers saying he wouldn't have gotten sick had he eaten broccoli—which the President says he despises," the June 27 *Washington Post* reported. "I would rather risk' fibrillation [irregular heartbeat], he said, 'but that's my position.'"

● **THE WOMEN'S** International League for Peace and Freedom national convention in Bryn Mawr, Pennsylvania, unanimously endorsed House Res. 180, sponsored by Rep. Henry Gonzalez (D-Tex.), on June 28, calling for an end to sanctions against Iraq. All WILPF chapters and every member will be sent copies.

● **HUBERT HUMPHREY III**, the Minnesota Attorney General who has led a vendetta against organizations affiliated with Lyndon LaRouche, is spearheading an effort to set up a Global Institute on the Environment to be based in St. Paul. He has received an anonymous \$5 million contribution, and expects to receive funds from corporations including 3M; Waldorf Paper, and Control Data Corp.

Why Lyndon LaRouche is a political prisoner

The Commission to Investigate Human Rights Violations filed a petition to the Secretary-General of the United Nations on May 29, 1991, detailing the political persecution of Lyndon LaRouche and associates, and calling for immediate U.N. action to put a stop to these human rights abuses. The petition updates two previous documents that were filed with the U.N. (the second of which, filed Feb. 2, 1990, was serialized in EIR, beginning April 20, 1990). We publish here the slightly edited text of the petition, excluding the exhibits that were attached.

Petition to the Secretary-General of the United Nations

The following communication is a formal request addressed to the Commission on Human Rights of the United Nations. In accordance with the provisions of Resolution 1503 of the United Nations Economic and Social Council, the undersigned ask the United Nations to appropriately intervene into a present situation of widespread violations of human rights.

This report about human rights violations is the third one submitted to the United Nations by the Commission to Investigate Human Rights Violations and Mrs. Helga Zepp-LaRouche. The undersigned expressly refer to their two earlier communications dated May 29, 1989, and January 26th, 1990. The previous documentations is enclosed herewith for reference (with the exception of Exhibits No. 1-69, which should be available on file). Unfortunately the developments

described therein, involving grave violations of human rights, not only continued, but escalated so dramatically, that we have to describe a lot more incidents and add many more names to our list of victims.

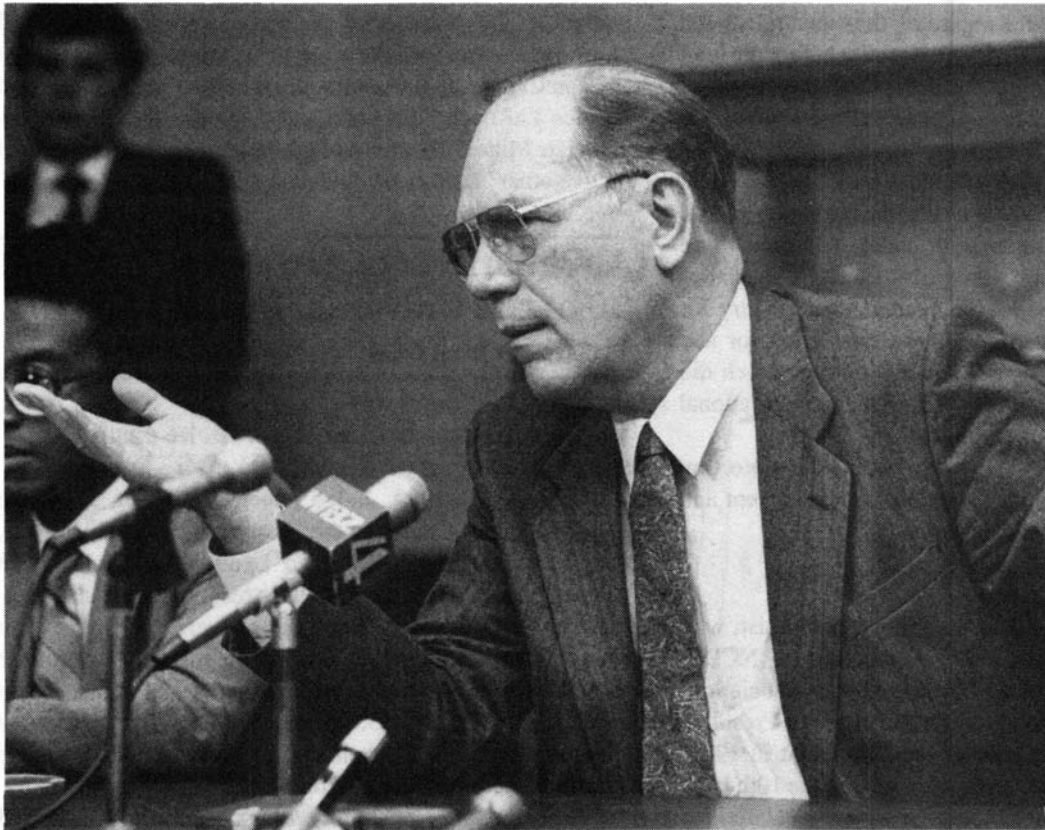
I. COUNTRY RESPONSIBLE FOR HUMAN RIGHTS VIOLATIONS

The responsibility for the systematic violations of Human Rights described in this communication lies with the United States of America.

II. VICTIMS

The Commission to Investigate Human Rights Violations has followed the situation in the United States of America very closely and came to the conclusion that there is undoubtedly a pattern of systematic, widespread violations of human rights which occur not as an accidental, but as a conscious, willful part of government and administrative policy regarding law enforcement, justice policy, the economy, social and health policy and so on. Recent and continuing changes in the American judicial system demonstrate the effort to turn the justice system into an ever more powerful political (and economic) weapon, to ease prosecutions—be it of political dissidents, of members of “unpleasant” minorities or even economic competitors, to easily obtain criminal and other convictions and to remove obstacles against the speedy execution of convicts on death row.

This communication wants to draw the attention of the United Nations to one particular case, namely to the attempts to abuse the United States judiciary for the purpose of silenc-



Philip Ulanowsky

Lyndon H. LaRouche, Jr., on the campaign trail in Rochester, New Hampshire, in September 1987, campaigning for the Democratic presidential nomination.

ing a political "dissident," the American economist and politician Lyndon Hermyle LaRouche, Jr. and the political movement associated with him.

The following is an updated list of those persons, who are most immediately affected by the judicial measures directed against the "LaRouche movement":

Rochelle Ascher, American citizen, born April 23, 1951, in Cleveland, Ohio.

Michael Billington, American citizen, born July 8, 1945, in Jacksonville, Florida.

Anita Gretz Gallagher, American citizen, born April 30, 1947, in Baltimore, Maryland.

Paul Gallagher, American citizen, born Sept. 15, 1944, in Brooklyn, N.Y.

Laurence Hecht, American citizen, born Oct. 18, 1945, in Great Neck, N.Y.

Marielle Hammett Kronberg, American citizen, born Nov. 15, 1947, in Tulsa, Oklahoma.

Lyndon Hermyle LaRouche, Jr., American citizen, born Sept. 8, 1922 in Rochester, N.H., economist.

Donald Phau, American citizen, born Feb. 27, 1950, in New York, N.Y.

Robert Primack, American citizen, born May 1945 in Boston.

Edward Spannaus, American citizen, born April 3, 1943 in Seattle, Wash.

Lynne Speed, American citizen, born July 28, 1953, in New York, N.Y.

William Wertz, American citizen, born July 28, 1945, in Summit, N.J..

All correspondence in the matter addressed by this communication should be directed to Ortrun Cramer, Kommission zur Untersuchung von Menschenrechtsverletzungen, Postfach 2650, D-6500 Mainz 1, Germany.

III. AUTHORS OF THIS COMMUNICATION

This communication is submitted by Mrs. Helga Zepp-LaRouche, the wife of Mr. Lyndon LaRouche, and the Commission to Investigate Human Rights Violations. Both have direct and reliable knowledge of the violations described herein.

This petition to the United Nations also enjoys the support of numerous jurists, human rights activists, and others internationally, who regard the persecution of the political movement associated with Mr. LaRouche as a particularly troubling example of widespread human rights violations in and by the United States.

IV. AREAS OF HUMAN RIGHTS VIOLATIONS

This communication deals with three major areas of human rights violations:

A. Violations of Articles 1, 7, 18 and 20 of the Universal

Declaration of Human Rights regarding the equal rights and personal freedom of each individual, equality before the law, the right to freedom of thought and expression of political belief and the right to freedom to peacefully assemble and associate.

B. Violations of Articles 10 and 11 of the Universal Declaration of Human Rights regarding the right to a fair trial by an independent and impartial tribunal, the right to be presumed innocent until proven guilty in a public trial at which the accused has had all the guarantees necessary for his defense, and the protection against conviction for any penal offense on account of any act or omission which did not constitute a penal offence, under national or international law, at the time when it was committed.

C. Violations of Articles 5 and 9 regarding the protection against inhuman or degrading treatment or punishment and against arbitrary arrest and detention.

V. STATEMENT OF THE FACTS

Mr. Lyndon LaRouche is an author and economist, who founded the National Caucus of Labor Committees (NCLC, an unincorporated political and philosophical association) and the U.S. Labor Party and ran for the office of President of the United States as an independent Democrat in 1980, 1984 and 1988. In 1990, he ran for Congress in the 10th U.S. Congressional District [in Virginia—ed.] and declared his candidacy for the Presidential Primaries in 1992.

Mr. LaRouche's conceptual contributions inspired various political, scientific and cultural organizations. As a political action committee the National Democratic Policy Committee (NDPC) has supported many political candidates who ran for office on a "LaRouche platform."

Since the late 1970s, political enemies of Mr. LaRouche have engaged in numerous efforts to damage the political movement associated with him. These involved systematic defamation by planting disinformation and slanders about him into the public media, causing U.S. authorities and the U.S. judiciary to investigate, prosecute, convict, jail political associates of Mr. LaRouche and otherwise impede the legitimate activities of his collaborators.

The political motive behind these efforts derived chiefly from Mr. LaRouche's widely debated concepts for the reorganization of the world economy and global financial system, his proposals for an uncompromising "war on drugs," his acknowledged influence on U.S. defense policy as highlighted by the genesis of the "Strategic Defense Initiative" and from his publicized opposition to the so-called "Iran-Contra" Policy.

Under section A of this communication we will describe the attempts to deprive members of the LaRouche movement of their constitutional rights of free speech and political association, as these attempts escalated in the course of the last 16 months, since our last communication was filed. Section B is devoted to some most egregious examples for how basic

guarantees for a fair trial were neglected during several "LaRouche cases" in the state of Virginia and elsewhere. Section C takes up the continuing inhuman imprisonment of Lyndon LaRouche, the cruel and degrading treatment of his associate Mike Billington and the barbaric sentences imposed on five other "LaRouche defendants."

A. Violations of Articles 1, 7, 18 and 20 of the Universal Declaration of Human Rights

1. 'Task Force' behind 'LaRouche cases' surfaces in trial of Richard Welsh

On Jan. 27, 1989, Judge Albert V. Bryan, Jr. of the Federal District Court for the Eastern District of Virginia, Alexandria Division, sentenced Lyndon LaRouche to 15 years in prison, while six associates received sentences ranging from 1 to 5 years. The charges were "conspiracy" to commit fraud and to evade taxes. Subsequently, six further associates of LaRouche were convicted and sentenced to terms of 77, 39, 34, 33, 25 and 10 years. The respective charges also cited "conspiracy" to defraud and to violate Virginia "securities" regulations.

Throughout the legal proceedings against LaRouche and associates, it was the contention of the defense that the charges were spurious, having been brought for political reasons, with the aim of silencing an opposition figure and destroying his movement. The defense sought repeatedly to bring material into the 1988 trials (held in Boston, Massachusetts, and, after a mistrial was declared there, in Alexandria, Virginia), proving the existence of a "task force" behind the prosecution which, according to the defense, included police, security and intelligence agencies of the federal government, working together with counterparts on the state and local level. Finally, the defense asserted that an independent, non-profit and tax exempt organization known as the Anti-Defamation League (ADL) had worked as part of this task force, in defiance of all norms of law. The ADL, it was asserted, acted out of "animus" against LaRouche, and sought to bring about his downfall.

In the course of hearings held during the trial of Richard Welsh, an associate of LaRouche, before the Roanoke County Circuit Court of Virginia in late May, 1990, the shape and mechanism of this task force began to come to light.

In the course of examination during hearings in this case, Mira Lansky Boland, a member of the information and research division of the ADL, took the stand. Her testimony showed that she functioned as a coordinator of the ADL participation in the anti-LaRouche task force. She was present at both the Alexandria and Boston trials of LaRouche, wrote internal ADL reports which were circulated to federal and state prosecutorial agencies, wrote articles for the ADL

Bulletin, and helped prepare the ADL's special report on the LaRouche trial. She also was on the prosecution's witness list for a trial of three LaRouche associates in Ogle County, Illinois, and assisted the plaintiffs in several civil suits against companies associated with LaRouche.

Mira Lansky Boland's testimony

In her testimony in Roanoke, Va., Mira Boland acknowledged the animus guiding her action and that of the ADL against LaRouche, and acknowledged precise facts concerning this animus:

- Boland recognized and confirmed that she had been entrusted, as one of the heads of the Fact Finding Division of the ADL, with investigations into the political activities of LaRouche and organizations affiliated with him, by Mr. Irwin Suall, head of the Fact Finding Division. As part of this effort, Boland confirmed that she collaborated on a constant basis with the police, intelligence and federal judiciary services of a number of states and the federal government. She declared under oath, that she considered the organizations linked to Mr. LaRouche as a "cult, politically extremist, totalitarian and anti-Semitic." She acknowledged that this was the subject of lengthy conversations she had with the prosecutors of trials in Boston, Massachusetts and Alexandria, Virginia. Boland admitted that she provided documentation to prosecutor John Russell of the State of Virginia and his Assistant George Chabalewski as well as to Charles Bryant, a state police official, and other police officials.

- Boland acknowledged having been officially in the employ of the Central Intelligence Agency (CIA) and as an "agent of the CIA until 1979"; she admitted having worked with the Defense Department of the United States upon "leaving" the CIA. In 1982 she joined the Fact Finding Division of the ADL. A curious and crucial fact: an "ex"-agent of the CIA joins the Fact Finding Division of the ADL and devotes herself to the pursuit and prosecution of a prominent political figure and his associates.

- Mira Boland admitted having participated in two gatherings of political figures, financiers, intelligence agents and media opposed to LaRouche. The first meeting took place in April 1983 at the home of an important banker, John Train. Participants included Pat Lynch of NBC TV, who in 1984 produced a libel characterizing LaRouche as a "small-time Hitler"; Dennis King, a partisan of drug decriminalization, who writes for *High Times* magazine and who authored a slander against LaRouche paid for by American intelligence services, entitled "Nazis without Swastikas." The purpose of the 1983 meeting was to sketch out a public campaign of denunciation and calumny so as "to create a favorable climate for prosecution as well as police actions against LaRouche and his associates." The second meeting, organized after the Alexandria verdict which sentenced LaRouche to 15 years in prison, was to "celebrate the victory." Participants included those who had attended the first meeting in addition to the prosecutors of Alexandria.

- Boland admitted having given the names of prospective witnesses against LaRouche and others to the police and the prosecution. She admitted having had long meetings with the sheriff of Leesburg, Virginia, concerning the associations friendly to Mr. LaRouche, and having warned the sheriff, Mr. Isom, of their activities. She admitted furthermore having met the FBI repeatedly and diffused internal ADL reports on LaRouche to federal as well as state government officials. She told about meeting the prosecutorial teams of the "LaRouche trials" in Boston (Mass.), Alexandria (Va.), Leesburg (Va.), New York City and Roanoke (Va.).

- Boland admitted to having met and having communicated with Roy Godson, a longstanding LaRouche enemy within the American intelligence establishment.

In order to cut off further questioning of Boland, prosecutor John Russell entered a stipulation, that Mira Boland and the ADL had animus against Lyndon LaRouche and his associates and entities associated with him; that she communicated that animus to law enforcement; and that she played an integral part in all prosecutions and investigations.

Richard Morris's testimony

The testimony of Richard Morris, former executive assistant to President Reagan's National Security Adviser during the first Reagan administration, Judge William Clark, given during the same trial of Richard Welsh, revealed more details about the nature of the political "animus" against LaRouche in Washington. Morris reported about his several personal meetings with Mr. LaRouche as well as representatives of LaRouche, and also that other members of the National Security Council (NSC) staff used to meet with LaRouche representatives. He said that the information received from LaRouche and his programmatic proposals were found useful in an entire range of strategic, political and scientific areas such as the economy, Soviet policy, ballistic missile defense (SDI), the "Contra" issue, the national debt, the bank indebtedness of South American nations, and South Africa. He testified that Lyndon LaRouche was one of the first individuals to bring to the attention of the NSC the potentials for an anti-ballistic missile defense well before it was known as the SDI and that this policy indeed was announced publicly by President Ronald Reagan in March of 1983.

Morris told the Court that there was criticism of LaRouche's influence and opposition to his input into the NSC among the NSC staff. He said LaRouche took a controversial position on the "Contras," and there were objections and opposition to his position in the NSC, because he opposed the "Contra" policy specifically. Criticism against LaRouche arose from the intelligence group in the NSC, in particular, Morris reported. He identified three individuals by name: Kenneth de Graffenried, a senior member of the intelligence staff who had spoken to him several times trying to stop the influence of LaRouche and his associates into the NSC. Second, a consultant to the NSC on intelligence affairs,

Roy Godson. And third, NSC member Walter Raymond, who thought that Lyndon LaRouche's input must be stopped.

Morris identified Raymond as the NSC member who was responsible for Project Democracy diplomacy and organizing support for the "Contras." He testified that the first communications trying to stop the input of LaRouche to the NSC were in the late summer of 1982, and occurred 5 to 6 times in subsequent periods. He testified that Roy Godson was the most persistent in demanding that contacts to LaRouche should be stopped. Morris testified that he was told that Mr. LaRouche should not be given access because he was a "socialist, a communist, a member of the KGB, and a fascist," but always an "extremist," although Godson never gave any factual basis for this. He also testified that there were other areas of Mr. LaRouche's political influence which could not be revealed publicly at this time because they were still classified.

More details on the "Task Force"

In Kastigar hearings that were held on the question whether the Commonwealth of Virginia used testimony given by Richard Welsh at both the Boston and Alexandria trials of LaRouche and associates under immunity by the Federal government, federal and state prosecutors and agents from around the country took the stand. Their testimony demonstrated that all the prosecutions of LaRouche and his associates were the work of one intimately coordinated federal and state task force. Until then the various prosecutorial agencies had maintained that each prosecution was developed and pursued independently of the other.

- Prosecutor John Russell admitted having had numerous discussions about the prosecutions with Mira Lansky Boland of the ADL, that he knew the ADL had an archive on LaRouche and asked Mira Boland for documents which he wanted to introduce into evidence.

- George Chabalewski, Russell's assistant and assistant prosecutor in the trial of LaRouche associate Rochelle Ascher, admitted that there was a "task force" behind LaRouche trials and that the Commonwealth used documents produced for them by federal agents for use by "the task force." He also admitted that he spoke with Mrs. "M." from the ADL when he attended the Boston trial of LaRouche as well as the Alexandria trial.

- John Markham, prosecuting Assistant U.S. Attorney in the Boston "LaRouche trial," admitted that he was assisted in the prosecution by the ADL. He also testified about the role of Pat Lynch of NBC in the attempt to link Lyndon LaRouche to the assassination of Swedish Prime Minister Olof Palme in February 1986!

- Virginia state police investigator C.D. Bryant confirmed his contacts with the ADL and Mira Boland during the Alexandria and Leesburg trials. He said Boland provided him with the names of potential witnesses against LaRouche's associates and even arranged an interview with

a potential witness in her office at the ADL's headquarters in Washington, D.C. He said that he asked Mira Boland to provide him with background information about the "LaRouche organization" and testified that he "is still doing investigative things with the ADL."

- Mark Rasch of the U.S. Department of Justice testified that he exchanged information with Lansky Boland during the Boston trial and that he is still in contact with her.

- John Isom, Sheriff of Loudoun County, testified that he knew Mira Boland, that he had contacts with the ADL, that he called Mira Boland a couple of times.

- Deputy Sheriff Don Moore of Loudoun County testified that he had been in touch with Mira Boland for years, that he saw her and Brian Chitwood, a reporter of the *Loudoun Times Mirror* who authored numerous articles slandering LaRouche, in Boston, Alexandria, and also at the sentencing hearing of Mike Billington. He told that he had even driven Galen Kelly, a "deprogrammer" with the ADL-linked American Family Foundation to Roanoke for the Billington sentencing and arranged for his hotel because Kelley wanted to study "cult behavior."

- Loudoun County Sheriff's lieutenant McCracken testified that he received materials from the ADL and Mira Lansky Boland.

- State Corporation Commission investigator Partham testified, that the ADL brochures were part of his investigation.

ADL tried to influence the trial judge

The proceedings of the trial of Richard Welsh in Roanoke, Va., also revealed efforts on the part of the Anti-Defamation League to corrupt and influence the presiding judge in the case, Judge Clifford Weckstein. Weckstein had already presided over the trials of two other associates of LaRouche, Michael Billington and Donald Phau, who were sentenced by him to 77 and 25 years in prison, respectively.

Under the pressure of a defense memorandum questioning his impartiality in the case, Judge Weckstein revealed on April 12, 1990, that he had received a letter from the ADL dated April 7, 1990, signed by the regional director of the ADL in Virginia, Ira Gissen. Gissen had written the letter on the request of a member of the National Commission of the ADL residing in Virginia, Murray Janus. The letter sought to direct Judge Weckstein's attention towards ADL reports, which were enclosed and which accused LaRouche of leading a "cult," of being a "political extremist" and of being an "anti-Semite and a Nazi."

A week later Weckstein revealed that enclosed with the ADL letter was also the copy of a resolution of the Virginia chapter of the ADL which called upon the governor of the state to name a "Jewish judge" to the Supreme Court of the state. By including this resolution in the correspondence to Weckstein, Gissen was implying possible "rewards" if he handled the case favorably for the ADL, i.e. it constituted

an effort to corrupt a Judge.

In his answer to the letter, Judge Weckstein, who released the letter and entered it into court records, told Gissen that he would abstain from studying the contents of the ADL report. At the same time, the Judge included in his letter of April 16, 1990, a copy of a leaflet distributed in Roanoke by friends of Mr. LaRouche who accused Weckstein of having established links to the ADL and of partiality as a result of prior contacts to the government and the ADL.

Some facts also reported in the leaflet are of interest here: It is well known in the state of Virginia, that the nomination of Judge Clifford Weckstein had been supported by his close business associate, lawyer Murray Janus of Richmond—the instigator of the first Ira Gissen letter. Murray Janus is also a leader of the ADL, a superior of Mrs. Boland. Furthermore, the same Judge worked for some time for the local *Roanoke World News* and married the daughter of its Chief Editor. The newspaper, which has become the *Roanoke Times and World News* now, covered the various “LaRouche trials” in Roanoke with numerous inflammatory and libelous articles. (Most of these articles could not possibly have been missed by the jurors sitting in the “LaRouche trials” in Roanoke.) Today the brother-in-law of the Judge is responsible for political reporting in the paper and the in-laws of the Judge still hold significant shares in the paper.

2. The Ogle County, Illinois affair

It was the election victory of the two LaRouche Democrats Mark Fairchild and Janice Hart in 1986, which at that time caused leading members of the Democratic Party leadership to press for judicial action against the “LaRouche problem.” In 1989, Neil Hartigan, Attorney General in Illinois, was running for governor against Mark Fairchild. It is a documented fact, that he abused his position to challenge the petitions filed by the LaRouche slate which also included Janice Hart, Patricia Noble-Schenk and Ronnie Fredman. In January 1990, the Illinois State Board of Elections denied the LaRouche-allied candidates access to the ballot. The candidates unsuccessfully sought injunctive relief via a Temporary Restraining Order (TRO).

(Another example for the usefulness of courts for “mainstream” political candidates is the case of LaRouche candidate [Mary] Frueholz in New Jersey. In spring 1990 Frueholz was the sole Democratic candidate in the 11th Congressional District until the Secretary of State decided to break the rules and keep the doors open for an additional 2.5 hours to allow Michael Gordon, the “regular” Democrat, to file his petitions past the legal deadline. Although the filed petitions were full of gross irregularities and forgeries, they were accepted. The Administrative Law Judge in Newark, Judge Clancy, simply refused to rule. At least he took several hours of testimony, which revealed that the courier who was deployed to deliver the petitions and claimed car trouble as the reason for the late filing, happened to be an employee of the Essex County

Sheriff’s department, using a county police car and not carrying out his regular duties for over 6 hours in order to file the Democratic Party petitions.)

But State Attorney Dennis Schumacher of Ogle County went further. He started a criminal investigation against Schenk, Fredman—both candidates on the LaRouche slate—and Richard Blomquist, who were indicted by a Grand Jury for “theft, residential burglary, robbery and intimidation.” The indictment claimed that the three had forced a supporter to make contributions to publications and entities associated with Mr. LaRouche, although the lady in question, Mrs. Harriet Driver, had never filed a complaint and had never testified before the Grand Jury. As Schumacher admitted in court, it was only the intervention of Mrs. Driver’s stock broker which stopped her from continuing to support the political efforts of the defendants. Obviously in light of the March 20 primary date and the, at that time ongoing, legal battle of the Fairchild slate to gain ballot status, Schumacher pressed for a trial date on March 5, 1990.

In the beginning of the trial, Schumacher pointed out, that his intention was to show the alleged criminal nature of the whole “organization” the defendants were part of. The prosecution’s first and principal witness, Harriet Driver, turned out to be a reluctant witness for the prosecution, although the prosecutor had “prepared” her for testimony for several hours. She continued to refer to the defendants by their first names and described the reasons for her political support. In a fashion hardly consistent with that of someone who has been robbed, she described each of the series of conversations and visits that occurred with “Pat and Ron.” Never did she say she had been robbed, threatened or even afraid. During her testimony, it became clear that she had been pressured to testify. After 45 minutes of intense questioning and direct interrogation, she physically broke down and was rushed to a hospital in an ambulance with symptoms of a stroke.

In opposition to the three defendants’ attorney, who requested a dismissal, Schumacher requested the court to continue the trial the next day and that his witness be forced to return to court to provide testimony. But the Judge declared a mistrial. Retrial was scheduled for June.

According to medical records of Harriet Driver, Dennis Schumacher personally visited Harriet Driver on May 3, 1990, in a nursing home, where she was recovering, and informed the nurse on duty that an NBC interview would be conducted on May 4. Schumacher arranged and promoted the interview, and coerced Mrs. Driver into granting it, parts of which were shown on “NBC Nightly News.” The medical record states that on May 4, Harriet Driver “does not want to be interviewed.” Despite this, the interview took place in which Driver said: “Maybe if I hadn’t testified in court, maybe I wouldn’t have had a stroke.”

In a hearing on May 29, 1990, when it was still undetermined whether Mrs. Driver was physically able to testify,

Schumacher indicated his intention to proceed to trial and force Mrs. Driver to testify.

The interview was part of an "NBC Nightly News" show put together by Pat Lynch, which was aired on May 21, 1990, a week and a half before the retrial of Fredman and Noble-Schenk was to begin. Pat Lynch called on the federal government to take action against LaRouche and claimed supporters were stealing money from the elderly. Don Moore, Deputy Sheriff of Loudoun County (where a Grenada-style police raid of several organizations associated with LaRouche took place in October 1986) said LaRouche was running the organization from prison over the phone, and also Virginia prosecutor John Russell appeared. On the same day, the *Washington Post* ran a similar story, and shortly afterwards the *Loudoun Times Mirror*, which quoted the local Sheriff John Isom claiming that his offices watched the continuing activities of the "LaRouche organization" and had deployed specific personnel for this purpose.

After a motion filed by attorneys for Fredman, Noble-Schenk and Blomquist asked the Court on June 1, 1990, to compel NBC TV and Schumacher to produce documents and the portions of the videotape of the interview which NBC did not show on the air, Schumacher suddenly dropped all charges against LaRouche's associates. The motion mentioned also the role of Mira Boland, who was on Schumacher's witness list, in the prosecution.

The effort to impede constitutionally protected First Amendment political activity, cutting off of political contributions and support for organizations and activities connected to LaRouche is part of a complaint for damages filed by Lyndon LaRouche, Ron Fredman and Patricia Noble-Schenk with the United States District Court for the Northern District of Illinois, Western Division, in July 1990. The complaint against Dennis Schumacher, Pat Lynch and Harriet Driver's daughter Mary Ann Plock also accused the defendants of utilizing a grand jury and a criminal prosecution to improperly attempt to extort the payment of money by the plaintiffs Fredman and Noble-Schenk to a private individual and of utilizing the discovery mechanism of grand jury subpoenas to obtain information for a private law firm to use in preparing a planned civil lawsuit to harass and intimidate political supporters and contributors to political organizations in support of plaintiff LaRouche. In so doing, the complaint stated, "Dennis Schumacher acted outside his legitimate role as a prosecutor . . . for purposes of political harassment and for promoting a civil lawsuit by a private party."

3. Infringement on Rochelle Ascher's First Amendment rights

Rochelle Ascher, a fundraiser for the LaRouche movement, was convicted of phony charges of violating a Virginia securities regulation and sentenced to an 86-year prison term by a Loudoun County jury in April 1989. Loudoun Circuit Judge Carlton Penn reduced her sentence to 10 years, but

ordered her immediate imprisonment. Two days later, the Virginia Appeals Court overturned Penn in an abrupt ruling, stating that Penn had "abused his discretion in denying Ascher bail" pending the outcome of her appeal. Despite the strenuous objection of the prosecution, the Appeals Court refused to order Ascher to cease fundraising activities as a condition of her release.

On May 16, 1990, prosecutors from the Virginia Attorney General's office filed a motion before the Virginia Court of Appeals to revoke Ascher's bail citing her successful effort to enlist financial support for the LaRouche political movement, although the bail conditions merely prohibit her from soliciting loans, not contributions. The motion referred to the case of a Mrs. Helen Overington.

Mrs. Overington had purchased literature and made contributions from February 1989 until February 1990. On May 1, 1989, when Mrs. Rochelle Ascher was being sentenced by Judge Penn, Overington—fully aware of the charges against Mrs. Ascher and after making substantial contributions—had written to the Judge: "I know Rochelle as a very bright competent enthusiastic person whose integrity is above question. It would be unfair to sentence her to any time in prison, much less 86 years." In April 1990 Overington wrote Penn to say that she was retracting her previous letter. On March 23, 1990, she had written to Mrs. Ascher, that in order to get her contributions back, she was ready to pursue "whatever legal action . . . including answering questions in court against the LaRouche organization and persons with whom I dealt."

The legitimate question is, what caused this change of behavior? Thanks to the several trials of associates of LaRouche, the following facts are part of the record:

Virginia State Police Agent and state police chief investigator for the LaRouche cases since 1986, C.D. Bryant, who travels around the country contacting supporters of the LaRouche movement and attempting to turn them into useful witnesses for "LaRouche trials," testified under oath that he had discussions with one or more of the daughters of Mrs. Overington relating the possibility that a bond revocation would be sought if payment were not made by Mrs. Ascher. It is also confirmed, that Bryant introduced the disgruntled family of Mrs. Overington to Lansky Boland, as well as to the Pennsylvania law firm McNees, Wallace & Nurick in an effort to cut off Overington's contact with Ascher and her financial support for LaRouche. (This law firm, representing another former LaRouche-supporter, moved on May 22nd, 1990 to garnish bank accounts of six LaRouche-related companies, although the respective judgement was under appeal in another state court.) The family of Mrs. Overington subsequently hired the Pennsylvania firm to threaten Ascher with imprisonment if she did not cut all ties with Mrs. Overington. The attorney wrote to Ascher as well, threatening to cooperate with a bail revocation hearing unless a substantial amount of the money Mrs. Overington had contributed was returned.

Bryant's testimony about a continuing relationship to Mira Boland is on the record as well, the same has been admitted by Virginia Assistant Attorney General John Russell, who prosecuted the case against Ascher and now moved to put her in jail. That this move again aimed at the financial basis of the political activities of the LaRouche political movement, was made overtly clear by the aforementioned article in the *Washington Post* of May 21, 1991, which also referred to Helen Overington. The article reported about the conviction of LaRouche and six associates in Federal Court and of four associates in Virginia courts and then read: "But the group has not—as state and local officials hoped after the raid—gone away. LaRouche's followers maintain financial and legal offices in Leesburg and run a publishing operation in Eastern Loudoun."

On May 22, 1990, Rochelle Ascher filed a motion in the Circuit Court of Loudoun Co., Va. asking the chief judge to appoint a special prosecutor to investigate this matter under the Virginia extortion code, which makes it illegal to threaten criminal action to extort money from someone. (The full text of this motion is attached as Exhibit 72, because it is an instructive description of the tight cooperation between the U.S. government, private political interests such as the ADL and the media in the combined effort to impede legitimate political activity associated with LaRouche.) The attempt to interrogate Mira Boland about this affair, failed because Judge Kaplan, Chief Judge of Baltimore, Maryland, on August 30, 1990, quashed a subpoena that had been served to Mira Boland personally, accepting the argument of the ADL's attorney, that the subpoena was just harassment.

4. Financial warfare by Minnesota Attorney General Hubert Humphrey

Beginning in January 1991, the office of Minnesota Attorney General Hubert Humphrey used the transactions with a supporter of Mr. LaRouche, which had been the subject of civil litigation, as an obvious means to hurt the financial basis of the political initiatives of the LaRouche movement. That litigation was fully settled in November of 1990, with no admissions and a satisfactory resolution. Nonetheless, Humphrey, who is closely tied to the Anti-Defamation League, used it as the pretext to illegally and improperly seize the bank records of three entities and organizations associated with Presidential candidate Lyndon LaRouche and the bank accounts of the Constitutional Defense Fund (CDF). CDF is non-profit entity that has provided the funds for the legal defense of LaRouche and his political movement against government attacks.

Using a Minnesota Forfeiture Statute, that was never intended for use in this fashion, Humphrey's office convinced both a Judge in Minnesota and in Pennsylvania to issue orders seizing bank accounts, effectively shutting down CDF. In an *ex parte* proceeding, without disclosing that a civil settlement existed and that the money claims of the

supporter's family had therefore been satisfied.

After hearings in both Minnesota and Philadelphia, both Judges vacated their earlier orders, finding that Minnesota authorities had illegally and improperly used the Forfeiture Statute, violating the due process rights of CDF.

Using the same methods they also moved to have search warrants issued in Philadelphia and Virginia for all bank records of CDF and three other organizations. While the warrants were thrown out by a Fairfax Co., Va. judge as being unconstitutionally over broad, another Judge in Alexandria Co., Va., throwing out the constitutional protection provided by the First and Fourth Amendments, denied a request for a temporary restraining order brought by the four entities, whose bank records are the subject of search warrants.

The warrants were issued on the basis of affidavits by Loudoun County Sheriff's Lt. Don Moore, and an investigator for Minnesota Attorney General Hubert Humphrey, Jr., Richard Munson. The affidavits allege criminal wrongdoing by the four entities, based on acts that were the subject of civil litigation in Minnesota settled four months previously.

The TRO, requesting that the documents not be produced until a motion to quash was heard, was filed when the entities learned that the bank involved intended to turn the records over to Lt. Moore. However, Alexandria Circuit Court Judge Kent denied the TRO, stating that he saw no compelling need, nor any authority to issue a TRO. The Judge said the entities had a remedy, to make a motion to "suppress" evidence improperly seized, after a criminal prosecution were brought.

As grounds for their request for a TRO, the entities argued that as the organizations engaged in political activity, irreparable harm would occur if such records had to be produced. It would mean disclosing the names of contributors and supporters to law enforcement agencies that have a clear animus, and thus subject them to possible harassment and other scrutiny in violation of the rights of free speech and political association, contained in the First and Fourth Amendments to the Constitution.

The four entities argued that they exist for clear political purposes: the Constitutional Defense Fund is a legal defense fund providing financial assistance to wage the legal fight against the Anti-LaRouche task force's efforts to silence the LaRouche political movement; EIR News Service is the publisher of several political newspapers and publications that are read internationally; the Human Rights Fund is a charitable trust.

Both the request for a TRO and the motion to quash asserted that "(1.) the affidavits (of Moore and Munson) fail to establish probable cause that the records sought contain or are evidence of any criminal acts; (2.) the warrant is over broad in that it seeks a vast number of documents for a broad time period far beyond the very limited specific acts set out in the affidavit; and (3.) the records demanded, particularly

those of Executive Intelligence Review News Service, Constitutional Defense Fund and Publication and General Management, are not tied in the affidavit in any way to alleged illegal activities, or to an account at Sovran [Bank].”

Kent’s denial is presently being appealed to the Virginia Supreme Court, but Humphrey’s office, along with Moore, have the records for the time being.

The warrants in Philadelphia were subsequently narrowed in scope for the same reasons, limiting the documents produced to only those directly relating to the transactions set forth in the affidavit. This did not occur, however, until Humphrey’s office had improperly gotten documents from one of the banks in Philadelphia, by going over the head of the Philadelphia authorities. They were forced to return them, and destroy any copies they had made. Nonetheless, the actions of Mr. Munson, represented yet another illegal attempt to circumvent the Constitution.

This latest assault, based on misrepresentation and falsehood, was possible only because the fact of a settlement in a civil action in Minnesota was not disclosed. In an earlier attempt to seize bank accounts and bank records, judges in both Philadelphia and Duluth, Minn., had to vacate their seizure orders which had been granted because the judges had not heard of the Minnesota settlement.

What is clear in this situation is that the request has nothing to do with any “investigation” in Minnesota. Rather, the timing coincides with an escalation of financial warfare against the LaRouche movement by an organization named Cult Awareness Network (CAN).

CAN recently created the “LaRouche Victims Support Group,” which has taken out newspaper ads, including in the *Washington Post*, and has had spokesmen on radio talk shows in several parts of the country. Members and leaders of CAN include people like Galen Kelly, a “cult deprogrammer” convicted numerous times of kidnapping, who was also hired by the family of LaRouche supporter Lewis du Pont Smith, to kidnap him in an attempt to “remove” him from the LaRouche movement.

5. Virginia bail conditions—additional political restrictions imposed on Don Phau

The defendants convicted in the Roanoke court of Judge Clifford R. Weckstein have all been released on bail pending the appeal of their convictions. Judge Weckstein has imposed conditions on the defendants’ conduct while free on bail, which severely limit their rights to political association and their right to retain attorneys for their defense.

Weckstein has ordered that the defendants can not solicit contributions for any political cause. He has also prohibited the defendants from soliciting contributions to pay for their own legal defense. In addition, Weckstein has prohibited the defendants from communicating to any of their political associates anything that would aid them in the solicitation of contributions.

Don Phau had been sentenced by Judge Weckstein to 25 years in prison. In July 1990, Virginia Assistant Attorney General John Russell filed a motion to revoke his bond as well, alleging that Phau solicited a Troy, N.Y. woman for a contribution. This allegation was entirely untrue. The political nature of Russell’s action was shown by the fact that before Russell filed the motion, the incident was covered in the *Troy Record* and *Albany Times Union*.

In a hearing on the matter on July 20, 1990, Weckstein did not revoke Phau’s bail but put additional, unconstitutional restrictions on it and denied all defense subpoenas for testimony which could have proven that the charges against Phau were baseless. He also denied a motion by Phau’s attorney for sanctions against Virginia prosecutor John Russell for abuse of his office. The Virginia Court of Appeals in March 1991 upheld the ruling by Judge Weckstein, which prohibits Phau not only to “directly or indirectly (participate) in the solicitation of funds” while [free] on bond pending appeal, but even to “communicate verbally or otherwise” to anyone about anything which might lead to a solicitation of a contribution to anything. The Court did not find that these conditions were a violation of Phau’s First Amendment rights.

It should be noted, that also on Joyce Rubinstein and Dennis Small, who were convicted in Federal Court in Alexandria and have been released on probation in the meantime, court orders were imposed which directly infringe upon their constitutional rights, especially, but not only, their First Amendment rights.

6. The government-initiated involuntary bankruptcies

Perhaps the most telling example for the abuse of the judicial system is the story of how the U.S. government shut down two publishing companies and a scientific foundation with hundreds of thousands of subscribers.

Caucus Distributors, Inc. (CDI), Campaigner Publications and Fusion Energy Foundation (FEF), three entities associated with LaRouche, had been commanded by a grand jury subpoena to produce all their business records to the 1984 grand jury initiated by then-Massachusetts U.S. Attorney William Weld. Numerous boxes of documents were turned over during the course of 1985 and were kept by Markham’s office even after his Boston indictment of LaRouche and fifteen others mistried in May 1988. When Markham was leaving the Boston office last Spring, he moved Keeton’s court for authority to discard the companies’ records, unless anyone of the companies should want them back.

In the intervening time between 1985, when the documents were produced, and 1989, when Markham sought to return or destroy them, the U.S. government in an unprecedented move—using fines which had been imposed for the alleged non-production of these very same documents—had

the companies seized and put under the control of interim trustees by filing an involuntary bankruptcy petition against them. The very creditors the government claimed to protect by this move were severely harmed, because the companies could no longer repay loans to thousands of lenders.

Judge Albert V. Bryan, Jr., who was to preside over the trial of LaRouche and six associates in Alexandria, Va., made two rulings condoning the bankruptcy procedure. Then, in the beginning of the criminal case charging the defendants for defaulting on loans given by supporters, he not only failed to recuse himself in light of his prior rulings, but granted the government's demand to ban and censor from LaRouche's trial any evidence that the government bankruptcy action had been carried out in bad faith. Moreover, his order prohibited the defense from saying that it was the government which brought the bankruptcy. The trial ended with the conviction of all defendants who received jail terms of 3-15 years.

Back to the documents: Those trustees appointed by the bankruptcy order in 1987 did request the documents be returned. In May 1989, this fact was presented in a hearing before Judge Keeton (who had presided over the mistried Boston case in 1988), with FBI Agent Egan present in the courtroom. Markham told the judge the documents would be returned. But the very next morning Egan gathered up the box-loads of documents and put them in a garbage container. After learning this, the companies' attorneys demanded Keeton hold a hearing to determine if Egan should be held in contempt.

Keeton held a hearing on July 19, 1989, where he used strong words to criticize "the FBI agent's" behavior. Although Keeton found the "government . . . admitted that it discarded these documents," his final order issued beginning of February 1990, did not find any wrongdoing by FBI agent Richard Egan. Keeton refused to find either Egan or former prosecutor John Markham, who supervised Egan's investigation of Lyndon LaRouche and numerous of his associates, in contempt of court for the willful destruction of the documents belonging to three companies formerly associated with LaRouche. (Similarly, Keeton's final order issued in the wake of LaRouche's attorney's presentation of extraordinary misconduct in the mistried criminal case had ultimately found "systematic and institutional misconduct" but no wrongdoing on the part of Markham and other prosecutors.)

In October 1989, federal bankruptcy judge Martin Bostetter had found that the government seizure and shutdown of Fusion Energy Foundation, Caucus Distributors and Campaigner Publications was—unlawful—carried out in "objective bad faith" and—done by means of a "constructive fraud on the court." In March 1990, the U.S. Government appealed the bankruptcy court's dismissal of its actions, asking the District Court to consider the "special circumstances" involving "these debtors" as an excuse for at least bending the bankruptcy law.

In July 1990, Federal Judge Claude Hilton denied the Government's appeal and upheld Chief Bankruptcy Judge Martin V.B. Bostetter's finding that the Justice Department acted in objective "bad faith" when it brought an involuntary bankruptcy action against the three companies.

On Oct. 1, 1990, lawyers for the three entities received written confirmation that the U.S. government formally decided not to appeal these two decisions of two separate federal judges! On Oct. 19, 1990, the three bankrupted entities filed a claim for several million dollars in damages against the U.S. government citing that: LaRouche and his associates have been unjustly held in prison for 21 months for economic crimes the government committed and then pinned on him through a continuing fraud on the court system; an extensive distribution network of political literature was dismantled; none of the publications or journals were produced or distributed again, all income-generating activities ceased.

The government brief filed in opposition to this claim of damages argued that since the victim companies were now destroyed, they had no standing to sue for damages!

7. Shutdown of a political action committee

Like FEF, Campaigner and CDI, also the National Democratic Policy Committee were heavily fined for the alleged non-production of documents to the Boston grand jury. The huge fines were imposed solely upon the affidavit of FBI agent Richard Egan, the NDPC was never allowed to challenge the fines in a court hearing. The final recalculation of the fines to "merely" \$2.7 million by the District Court relied on secret papers, sealed documents and untested evidence. In the numerous requests for hearings on the facts of the matter, the NDPC has pointed to the fact that collection of even a part of this sum amounts to an "economic death penalty."

On March 8, 1990, the Federal U.S. Attorney in Boston filed opposition papers to the political action committee's appeal, contending that the government's key affidavit was submitted under seal because "it was unavoidably necessary" to conceal "certain highly sensitive information." On April 30, 1990, the First Circuit Court of Appeals denied the NDPC's appeal against the secret recalculation procedure.

The NDPC has appealed these fines three times to the First Circuit and twice to the U.S. Supreme Court and has never once been given a hearing.

8. Federal Election Commission aids anti-LaRouche 'task force'

From the moment the U.S. federal government began its investigations of Lyndon LaRouche's presidential campaigns, back in 1984, the Federal Election Commission ("FEC") has been an instrumental part of the prosecutorial task force. The FEC has used the allegations created by the task force's investigations to, in turn, interfere with LaRouche's electoral campaign efforts.



Edward Spannaus delivers a press conference in Washington, D.C. in December 1988, on the Justice Department's cover up of the Iran-Contra affair, specifically the intermediary role of Iranian gun-runner Cyrus Hashemi.

In January of this year, 1991, the FEC issued an official notice that despite its finding that the Anti-Defamation League of B'nai B'rith had acted illegally, by spending funds to defeat LaRouche's 1988 bid for the presidency, the FEC would not pursue court action against the ADL.

The ADL's violations had been brought to the attention of the FEC by LaRouche's treasurer, Edward Spannaus, in a complaint filed on April 2, 1986. However, the FEC's superficial investigations into the ADL's wrongdoing dragged out for 4 years, making no finding until after the prosecution against LaRouche was completed. The superficiality and/or "failure to investigate" is demonstrated by the factual contradictions in the ADL's responses to the FEC's investigation which were never resolved.

Even without resolving the contradictions, in May 1990, the FEC made a "probable cause" finding that the ADL had violated the law. Yet, after another delay and negotiations between the ADL and the FEC, in January 1991 the FEC ultimately determined to let the ADL off. The FEC stated it would: "exercise its prosecutorial discretion and not pursue this matter in a judicial forum," because among other things the ADL has a "relatively sympathetic posture."

Thus, the FEC, which is supposed to be non-partisan, decided not to hold the ADL accountable for its violations of the law because it would be viewed as a "sympathetic" party by the courts in the U.S.

Two critical facts were revealed when the FEC finally made its announcement that it would close the investigation initiated by the complaint filed back in 1986: 1) the ADL's

Mira Lansky Boland had been a consultant to the FEC during this period on other matters and 2) the ADL had distributed its illegal negative-campaign literature against LaRouche to 1,580 media outlets, 510 members of Congress, among others.

The effect of delaying the FEC investigation and its findings (albeit incomplete investigative work) was to deny LaRouche, his co-defendants and other associates being tried, of direct evidence of the ADL's collaboration with the prosecutorial task force. LaRouche and his co-defendants in the Alexandria trial specifically made a formal request for evidence, "referencing or suggesting the participation of the Anti-Defamation League of B'nai B'rith . . . in investigations of defendants and organizations, entities or individuals affiliated with defendant LaRouche." Such requests were ridiculed by the prosecution as "fantasies" of the defendants and denied by Judge Albert V. Bryan, Jr. The FEC's opening of the file on the 1986 complaint, now shows that defendants were correct and the FEC assisted—by not releasing prior to the completion of LaRouche's trial—in the government's coverup of the task force's operations.

It is of significant note that at the same time the FEC refused to take the ADL to court for its violations of law, the federal agency re-activated an investigation into LaRouche's 1984 campaign committees, a political collaborator who had run for Congress in 1982, Debra H. Freeman, and five other entities which either provided services to his electoral campaigns or had employed persons who happened to support his candidacy. This investigation was restarted just weeks after LaRouche announced from his jail cell that he would run in the 1992 presidential elections. This FEC action has raised allegations which the FEC intends to use to prevent or curtail LaRouche's 1992 bid for office.

9. The case of Lewis du Pont Smith

In April of 1985, the parents and siblings of Lewis du Pont Smith, an heir to the DuPont Co. fortune, brought a proceeding for incompetence against him, based on his political and financial support of organizations and causes associated with Lyndon LaRouche.

Initially they petitioned the Court in West Chester, Pennsylvania, for a guardianship of his estate. The action alleged that du Pont Smith was not competent to manage his financial affairs, and should be barred from control of his approximately \$10 million in trust assets. This action by his family was based solely on du Pont Smith's contributions and loans of \$212,000 to two organizations that published materials disseminating the outlook of Mr. LaRouche and the political movement associated with him. This fact was admitted publicly by Lewis du Pont Smith's father in a letter to the editor in the local newspaper, the West Chester *Daily Local News*, where he described the court battle as "not a family dispute, it's not Smith vs. Smith, it's Smith vs. LaRouche."

Additionally, while the first proceeding was pending, the

family filed another action against du Pont Smith, requesting a guardianship of the person, which would have meant a court-sanctioned "cult deprogramming" operation. The family essentially argued that by resisting their efforts to stop his financial support for Mr. LaRouche, Lewis had "proven" that he was so mentally unstable as to need court protection; the Court ordered control of his actions by either his family or the State, which would have surely meant institutionalization. Testimony during the proceeding clearly demonstrated the role of the Anti-Defamation League, the American Family Foundation, and the Cult Awareness Network in guiding the family in their efforts to have du Pont Smith declared incompetent. Pennsylvania Orphan's Court Judge Lawrence Wood heard testimony by family members, the ADL, AFF, and CAN as well as by du Pont Smith and two experts who testified on his behalf. Judge Wood found du Pont Smith "mentally incompetent" to manage his financial affairs, and appointed the du Pont family bank, the Wilmington Trust Co. to manage his funds. Wood's decision, in November of 1985, in complete disregard for the testimony of du Pont Smith and his experts, made clear the political character of the action. In his opinion, the Judge stated that as a finding of fact, he did not view the LaRouche political movement as being similar to the Republican or Democratic parties, or other "recognized" causes; he wrote that "we are reluctant to equate the importunings of the Lyndon LaRouche organization with the message of Christianity or of any of the other recognized religions." In thus granting the du Pont family's petition Wood found for the first time in American legal history that someone was incompetent or mentally ill because of his political beliefs and activity. While Wood denied the petition for a guardian over Lewis's person nonetheless, du Pont Smith lost his right to vote, marry and control his finances as a result of the finding of incompetence.

Only after a significant political and legal battle did Lewis du Pont Smith win the right to marry Andrea Diano-Smith, and to run for political office and vote. However, to this day Lewis does not have control over his finances, which are in the hands of the bank that was appointed guardian of his estate. A court order prevents his using the funds he is given to live on for any political campaign or initiative. For example, in 1986 a request to contribute funds to the presidential campaign of his cousin Pete du Pont was denied by Judge Wood, when du Pont Smith would not pledge not to request the right to similarly contribute to Mr. LaRouche's presidential campaign.

As a result, Lewis du Pont Smith has not only been deprived of his essential First Amendment right to support, financially and otherwise, the political causes of his choosing, but he and his wife Andrea have been subjected to the full brunt of the power and influence of Lewis's family's opposition.

This has meant harassment of both of them and of Andrea's family. Incidents included: an attempt to block their

marriage; efforts to have them kidnaped by Galen Kelly, a well-known "cult deprogrammer" hired by Lewis's father and brother; a trumped-up indictment in California of Andrea that was subsequently dropped when it was discovered that evidence supplied by Lewis's father was falsified; the break-in of their home by Lewis's father and his subsequent perjury under oath regarding the matter.

Perhaps most outrageous of all, Lewis du Pont Smith has seen his estate lose several million dollars as a result of the incompetence on economic matters of his guardian. Not once, but twice, du Pont Smith warned to no avail the Wilmington Trust Co. of the instability of the world markets. In October of 1987 and October of 1989, du Pont Smith requested that his trust assets be moved out of stock paper because of the imminent probability of market collapses. In both instances du Pont Smith was right; whereas the guardian appointed to protect du Pont Smith's estate from dissipation because of his so-called incompetence lost him an estimated \$3 million.

Judge Wood's initial finding of incompetence was appealed by Lewis du Pont Smith. It was affirmed by the Pennsylvania intermediate Appeals Court, the State Supreme Court, and the Supreme Court of the United States. Du Pont Smith currently has a petition pending for reconsideration of the ruling of incompetence. After months of testimony and legal battles, Judge Wood, required by law to hear the proceeding, was forced to remove himself from the case, after making public statements that exposed his bias.

(This case has been the subject of extensive media coverage not only in the United States, but especially also in Italy and France; a report in the British daily *The Independent* of February 10, 1990, draws the connection to the "total pursuit" of LaRouche by the U.S. government.)

10. The New York 'LaRouche case'

Since 1987, the behavior of New York prosecutor Dawn Cardi has made manifest the vindictive nature of this prosecution. Initially the indictment consisted of over 100 counts against 16 collaborators of LaRouche and several companies. One defendant was held for two weeks on a bail of \$500,000. After the charges against 12 defendants were dropped, George Canning, Marielle Kronberg, Robert Primack, and Lynne Speed were put on trial. Although they were not allowed to put on a full defense, on August 31, 1989, Canning was acquitted on all counts, the others were convicted: Primack on one count of conspiracy and one of scheme to defraud, Kronberg and Speed were each convicted on one count of scheme to defraud and acquitted on the conspiracy count.

On Feb. 8, 1990, New York Supreme Court Justice Stephen G. Crane sentenced Primack to an indeterminate state prison term of one to three years. Crane also ordered him to pay \$36,000 in restitution to three lenders who had testified for the prosecution in the case. Prosecutor Dawn Cardi had demanded that Primack receive the maximum sentence—

four years in prison—and repay \$30 million in restitution. On April 5, 1990, Lynne Speed was sentenced to six months' incarceration and five years' probation, Judge Crane also ordered her to pay \$16,000 restitution.

On March 12, 1991, Primack filed a motion to have his conviction overturned and a new trial granted. The motion is based on evidence that the prosecutors in the case withheld exculpatory statements from the defense. The evidence surfaced during testimony in the ongoing Kastigar hearing pertaining to Primack's co-defendant, Marielle Kronberg.

Although the sentences might appear mild relative to the barbaric terms imposed on associates of Mr. LaRouche who have been convicted in the state of Virginia, this case, which lasted for four years and is still going on, is an example for the pattern of vindictive prosecutions conducted against many of Mr. LaRouche's political collaborators. To force a political movement to devote large amounts of manpower and financial resources to legal defense, as phony as the charges may be, is in itself an infringement on constitutional rights.

To document this point, a few further examples shall be cited:

11. California 'LaRouche case' collapsed

On March 15, 1991, the Office of Los Angeles District Attorney Ira Reiner announced that it will not prosecute Bruce Kilber, the last defendant in the investigation and indictments produced by him and California Attorney General John Van de Kamp against organizers for the LaRouche-inspired anti-AIDS initiative "Proposition 64." Back in January 1988, Kilber had been charged with illegally registering to vote, after the most extensive investigation of an election campaign in California history. Andrea Diano-Smith, who had been indicted along with Kilber, had charges against her dropped two years ago by Reiner's office, after it was learned that key "evidence" had been manufactured by the family of her husband, Lewis du Pont Smith. The prosecutions had been the product of pressure by opponents of "Proposition 64," which had been placed on the November 1986 California state election ballot by associates of LaRouche and received a considerable amount of votes. Both Reiner and Van de Kamp were prominent and outspoken opponents of Prop. 64 and are known for their ties to the circles of California's Hollywood/"Gay" Lobby and the Anti-Defamation League.

Reiner's decision to drop the case against Kilber comes at a point when Kilber's attorney prepared to document in court not only that the prosecution was politically motivated, but that Reiner did not investigate similar charges made against his own political friends.

12. 'Theft' charge, but no victim

In Prince George's County, Maryland, prosecutors dropped charges against LaRouche associate Keith Levit in August last year in order to avoid an evidentiary hearing on

prosecutorial misconduct scheduled for a few days later. The prosecutors said they had neither evidence of theft nor any witness.

The evidentiary hearing had been ordered by the Chief Judge of the General District Court after Levit had filed a motion seeking to dismiss the charges on the grounds that a local police detective, Loudoun County Deputy Sheriff Donald Moore, Mira Lansky Boland of the ADL and reporters for "Inside Edition" [a syndicated television program—ed.] acted improperly by bringing about the baseless charges and staging Levit's arrest for the purpose of attacking the political movement associated with Lyndon LaRouche. Levit's motion also stated that the charges should be thrown out, because the charging document failed to even state a crime. It merely said that Levit had "convinced" a supporter of Lyndon LaRouche (who never filed a complaint) to contribute money and purchase literature. The police detective asserted this constituted "theft."

On hand for Levit's carefully arranged arrest were reporters for "Inside Edition," who were preparing a TV broadcast attacking LaRouche. The day after the arrest, the *Washington Post* printed an article with the inflammatory headline: "LaRouche aide charged with theft; Greenbelt woman, 82, allegedly bilked of her life's savings." The article featured Mira Lansky Boland.

At Don Phau's bail revocation hearing (reported above), prosecutor John Russell of Virginia, where Levit had also been indicted, had told Judge Clifford Weckstein on the record that he would bring Levit's case before him as an example of illegal fundraising practices. When a hearing was finally called to revoke Levit's Virginia bail, Russell did not show and the motion was dismissed.

13. Courts ban political organizing

Finally in this section dealing with the infringements of the right of thought and manifestation of political belief, we want to report two decisions by American courts which directly violate the First Amendment rights of friends and supporters of Lyndon LaRouche as they are rooted in the American Constitution.

In a case involving a supporter of Lyndon LaRouche, who was arrested for selling subscriptions to a political newspaper, *New Federalist*, on postal property, the Supreme Court of the United States decided last year that the U.S. Postal Service could ban solicitation on postal property. The 5-4 decision reversed 50 years of court precedent, whereby the right to solicit had been upheld as integral to the right to distribute political literature. Until this ruling, the Courts had repeatedly held that to ban solicitation would limit the full exercise of free speech only to those rich enough to afford to print and distribute the literature without needing contributions. As one Supreme Court Justice indicated during oral argument of this case, which was brought and argued by the Solicitor General of the United States, the Court understood



Dennis Small leads a Schiller Institute rally at the Mexican Embassy in Washington, D.C. in January 1989, in defense of the Mexican oil workers' union chief Joaquín Hernández Galicia, who had recently been arrested on trumped-up charges.

that the LaRouche movement specifically was the target of the post office solicitation ban.

In March of this year, the Second Circuit Court of Appeals in New York ruled that airports are not public forums and airport authorities may ban solicitation in airport terminals by political or other organizations. Over the last 10 years, supporters of LaRouche have frequently organized at airports, leading to public attacks on this practice by LaRouche's political opponents. The Second Circuit decision is viewed as a harbinger of further limitations on the rights of political organizers to have access to the public.

B. Violations of Articles 10 and 11 of the Universal Declaration of Human Rights

1. Alexandria conviction upheld

Under violation of the most essential provisions for fair trial procedures, Mr. Lyndon LaRouche, William Wertz, Edward Spannaus, Michael Billington, Dennis Small, Paul Greenberg and Joyce Rubinstein were tried during November and December 1988 in the United States District Court for the Eastern District of Virginia, Alexandria Division. On January 27, 1989, LaRouche was sentenced to 15 years in prison, his six co-defendants were condemned to lesser terms from three to five years. The essence of the charge, was that Mr. LaRouche and his colleagues had conspired with intent not to finish repaying less than \$300,000 worth of political loans. Mr. LaRouche's Appeal to the Fourth Circuit Court in Richmond, Va. was rejected on January 22nd, 1990. The

Opinion of the Appeals Court neither retained nor even contemplated a single one of the arguments of the 811 American and 50 European jurists attached to the defense as *Amici Curiae*, although it would be hard to find a group of more respected academic and practical lawyers.

On February 5, 1990, LaRouche and the co-defendants filed a motion with the Fourth Circuit Court of Appeals, which sought to have all the judges of the Fourth Circuit rehear the case which three of their colleagues had dismissed.

The motion first described how the seven petitioners were indicted in Alexandria, Va. only "after a massive multi-jurisdiction, four-year investigation, and in the wake of the mistrial in Boston" of many of the same defendants. "They were arraigned the next business day after indictment before two defendants had retained counsel, were rushed to trial at breathtaking speed, had their defense decimated by an *in limine* order 11 days before trial, and were then hurtled through a perfunctory jury selection process in a case involving one of the most controversial public figures of the past decade."

At every possible opportunity the three-judge panel's opinion had laid blame on the defendants for the circumstances of the rush to trial. In adopting the government's view, the opinion had stated that Bryan's denial of a continuance motion made by the defendants approximately 18 days after arraignment but before trial, was appropriate, because if a continuance had actually been required the defendants would have made it on the day of arraignment. The opinion had justified this finding by saying that "the prolonged silence leads to the reasonable inference that 34 days was not a clearly insufficient period of time between arraignment and trial."

In challenging this, the petition filed on Feb. 5 stated: "The anomaly of the Court's ruling is that if a defendant fails to move for a continuance at . . . arraignment, he risks being found tardy even if a later substantiated motion for continuance is filed. As a result, counsel is forced to immediately file an unsupported motion based on supposition, which will likely be denied. In such a 'Catch 22' situation, a defendant's constitutional right to effective assistance of counsel is rendered void."

The other constitutionally critical issue raised in the LaRouche appeal was the Sixth Amendment right to a fair and impartial jury. Again, in the three-judge panel opinion the defendants were faulted for allegedly "remaining silent at the conclusion of the *voir dire*" and therefore were found to have "waived" their right to challenge the *voir dire* on appeal. But this reasoning, the petition pointed out, "[b]oth . . . evade[s] and obscure[s] the constitutional deficiency of the jury selection conducted" in this case. The petition argued that the opinion obscured the fact that the defendants had filed an extensive pre-trial motion requesting adequate and individual questioning of the prospective jurors and that it was summarily denied without argument ten days before the selection process began. In fact, the most critical reason the defendants had given in that pre-trial motion for needing this type of questioning was the extensive adverse publicity which had surrounded them for years, which would reasonably cause certain persons to be prejudiced or biased against them. In the opinion which dismissed the appeal, the judges evaded this fact altogether.

Pointing out that the Court evaded the issue of the jury foreman Buster Horton, which had been raised in the appeal, the petition stated: "The Court . . . misses the critical point about Horton: that the significant fact was not his employment with the Department of Agriculture . . . but rather his position within its FEMA [Federal Emergency Management Administration—ed.] unit, a fact not revealed in the data made available to counsel. . . . If Horton's true position had been known, he certainly would have been challenged." Horton's position in FEMA brought him together with known political enemies of LaRouche like Col. Oliver North.

On February 20, 1990, the Fourth Circuit Court of Appeals denied the motion. The order denying the petition mentions that "no member of this Court or the panel requested a poll on the suggestion for rehearing in banc."

On May 17, 1990, Lyndon LaRouche and his six associates filed their appeal to the U.S. Supreme Court

The three critical issues presented for the Court's consideration were:

1) The denial of a continuance, which forced the defendants to trial in 35 days from arraignment despite the fact that the government had been conducting a 4-year multi-agency investigation in which it seized 1.5 million documents to be used against the defendants;

2) the peremptory selection of a jury in less than two hours

in the face of the most vile prejudicial publicity saturating the jury pool over the four years leading up to the trial;

3) the granting of a government *in limine* motion which prevented the defendants from presenting their defense to the jury.

Lead counsel on the appeal was former Attorney General Ramsey Clark.

Ronald Thomas Spann, a former chair of the American Bar Associations Human Rights Committee, filed an *amicus curiae* brief urging the Supreme Court to accept the petition of Lyndon LaRouche and his six co-defendants. Spann stated that his interest in this case stems from his "abiding interest in the principles of equity and justice" and that "the procedure followed by the District Court and endorsed by the Court of Appeals . . . sets a dangerous precedent in violation of the basic tenets established by our Constitution for the protection of all accused."

At the heart of Spann's presentation to the high Court is the fact that the Court granted a motion *in limine* which denied the defendants the right to present their case to the jury. It was this fact, coupled with the fact that the Court also denied the defendants access to "information in the possession of the government" which would have refuted the charges against them, that created the conditions whereby they were denied the "right to use the process of the Court to obtain (exculpatory) evidence . . . (and) to confront and cross-examine the evidence against them." Supporting the issue of the denial of a continuance developed in the LaRouche petition, the *amicus* brief points out another consequence of lack of a continuance: "They were also denied their right to prepare and call their own witnesses (including some of the defendants themselves) by the rush to trial. . . ." Each of these acts by the Court were "in violation of their constitutional right to defense," Spann wrote.

On June 11, 1990, the Supreme Court issued a one-line decision refusing even to hear the case. By this, all legal remedies against the unjust conviction by the Federal Court in Alexandria have been exhausted. LaRouche, Wertz, and Spannaus remain incarcerated up to this day.

2. The Virginia trials—the case of Rochelle Ascher

On Feb. 17, 1987, a Loudoun County, Va. grand jury in Leesburg, which by law kept no written minutes, indicted 16 individuals and five corporations on charges of securities fraud. The state of Virginia charged that political loans by individual supporters to the movement's political corporations were "securities," and that the indicted persons and corporations 1) had sold unregistered securities; 2) had acted as unregistered securities broker/dealers; and 3) had sold unregistered securities to certain named individuals, all with the intent to commit fraud.

The determination that political loans were "securities" was not made by Virginia's State Corporation Commission

until two weeks after the LaRouche associates were indicted. This finding has never been applied to any political organization or individual other than the LaRouche associates, although newspapers across the state reported political loans raised during the 1989 state election campaign virtually daily.

During all "Virginia LaRouche cases" tried so far, it was clear that the prosecution never intended the jury to make a rational decision about so novel and complex an issue as "securities law." The very idea that loans to a controversial political movement could be considered securities investments is absurd. The prosecution's strategy was instead to inflame the jury by putting on testimony from or about elderly people trying to show that they were "defrauded."

The facts are quite different: a) Most of the people who gave money as loans to the LaRouche movement were not elderly. b) Many of those who gave loans in 1984-1986 did not know that the U.S. government later made repayment impossible by filing for an involuntary bankruptcy order against the corporations to which the loans were made. c) In the wake of that bankruptcy, initiated by the same U.S. Attorney who initiated the criminal action, every supporter who gave major loans was visited by the FBI, the Virginia State Police, or both, and pressured to complain. Many of the prosecution's own witnesses admitted that their motive for making loans was their political or philosophical agreement with the movement, that they were told of the risk of lending to a controversial political movement, and had continued to financially support it after their loans were overdue—all of which could never characterize an investment.

Rochelle Ascher was the first of the 16 individuals to be tried in the Court of Judge Carleton Penn of Leesburg, Loudoun County. In April 1989 she was sentenced to 86 years in prison; two months later, Judge Penn reduced her sentence to 20 years with 10 suspended.

Among the many egregious features of Mrs. Ascher's trial were: a) the fact that most of the loans she was accused of having fraudulently obtained were accruing only after the government-initiated bankruptcy; b) that she should have been granted a change of venue in light of the massive negative publicity about the conviction of LaRouche and six colleagues in nearby Alexandria and the negative propaganda against the LaRouche organization in Leesburg in general, where most of the LaRouche-related companies and organizations were based; c) that she had a biased jury, because of inadequate *voir dire* for prejudice; d) that the Court allowed testimony from an incompetent witness; e) that the Court allowed a letter by a dead man to be admitted as evidence; f) that the Court erroneously instructed the jury that "any" note was a security; g) the Judge's instruction to the Jury, that in order to come to a guilty verdict, the Jury did not have to find that Mrs. Ascher personally intended to violate the law but merely that there had been "concert of action."

Last year, when the prosecution, in collaboration with

Mira Boland of the Anti-Defamation League and a carefully crafted campaign in the media, tried to revoke Ascher's bond pending appeal (see above), the bias on the part of Judge Penn was demonstrated again: At the bail hearing on August 31, 1990, Ascher's attorney had to ask the Judge to disqualify himself, because he had had *ex parte* communications with principal witnesses and *ex parte* involvement with the prosecution which led to the attempt to send Ascher to jail. The defense had obtained documents revealing that the Judge had received a letter from Helen Overington on April 16, 1990, and from Mrs. Overington's daughter, Mary Rotz, asking him to take action to put Rochelle Ascher in jail. On April 30, 1990, he wrote a letter back to Rotz saying he "called on the Attorney General who prosecuted the case" and forwarded the letters to him, which facilitated the extortion demand made by Overington on Ascher. These *ex parte* communications with John Russell were never disclosed to the defense. Penn denied the motion.

The Virginia Court of Appeals, which was then asked to prohibit Judge Penn from presiding over Ascher's bail revocation hearing for reasons of judicial misconduct, ruled that Penn did not abuse his discretion in not disqualifying himself.

In July 1990, the Virginia Court of Appeals agreed to hear the appeal against Ascher's conviction only on six appellate issues out of twelve points she had brought. (Defendants in Virginia do not have an automatic right to appeal, but have to petition the Appeals Court first, which then decides on which appellate issues it is willing to accept an appeal brief.) Oral arguments were heard on Feb. 13, 1991.

3. The case of Michael Billington

After the conviction of Rochelle Ascher in Loudoun County, the remaining Virginia cases were transferred 200 miles south to Judge Clifford Weckstein in the small town of Salem, Roanoke County. Here Michael Billington was convicted of securities fraud charges on Oct. 24, 1989, and the jury imposed a sentence of 77 years. Judge Weckstein refused to reduce the sentence, citing the prevailing custom in southern Virginia, where the sentence by the jury is viewed as a statement of "community values." In January 1991, when Billington's attorney moved for modification or suspension of the barbaric sentence, Weckstein even refused to schedule a hearing.

The Court should have dismissed the case in the first place on double jeopardy grounds, as Billington had already been tried and convicted on the same charges in Federal Court.

The trial began to turn into a travesty when Billington's attorney on the eve of trial turned on his client and the Court refused to allow Billington to change counsel. Moreover, the jury *voir dire* was grossly inadequate to assure an impartial verdict; Billington was prevented from calling witnesses in his own defense, the Court erred on evidentiary and venue

matters allowing prejudicial hearsay into evidence; the trial Court refused to instruct the jury that it is necessary for a guilty finding to have knowledge that one is selling a "security"; the jury charge concerning definition of "securities" was wrong.

In March of this year, the Virginia Court of Appeals granted Billington's petition for appeal filed in June last year on only 10 out of 14 grounds requested. Among the grounds not accepted was Weckstein's refusal to adjourn the trial or allow Billington to fire his lawyer after attorney Gettings had turned against him.

Since Billington had completed his federal sentence on March 1, he was released on bond pending the outcome of his appeal.

4. The case of Don Phau

On February 1, 1990, the Roanoke County jury found LaRouche associate Don Phau guilty on all four counts for taking political loans that were declared "securities" only after indictment, and sentenced him to 35 years in prison. This verdict was issued in clear neglect even of the limited defense Phau had been allowed to present in the course of the trial: The prosecution's key witness, the only person Phau had had any real dealings with, testified that those dealings were without "ill-will or rancour." The testimony of the prosecution's other key witness, Wayne Hintz, was impeached. But several decisions by Judge Clifford Weckstein had made sure the jury would come to a guilty verdict:

- Weckstein allowed the inflammatory letters of a dead man, Mims McGhee Brantley, to be entered into evidence, despite the fact that the defense possessed evidence showing the letters were untrue as to Brantley's financial condition, and despite the fact that Brantley is dead and therefore cannot be cross-examined.

- Weckstein allowed the memoranda of Wayne Hintz into evidence, despite the fact that Hintz testified that the memoranda were quadruplicate hearsay and Hintz was demonstrated to be fabricating information on the witness stand.

- Weckstein wrongly instructed the jury that promissory notes were securities, and that Phau did not have to know the notes were securities in order to be found guilty.

- The Court's exclusion of the decision by federal bankruptcy judge Bostetter out of the trial deprived Phau of the ability to mount his defense.

- Weckstein allowed the prosecution to amend the indictment twice and thereby change the fundamental character of the crimes charged, after the close of the Commonwealth's case and after the close of the defense case. The first amendment substantially expanded what Phau was indicted for—two issuances of promissory notes, to cover an entire time period *between* the issuance of the two notes. This was after the witness on these counts had testified that Phau *was not involved* in the counts at issue in the indictment other than to sign promissory notes. The second amendment added a co-

conspirator—another political collaborator of Lyndon LaRouche—prior to the case going to the jury and after the defense rested.

On March 14, Judge Weckstein denied all post-trial defense motions and only slightly reduced the sentence to 25 years plus 10 years probation. Over the objections of prosecutor John Russell, Phau was released on bail. The prosecution had tried to prove that Phau might flee by introducing a document which he had received by fax from the Anti-Defamation League's Washington, D.C. office! Bail was granted under an order prohibiting Phau from soliciting contributions but not from selling literature.

Because Phau was denied a fair trial, his attorneys in September 1990 filed a petition with the Virginia Court of Appeals to grant an appeal. On April 16, 1991, the Appeals Court decided to hear the Appeal on some of the ten separate issues of law the petition had cited.

5. The case of Richard Welsh

As reported above, during the trial of Richard Welsh in the Court of Judge Clifford Weckstein at Roanoke, extensive evidence on the political background of the protracted judicial persecution of the LaRouche movement was entered into the record. In the course of this trial many facts about the personal background of the Judge, his close connection to political enemies of Mr. LaRouche and his associates came to light. The following chronological account of the trial demonstrates, how Weckstein tried to prevent these facts from surfacing. The many incidents document Weckstein's bias, how he broke the law but nevertheless refused to recuse himself. After the Welsh trial he sentenced another three associates of Lyndon LaRouche to barbaric jail terms and will continue to preside over more "LaRouche trials."

On April 10, 1990 the attorney for Richard Welsh filed a motion with Judge Weckstein demanding he disclose all extra-judicial sources of information and/or recuse himself on the basis of bias. The detailed motion specifically asked him to disclose contacts between the Judge and Murray Janus (of the law firm Bremner, Baber & Janus in Richmond, Va., National Commissioner of the ADL), or any officer or publication of the ADL and any reporter or agent of the *Roanoke Times and World News*. In addition the motion asks for "any other information . . . gained from any extra-judicial source which would cause a reasonable person to doubt the Court's impartiality toward Welsh, LaRouche, or the NCLC." The motion was accompanied by 100 pages of exhibits documenting the ADL's role in the prosecution of LaRouche and his associates. Included were ADL internal documents demonstrating that the ADL planted negative news stories about the LaRouche movement in local and national news outlets, documents demonstrating that the ADL had maintained close contact with the FBI, the National Security Council and various local and state law-enforcement officials, first to bring about indictments of LaRouche and his associates and then

to bring about convictions.

In response to this motion Weckstein revealed in a hearing on April 12, 1990, the famous letter dated April 7, 1990, which he received from the ADL's Virginia regional director Ira Gissen, sent to him at the request of ADL national commissioner Murray Janus. The Gissen letter was accompanied by libelous reports about LaRouche and his political movement that had been produced and distributed by the ADL. After receiving the letter, Judge Weckstein then wrote Gissen back on April 16, a letter he released only later.

Only a week later, on April 19, 1990, Judge Weckstein revealed that with the letter he received from Ira Gissen was a copy of an ADL resolution calling for the appointment of a Jewish lawyer to the Virginia Supreme Court and Court of Appeals, which, as the accompanying letter stated, would be of "special interest" to the judge.

On April 20, 1990, Richard Welsh filed a criminal complaint against various ADL officials with the Civil Rights division of the U.S. Department of Justice. The complaint requests an immediate criminal investigation for conspiracy to violate civil rights, obstruction of justice, mail fraud, and conspiracy of attorney Murray Janus and Ira Gissen and other ADL officials who were involved in efforts to improperly influence Judge Clifford R. Weckstein.

The same day, Welsh filed a petition with the Virginia Supreme Court asking the Court to issue an order to remove Judge Weckstein from his case. Part of the petition said: "In light of ADL's conspicuous and intensely hostile campaign against Lyndon LaRouche and its cooperation with the prosecution in these cases, Judge Weckstein should have recognized that the communication from the ADL regional director constituted an attempt to exploit their mutual friendship with a prominent Virginia attorney to influence a judge in the performance of his duty, and to thereby obstruct justice. Indeed, the ADL resolution should have been interpreted by Judge Weckstein as an attempted bribe, in light of the fact that Judge Weckstein is Jewish and that Mr. Gissen was clearly attempting to influence his judicial conduct. Under these circumstances, it was incumbent upon Judge Weckstein to promptly and unqualifiedly condemn the action of Mr. Gissen, and to seek an investigation, including a criminal investigation into his actions. In addition, he should have immediately notified the Attorney General and counsel for the defendant of this communication, which he did not do prior to the defendant's request for disclosure. . . . Judge Weckstein's failure to emphatically denounce the ADL's attempt to influence him in his official duties by exploiting his friendship with a prominent attorney, and even Mr. Gissen's attempt to bribe him with the prospect of a Supreme Court judgeship, and his tacit approval of it, when he knew that the ADL was not only engaged in a propaganda war against Lyndon LaRouche and his associates, but was actively assisting the Attorney General's Office in connection with these prosecutions, his failure to disclose this improper communi-

cation before being asked for disclosures by the defendant, his treatment of the communication from the ADL as an opportunity for mutual amusement and the sharing of information, and his failure to even comment on the ADL resolution in his response to Mr. Gissen, despite its obvious improprieties and possible illegalities, and despite the ADL's involvement with the prosecution of Lyndon LaRouche and his associates, does not promote public confidence in the integrity and impartiality of the judiciary, creates the appearance of impropriety in Judge Weckstein's continuing to preside over the trial of the petition, Richard E. Welsh, and places his impartiality reasonably in question."

On May 1, 1990, the attorney for Welsh filed three major motions to dismiss the prosecution. One was based on the results of Kastigar hearings which were held on the question of whether the Commonwealth of Virginia used testimony given by Richard Welsh at both the Boston and Alexandria trials of LaRouche and associates under immunity by the Federal government. The exhibits contained almost 1,000 pages of documents which traced Welsh's immunized testimony, showing that much of the evidence against him is tainted.

Judge Weckstein refused to dismiss the charges against Richard Welsh, although John Russell, C.D. Bryant, George Chabalewski and others all had testified to an extensive exchange of information between the prosecution and the ADL's Lansky Boland which included the fruits of Welsh's immunized testimony. Weckstein ruled that derivative use of Welsh's immunized testimony does not constitute taint.

On May 15, 1990, Weckstein disclosed another series of letters exchanged between him, John Lichtenstein, a partner in ADL national commissioner Murray Janus's law firm, and Virginia ADL leader Ira Gissen. The subject of the correspondence was leaflets about Weckstein's connections to the ADL. In one letter Lichtenstein wrote to Weckstein "I stand ready to fight with you whenever called upon." In a letter dated March 26, 1990, Weckstein sent other leaflets to Lichtenstein asking to forward them to Murray Janus. Lichtenstein wrote back assuring Weckstein again of his support: "As always I hope you will not hesitate to call me/us at any time." On March 29, 1990 Lichtenstein wrote to Ira Gissen praising Weckstein and proposing: "If there are any publications that we could forward on to Judge Weckstein, they may be helpful for him in the future."

On May 16, 1990, when Murray Janus was about to testify on where he first got the information that was the subject of his letter of March 6, 1990 to Ira Gissen, Weckstein finally disclosed that he had written another letter to Lichtenstein on February 26, 1990. The wording of this letter, which had started the whole round of correspondence between Weckstein and the ADL, has not been disclosed to this day.

In his testimony, Janus then admitted that he had indeed urged ADL regional director Ira Gissen to send ADL hate

literature to Weckstein.

On May 17, 1990, attorneys for Richard Welsh moved again for the recusal of Judge Weckstein citing the obvious role of the ADL in the prosecution and Judge Weckstein's own statement about the incompatibility of having contact to the ADL and being impartial in a "LaRouche case": "In a prosecution related to this case, Judge Clifford Weckstein took judicial notice that any prospective juror who 'says he's a member of the Anti-Defamation League, I think I can probably take judicial notice that that would be the basis probable for striking for cause.' *Commonwealth v. Billington*, September 27, 1989, p. 221. On April 12, 1990, Judge Weckstein questioned whether 'judicial notice' was the 'appropriate term, but I accepted the statement of Counsel that the ADL and anyone associated with Lyndon LaRouche are not compatible one with the other nor would anyone affiliated with the ADL be able to be perceived as fair to anyone having to do with Mr. LaRouche.' *Commonwealth v. Welsh*, April 12, 1990, p. 15."

Nevertheless, Weckstein denied the motion to recuse himself. On May 25, 1990, Weckstein denied Richard Welsh's "Motion to Dismiss for Selective, Vindictive Prosecution and Outrageous Government Misconduct."

Judge Weckstein's numerous erroneous decisions in this case all served to protect the ADL, which was proven to have played an integral part in assisting the prosecution: He refused to recuse himself despite his close relationship to the ADL and despite a clearly documented case of a bribery attempt; he quashed trial subpoenas to Irwin Suall, David Brody, Ira Gissen of the ADL; he also quashed subpoenas to John Lichtenstein, whom the Court had used as a conduit to Murray Janus, an official of the ADL; he quashed extensive subpoenas for ADL documents from their Norfolk office; he provided that Mira Boland and the ADL did not have to produce relevant documents except for a few token submissions; he struck Murray Janus's testimony from the record over defense objections; he denied defense requests to put prosecutor John Russell on the stand and question him under oath regarding the withholding of Brady and other discovery materials and regarding Russell's collaboration with media campaigns against LaRouche; he erroneously ruled that the Commonwealth had sufficiently proven that it had not used previous testimony given by Welsh under immunity.

On August 4, 1990, Richard Welsh was sentenced to 75 days in jail.

6. The case of Paul and Anita Gallagher and Laurence Hecht

Paul and Anita Gallagher and Laurence Hecht, all long-time associates of U.S. politician LaRouche, were also charged with violations of Virginia securities laws and for allegedly soliciting political loans with no intention to pay them back. They were tried in Salem, Roanoke County, again under Judge Clifford Weckstein, from September,

1990 to January, 1991.

Weckstein refused to recuse himself

A defense motion to recuse Weckstein, based on Weckstein's documented involvement with the ADL, was denied without a hearing. The defense had demanded testimony of Weckstein himself, John Lichtenstein, Murray Janus, and Ira Gissen.

The Virginia Court of Appeals, which was then asked to prohibit Weckstein from presiding over trial because of the Judge's friendly relationship with the ADL, his correspondence about the "LaRouche" cases with ADL officials, and his lack of disclosure about the communications, sent the matter up to the State Supreme Court and refused to stay the proceedings. Also the higher Court did not remove Weckstein from the bench.

All pre-trial defense motions denied

On October 12, 1990, Weckstein summarily denied all 15 pre-trial defense motions, without even setting a hearing. The substantial motions had asked *inter alia*:

- to disqualify Virginia Attorney General Mary Sue Terry and her staff on the ground that they have engaged in a persistent pattern of extra-judicial statements to the media and have distributed improper literature. This included a newsletter mailed from the state Democratic Party to the potential jury pool which boosted the Attorney General's vendetta against the LaRouche movement;

- to disqualify prosecutor John Russell because of his outrageous conduct in giving repeatedly media interviews, his involvement in bad faith with Mira Boland and the ADL in the Overington affair;

- to dismiss the indictment for selective prosecution and hold an evidentiary hearing. The motion demonstrated that no other political loans in the history of Virginia have been treated as securities. (The motion cited the case of Marshall Coleman, who took massive loans when he ran for Attorney General in 1977 and for Governor in 1981 and 1989. Coleman is now a partner in the Washington law firm of Arent, Fox, Kinter, Plotkin and Kahn—Mira Boland's and the ADL's law firm.)

- to dismiss the case for failure of due process, because the question of whether the defendants' political loans were securities had not been determined in the civil court before they were criminally prosecuted;

- to dismiss and hold an evidentiary hearing for prosecutorial misconduct, bad faith prosecution and outrageous government misconduct;

- to dismiss the indictment because the relying on a so-called securities law infraction was a gross violation of the First Amendment rights of a political/publishing association and a violation of the 14th Amendment right to equal protection under the law;

- to disclose exculpatory ("Brady") material. (On the

eve of trial, the prosecution claimed that its four-year investigation and interviews of hundreds of people uncovered no statements or facts that would tend to exculpate the defendants. As the trial proceeded, [former NCLC member] Chris Curtis, key witness for the prosecution, said that he had spent 50 hours with prosecutors telling them that there was no criminal intent in the minds of fundraisers in 1985 and 1986. This clearly constituted exculpatory material, which the prosecution should have turned over to the defense well before trial!)

Inadequate jury selection

Jury selection started in November, although the defense had asked Weckstein to postpone the trial because the local newspaper had printed an article about the Spannaus campaign [senatorial campaign of "LaRouche Democrat" Nancy Spannaus—ed.] which included inflammatory statements against the LaRouche movement which originated with the government and the ADL.

The jury was sworn in November 9, 1990, over the objections of the defense, who had moved for a change of venue and dismissal of the entire venire of potential jurors as contaminated, which motions Weckstein denied.

Half the venire had admitted bias or knowledge of bias towards the defendants or the political movement associated with LaRouche. Throughout the selection process, Weckstein allowed jurors with admitted bias to be seated, including one who said he believed LaRouche is a "fascist," his organization a "paramilitary cult" and that members of this organization "would do anything LaRouche said including breaking the law." During that jury selection, Weckstein only once granted a defense motion to excuse a juror for cause of bias where the prosecution had not already conceded it—that one case was the brother of the deputy director of the FBI.

The defense had argued that for the same reason the Virginia cases had been moved out of Loudoun County after the Ascher trial, they should be moved out of the jurisdiction of Roanoke. The defense cited at least 200 articles in the Roanoke press alone about LaRouche, all of them antagonistic.

Defense subpoenas denied

The three defendants gave up their absolute right to individual trials in exchange for an agreement from the prosecution that evidence of financial warfare against the LaRouche movement would be allowed as a relevant defense.

Judge Weckstein violated this agreement by refusing to issue subpoenas for any of the leading figures of the private section of the anti-LaRouche "Task Force." These included Irwin Suall of the national ADL, local ADL officials Murray Janus, John Lichtenstein, Mira Lansky Boland, and New York investment banker John Train. Weckstein also refused to issue a subpoena for Henry Kissinger. It was Kissinger



Anita Gallagher participates in a demonstration in Leesburg, Virginia, against the Soviet-style justice of the Virginia prosecutors, February 1987.

Carlos de Hoyos

who in 1982 wrote to William Webster, then FBI director, asking for action to stop LaRouche and proposing an investigation of the LaRouche movement's finances. Although that single letter from Kissinger to Webster was admitted into evidence, every other act by Kissinger and his lawyers, such as Edward Bennett Williams's targeting the movement's finances, was precluded.

In all, Weckstein quashed 12 defense subpoenas including those for Lt. Col. Oliver North and Gen. Richard Secord, leaders of the illegal "Contra" support apparatus. Attorneys for both stated—out of the jury's presence—that their clients would plead the Fifth Amendment against self-incrimination. Judge Weckstein refused to require them to take the Fifth Amendment before the jury in response to specific questions. (LaRouche had enraged the Project Democracy "secret government," which made "Contra" policy over the heads of elected officials. Weckstein also refused to issue out-of-state subpoenas for Project Democracy operatives Walter Raymond and Roy Godson, formerly of the National Security Council [NSC], although the testimony of Richard Morris, previously executive assistant to former National Security Adviser William Clark, had already identified Raymond and Godson as LaRouche's chief enemies on the NSC.) Weckstein also quashed the defense witness subpoena for

Barbara Newington, a woman also contacted by the North network for financial support to the "Contras."

Judge Weckstein also quashed the defendants' subpoena to Paul Kirk, national chairman of the Democratic Party, who after the election victory of LaRouche Democrats in March 1986 appeared on television and urged that Lyndon LaRouche be stopped "by legal or other means."

On November 27, 1990, the defendants argued that by denying subpoenas to four most central individuals—Boland, Suall, Train, and Godson—who had evidence proving that the government, together with the ADL, NBC and private parties conducted financial warfare, the ability to put on a defense had been taken away and that there was no basis for a joint defense as agreed upon before trial. Weckstein denied the motion without accepting more argument.

Prosecution witnesses discredited

Some of the "lender" witnesses called by the prosecution in order to prove fraud, were confronted with evidence that they had forgiven loans. Several lenders, who testified for the defense, told the Court that they gave money though they were aware of the risks involved, because they liked the policies and philosophical outlook of the LaRouche movement.

In order to support their point, the prosecution then decided to call eight "impostor" witnesses to testify for deceased lenders or lenders who would not testify. These surrogate witnesses included hostile family members, bankers, or lawyers who obviously had no understanding of the political motivations behind the loans. One lawyer, who did not have an attorney-client privilege waiver from her client, talked on the witness stand about loans that were made in 1985 and 1986, without knowing that the individual in question had continued to make substantial contributions to the LaRouche movement through October 1990. The individual had given substantial contributions to the very legal defense fund which was backing the defense of the three defendants in this particular case!

The methods applied by the prosecution to obtain witnesses who would pose in Court as "victims," were documented by an audiotape obtained by the defense. That tape revealed how state police investigator C.D. Bryant, who personally called or visited hundreds of people who had given loans, tried to prejudice supporters against the LaRouche movement and turn them into witnesses for the government. However, Weckstein ruled that the tape could not be played to the jury.

Jury issues verdict

On Jan. 7, 1991 the jury returned guilty verdicts against the three defendants and recommended sentences of 41 years for Paul Gallagher, 46 years for Anita Gallagher and 40 years for Laurence Hecht—in effect life sentences for each. The 12 members of the jury deliberated less than five

hours, though the trial had lasted two full months.

Based on an investigation of the jury which showed that the jurors were both biased and confused by their instructions on the issue of "securities," the defense filed a motion to set aside the verdicts. Post-trial investigations also showed that one juror had lied in the jury *voir dire* about his criminal record. The same juror in a post-trial interview clearly indicated that he was prejudiced about the defendants and had made up his mind about their guilt before the end of the case. Another juror said that he was confused by Weckstein's instructions about how to decide whether political loans were securities. He said he did not believe these loans were securities and that no reasonable person would think these loans were securities, but the judge's instructions did not allow him to consider this. He said that if he had been allowed to do so, he would have acquitted the defendants. Other jurors expressed either bias—these should have been struck from the panel for cause—or indicated that they would have acquitted the defendants if they had presented evidence for government subversion, which they were not allowed to do.

But Judge Weckstein on March 7, 1991 denied all post-trial defense motions. On March 28, 1991, Weckstein reduced the sentences for Anita and Paul Gallagher and Laurence Hecht to 39, 34 and 33 years in prison respectively, i.e., by a mere seven years in each case.

7. LaRouche v. FBI*

A longstanding civil rights action filed by LaRouche and some of his political associates in 1975 was supposed to go to trial during 1985. However, throughout the pendency of the criminal proceedings against LaRouche and his co-defendants (November 1984-1989), the case was stayed for no explicit reason. Then in May 1990, after LaRouche and his co-defendants had been jailed, the New York Federal Court suddenly began to move the case again.

The complaint against the FBI and the Attorney General of the United States refers to violations of plaintiffs' First, Fourth, Fifth and Ninth Amendment rights. It charged that the government had engaged and continues to engage in a bad-faith investigation of plaintiffs, utilizing disruptive techniques, harassing and attempting to intimidate NCLC members and supporters, disrupting political campaigns, conducting financial warfare, and disseminating false and defamatory characterizations of LaRouche and his associates to the public, and to U.S. and foreign governments. In March of this year, 1991, New York federal Magistrate Sharon E. Grubin ordered that the government answer some of the questions put to it by the plaintiffs.

During 1989, the plaintiffs filed a series of notices and requests for discovery with the Court based upon new evidence which had surfaced in the criminal proceedings dem-

* Actually captioned *LaRouche v. Webster*—editor's note.

onstrating the existence of continued FBI activities in violation of the plaintiffs' rights. In October 1989, just after LaRouche's appeal was argued in the Fourth Circuit Court of Appeals, the plaintiffs filed a request for discovery based upon an FBI agent's disclosure, in another case, of the fact that the U.S. government had created and maintains a national security, foreign counter-intelligence file on LaRouche, compiled under the authority of Executive Order 12333. This executive order, signed in 1981 by then-President Ronald Reagan, provided for government monitoring of American citizens—something which had been outlawed in the 1970s—if the government deemed them a threat to national security. When this discovery request was filed it caught the government in a bind because in the civil rights case they had asserted that since 1977 there has been no domestic security or foreign counter-intelligence investigation of LaRouche or his associates. Rather than providing the Court with a direct statement that the government was not engaging in non-criminal investigations of the plaintiffs, the government evaded the question.

Not until LaRouche's final appeal to the U.S. Supreme Court had been filed, did the Court call a status conference in the case, in May 1990. At that time the magistrate stated she was prepared to recommend dismissing the case, unless the plaintiffs made a reasonable showing that the defendants were continuing the kinds of bad faith investigations originally complained of, such that discovery was necessary to resolve the case.

Throughout the remainder of 1990 the LaRouche plaintiffs made additional filings providing 1) testimony of FBI agents' collaboration with the ADL against defendants, 2) evidence of FBI agents visiting financial supporters to the LaRouche political movement who had never complained of any problem, and 3) strong circumstantial evidence that a unit in the Justice Department's Criminal Division was conducting investigations against plaintiffs pursuant to national security provisions.

In early March 1991, the magistrate made inquiry as to the basis for some of the new evidence presented by the LaRouche plaintiffs, and after receiving the necessary documentation, she ordered the government to provide answers to 24 of the 41 interrogatories posed by the plaintiffs. The order was later modified on May 1, 1991 to give the government until June 10 to respond to the questions. There are four primary areas where the government must identify what actions it has taken against the plaintiffs. These are:

a) foreign counter-intelligence activities, including actions under Executive Order 12333; b) any "Active Measures" Soviet disinformation campaign against the plaintiffs; c) FBI collaboration with a Virginia State Police agent who worked with the ADL to interrogate financial supporters of the plaintiffs; and d) FBI coordination with local law enforcement resulting in visits to LaRouche supporters who had never made a complaint.

C. Violations of Articles 5 and 9 of the Universal Declaration of Human Rights

1. Arbitrary and cruel punishment of Lyndon LaRouche

The 15-year sentence imposed on Lyndon LaRouche on January 27, 1989 is in itself out of proportion in relation to the charge. Since that time, Mr. LaRouche, who is more than 68 years old now, has been subjected to prison conditions including manual labor, which continue to put his life in danger.

On or about June 26, 1990, shortly after the United States Supreme Court rejected LaRouche's appeal, Kent Robinson, prosecutor in the Alexandria case, filed a memorandum with the Federal Parole Commission demanding that Lyndon LaRouche, William Wertz and Edward Spannaus should not be granted parole at all. Robinson's untruthful statements about alleged "additional" losses incurred by lenders to the "LaRouche organization" in the range of millions of dollars, have been refuted several times. This is part of the court record. He used these falsified figures to make the point that even the convictions obtained in Federal Court in Alexandria and in state courts in Leesburg (Rochelle Ascher), Roanoke (Michael Billington, Don Phau, etc.) did not succeed in freezing the financial support for the political movement associated with LaRouche—an objective obviously intended by these prosecutions. "Once they stopped borrowing the LaRouche fundraisers nonetheless worked just as aggressively. And although they stopped making false promises of repayment (or at least stopped putting them on paper), they nonetheless have been making whatever false statements they needed to 'get the money'. . . . These defendants have not stopped; they have simply mutated their program slightly and committed fraud in new forms. That is exactly what will happen if they are released from prison," he said and referred to the infamous Helen Overington affair in his attempt to document continuing "aggressive fundraising" activity.

Moreover Robinson cited the fact that the defendants refer to the political background of their prosecution as evidence for a criminal mind, and demands their continued imprisonment:

"I cannot dispute the absence of prior convictions against these defendants; hence, I cannot contest the salient factor score. But I do believe that the parole potential of these defendants cannot be measured by their prior record. This is not a typical crime and these are not typical defendants.

"None of the defendants have ever admitted to any wrong doing. None have showed contrition or remorse. On the contrary, they have aggressively contended that they are the victims of a political vendetta. . . .

"This case does not present the Commission with the need to do a careful, precise assessment of future potential.



Martin Simon

Will Wertz, campaigning for U.S. Senate from California, addresses a rally in support of Argentina during its Malvinas War with Great Britain, April 1982.

On the contrary, it establishes to a moral certainty that the defendants will break the law again. . . . It is just a question of who, and when, they will rob again.

“It is respectfully submitted that the salient factor scores of these individuals are not reliable predictors of future conduct. Accordingly, this case presents extraordinary circumstances calling for the Commission to arrive at a release date outside the guidelines.

“Whatever the Commission employs, the release date arrived at should be at the highest end of the applicable range. Society has the right to be protected from these defendants. Their sentence has not served its deterrent effect until the defendants and the organization they control stops stealing, and until they acknowledge that they have done wrong. They have not shown themselves entitled to re-enter society.”

The language alone used in this document speaks of the vindictive motivation on the part of the prosecution.

When LaRouche’s attorney later appealed to the Court to reduce the sentence, this appeal was summarily denied.

2. William Wertz denied parole

One of LaRouche’s co-defendants, William Wertz, was denied his request for parole on his sentence. Wertz was sentenced to five years on January 27, 1989 and has been incarcerated since that day. On August 6, 1990 Wertz received notice

that he had been denied parole and that the Parole Commission had adopted the belated recommendation of prosecutor Kent Robinson to raise Wertz’s offense severity rating to a higher level, thus increasing the minimum number of months he would have to serve in prison from 24-36 to 40-52.

There is a mandatory release date on all pre-guideline sentences of two-thirds which means for Wertz, without parole, that he cannot be released until May 1992, or 40 months. Had the Parole Commission rejected Robinson’s recommendation and kept its earlier lower-level offense severity rating, Wertz, even if denied parole, would have had to serve 36 months rather than 40. Ironically, each of the arguments put forward by Robinson in his aforementioned memoranda, to the Parole Commission in June 1990, he had made before Judge Bryan at sentencing, and each was rejected. For instance, the memo argues that LaRouche, Wertz and Spannaus should be held accountable for the government’s claim of a “\$30 million loan scheme.” But at sentencing, Bryan rejected this, stating that the government had “only proved” that \$294,000 was “fraudulently” obtained, not \$30 million.

Prosecutor Robinson, along with others in his Alexandria office, had brought illegal involuntary bankruptcy proceedings against the three companies that held the loan obligations at issue, thereby ensuring that the political supporters would never be repaid. The Parole Commission, ignoring the new

fact that the Court had found that the bankruptcy action was brought in "bad faith" through a "constructive fraud" upon the Court, gave total credence to Robinson's previously rejected arguments. A standard reason given in denying a prisoner parole is that he is a "danger to the community." In this case, Robinson's memo argued that LaRouche, Wertz and Spannaus are a danger to the community because of "continuing" fraud. Yet, each case cited by Robinson in the "continuing fraud" section is a civil case in which no claim of criminal wrongdoing is even raised. Furthermore, in each of the cases, there was heavy-handed collusion between the ADL (and Mira Boland in particular) and family members of the financial supporter. Thus, Robinson's memo was intended to prejudice the Parole Commission.

In the Wertz case, however, the pre-existing prejudice at the Parole Commission was revealed at his hearing in July 1990. One of the hearing examiners demanded answers from Wertz about his political beliefs and association with LaRouche. Neither of these questions have any relevance as to whether or not parole should be granted to a prisoner. In fact, in the United States prisoners are supposed to maintain their First Amendment rights.

3. Arbitrary and cruel punishment of Michael Billington

After Michael Billington was sentenced to three years imprisonment by the Federal Court of Alexandria, Va., in January 1989 together with Lyndon LaRouche, he stood trial again in September that year as the second of 16 individuals indicted in Virginia on charges of alleged "securities" fraud and conspiracy related to the non-repayment of political loans. In the Court of Roanoke, Va., he received a sentence of 77 years in prison, the sum at issue being just over \$56,590!

In January 1991, Judge Clifford Weckstein refused to schedule argument on motions filed by Billington's attorneys that requested modification or suspension of the 77-year sentence he himself had imposed. In a letter to Billington's attorneys dated January 14, 1991 Weckstein wrote that after careful consideration he would "decline to reinstate the case upon the pending docket." In their papers, Billington's attorneys argued that the disproportionality of the 77-year sentence not only contradicts federal and state efforts to end sentencing disparities, but "certainly raises the spectre of vindictiveness in response to the exercise of a fundamental constitutional right," the right to be tried by a jury of one's peers. As a result, Billington received a sentence twice the maximum number of years considered in Virginia's own voluntary sentencing guidelines for the most egregious type of fraud, committed by a 5-time prior felony offender. The average prison term for fraud in Virginia is at most 29 months.

In addition to the clear disproportionality of the sentence, Michael Billington was again, for several months last year, subjected to the most arbitrary and cruel jail conditions:

After release from the Roanoke County Jail, where he had been held in solitary confinement for almost four months during his trial, Billington was initially returned to the federal prison camp where he had been serving his federal sentence. Officials there refused to let him stay because of the 77-year Virginia sentence, and sent him to a local county jail, while the Bureau of Prisons decided what to do. Only after the Bureau of Prisons determined that he was eligible for the level 2 facility in Danbury, Connecticut, was he sent there.

On the night of January 22, 1990, one hour after he learned that his appeal against the Alexandria conviction had been rejected, he was taken in handcuffs from his dormitory, strip-searched and told he was being put in "The Hole"—a segregated area of the prison meant for prisoners who were being punished. When he asked why he was being sent there the guard said "you'll find out." At midnight the same night, Billington was handed a paper saying he was being reclassified. The next morning the Lieutenant of the block told Billington that the Warden had just received Mike's papers, saw that he had a 77-year sentence and did not want him there but in a higher-security prison, although he had been sent to Danbury from Allenwood as a reclassification already, because of his 77-year sentence.

"The Hole" is a three-story cell block with open cells, only bars over the front part, where two prisoners share a space six feet by ten feet, having only two bunks and a toilet. Prisoners in this unit are allowed only one personal phone call every 30 days; calls to lawyers must be approved. They get three showers per week and are led to the shower in handcuffs. They are allowed one hour per day in an "outdoor recreation area," which is nothing but a 10×10 concrete space with barbed wire surrounding it.

For weeks Billington was denied adequate communication with his attorney or para-legal staff, although he was working on the appeal of his Virginia sentence at that time.

On Feb. 22, 1990, Billington was transferred to a new federal facility. In early March, he was moved to the federal penitentiary in Petersburg, Va.. Shortly after his arrival there, he was again placed in "administrative detention" within the high-security area (level 4-5) without any reason been given. On March 26, 1990, Billington was moved to the Federal Correction Institution in Ray Brook, New York.

4. Barbaric prison terms for Donald Phau, Anita and Paul Gallagher and Laurence Hecht

The disproportionality of the prison terms imposed on the abovementioned individuals—25 to 39 years in prison—speaks for itself. On March 28, 1991, Judge Clifford Weckstein of Roanoke denied a motion filed by the attorneys of Paul and Anita Gallagher and Laurence Hecht which explained that the multiple counts against the three defendants were in fact just multiple restatements of the same charge with the same acts used to "prove" each count. The same is true for the way Don Phau's sentence was calculated.

D. Conclusion

The fact that the persecution of LaRouche and his associates is not an "individual case," has been amply demonstrated over almost five years of activities by the Commission to Investigate Human Rights Violations. Civil rights leaders and activists, legal scholars and politicians inside the United States and abroad who have been informed about this case, regard it as an outstanding example for the disregard for human rights in America. The "LaRouche Case" has become the concern of many people in the world who fear that America, the biggest power on earth today, has lost the spirit of the founding fathers, the idea of democracy and individual freedom for everybody.

LaRouche case presented to CSCE delegates

During the CSCE conference on the "Human Dimension," which took place from June 5-29, 1990, in Copenhagen, Denmark, the International Commission to Investigate Human Rights Violations presented the "LaRouche Case" in the framework of the "Parallel Activities" organized by non-governmental organizations. As part of this series of separate forums presented to the governmental delegations, the Commission held a two-day conference in Copenhagen on the theme "Justice for All: Human Rights in America."

The featured speaker at the seminar was former U.S. Attorney General Ramsey Clark, who spoke on June 19, 1990 on "The Future of Democracy in America and the 'LaRouche Case'." Clark described human rights violations in the U.S., citing statistics on the 850,000 homeless, the 2,300 prisoners on death row. He said that 75% of those convicted did not have adequate defense because they did not have enough money and that "the prison population in the U.S. exceeds that of the city of Copenhagen." Clark described the constitutional violations in the LaRouche case and the targeting of his movement as one gruesome example of the erosion of democracy and freedom in America today. The targeting of political figures for prosecution had become a pattern of Justice Department practice, he said.

Among other speakers at the seminar were Odin Anderson, Mr. LaRouche's personal attorney, Mr. LaRouche's wife Helga Zepp-LaRouche, legal scholars from Austria and Sweden, and Mary Cox, lawyer of former Washington Mayor Marion Barry.

The seminar was attended by journalists from many countries of Western and Eastern Europe. The Danish daily *Politiken* reported on the seminar the following day. The event received numerous greetings, notably from former Austrian Justice Minister Prof. Hans R. Klecatsky and Prof. Friedrich von der Heydte, pointing to the significance of the "LaRouche Case" for the future of democracy in the United States. Clark's speech was also reported in the July 16, 1990

issue of *Tiroler Tageszeitung* and serialized in the official organ of the Austrian League for Human Rights.

Human rights conference in Paris

At a conference in Paris November 23-24, 1990, organized by the International Commission to Investigate Human Rights Violations, 150 representatives from 20 countries of the world discussed the LaRouche case. The largest black American movements were represented by Amelia Boynton Robinson, a close collaborator of civil rights leader Dr. Martin Luther King, Dr. Charles Knox, director of the Human Rights Association of Black Minorities (IHRAAM), and Dr. [Abdul Alim] Muhammad, national spokesman of the Nation of Islam. Dr. Knox presented a petition to release LaRouche from prison on humanitarian grounds. The participants, who also came from Panama, Lebanon, China, Vietnam, Poland, Africa, Italy, Germany and France, agreed on the necessity to undo the injustice committed against LaRouche and his political associates.

LaRouche case presented in Geneva

On Feb. 28, 1991, speaking for the International Progress Organization (IPO) from Vienna, a non-governmental organization with consultative status with the United Nations Economic and Social Council, Warren Hamerman presented the LaRouche case to a full plenary session of the United Nations Commission on Human Rights, meeting in Geneva for its forty-seventh session. Hamerman explained how the massive judicial abuses against the political movement associated with Lyndon LaRouche are in violation of both the Declaration on the Elimination of all Forms of Intolerance and of Discrimination based on Religion or Belief proclaimed by the General Assembly resolution 36/55 of November 1981 and the Universal Declaration of Human Rights proclaimed in December 1948. He called upon the Special Rapporteur and Commission to "fully investigate these increasing infringements of the rights and freedoms of 'thought, conscience and belief' and the principle of 'equality before the law' as mandated by the Declaration." The U.N. Information Service reported Hamerman's presentation the same day, and the Economic and Social Council covered it extensively in the summary record of the 46th meeting [of the forty-seventh session] issued March 11, 1991.

Human rights conference in Arlington, Va.

The most recent human rights conference sponsored by the Commission to Investigate Human Rights Violations in the United States, which took place March 15-16, 1991, in Arlington, Va., brought together speakers from all over the world who documented human rights violations committed by the U.S. government and pledged to defend human rights and demand the release of Lyndon LaRouche from prison. The speakers included civil rights leader Amelia Boynton Robinson, board member of the Martin Luther King, Jr.

Center, Dr. Abdul Alim Muhammed, national spokesman for the Nation of Islam, former foreign minister of Guyana Dr. Fred Wills, human rights lawyers Maître Alain Stutz of the Paris Bar Association and Edwin Vieira of Virginia, a Peruvian congressman representing the Peruvian APRA party, representatives of the Romanian and Chinese resistance, Dr. Mohammad Mehdi, Director of the National Council on Islamic Affairs, and Nisar Hai of the Islamic Center of San Gabriel Valley and many others. Senator Theo Walker Mitchell of South Carolina told the audience about the targeting of the Afro-American members of the South Carolina legislature, by the FBI and the IRS in particular.

The conference received numerous greetings including one from the president of the International Progress Organization, Prof. [Hans] Koechler, who wrote: "Human rights are indivisible and universally valid. It is unacceptable that the U.S. is propagating human rights and democracy on a worldwide level, but at the same time violates basic human rights principles in the treatment of their own citizens. . . . We wish your conference full success and we may assure you that the IPO will continue to support all initiatives for the liberation of Lyndon LaRouche who and whose associates have become the victims of systematic human rights violations by the U.S. administration." Other greetings came from Pax Christi USA, former Maryland State Senate leader Clarence Mitchell, [musician] Norbert Brainin and the Association of Lithuanian Political Prisoners, who sent a telegram calling for LaRouche to be freed.

The March edition of *ACAT Nieuws*, the newsletter of the Organization of Christians against Torture, carried an article reporting about the call against the death penalty which LaRouche had issued shortly before another execution was to take place in the state of Virginia. The article further said: "Irrespective of protests from various prominent lawyers and international jurists, it has not yet been possible to achieve his (LaRouche's) release from prison. Relatively, there are more citizens in prison in America than in other industrial nations. Absurdly long prison sentences are given. Relatively, more blacks are sentenced than whites." *La Voix des Sans Voix* (The Voice of Those Without Voices), a human rights magazine which is published by the "International Committee for the Respect and the Application of the Human Rights Charta" (CIRAX) located in Geneva and Paris, ran a two-page article in May 1991 reporting about the "LaRouche case" comparing it to the infamous Dreyfus affair in France.

As was already demonstrated by the fact that almost 900 jurists from all over the world joined the appeal of LaRouche and six co-defendants against the verdict of the Federal Court in Alexandria, Va., the "LaRouche Case" has received special attention by legal international scholars because of the fundamental constitutional questions involved. Enclosed are the statements by Professor Kurt Ebert of the University of Innsbruck, Austria and by Professor Ian D. Leigh, of the

University of Newcastle, Great Britain and the greetings which Professor Hans R. Klecatsky sent to the Human Rights Conference in Copenhagen in June 1990.

VI. MEANS OF REDRESS ATTEMPTED

As reported above, the Appeal against the Alexandria verdicts has been denied by the Supreme Court of the United States. Appeals against all other convictions reported in this communication are pending—with the specific practice regarding appeals in the State of Virginia to be noted. In the case of the contempt fines imposed on the political action committee NDPC, all legal means have been exhausted.

The widespread pattern of politically-motivated judicial abuse in the United States was launched by public figures, who either belong to the Executive Department or utilized their personal influence to cause the Department of Justice and other U.S. authorities to systematically disrupt the legitimate activities of Mr. LaRouche and the political movement associated with him. The fact that this is conscious policy is demonstrated by the fact that the U.S. Department of Justice as well as the Internal Revenue Service praised in their respective annual reports, the convictions of Lyndon LaRouche and several of his political associates as a significant political success.

VII. PURPOSE OF THIS COMMUNICATION

The purpose of this communication is to cause the Commission on Human Rights of the United Nations to decide on a thorough study of the situation addressed above, either by an ad hoc or an appointed special envoy, to declare that human rights have been violated by the described incidents, to help remedy the situation and to request appropriate compensation for the victims.

VIII. STATEMENT OF CONFIDENTIALITY

The undersigned declare that their names and authorship of this communication may be revealed in the appropriate manner.

IX. SIGNATURE AND DATE

29th May, 1990

Helga Zepp-LaRouche

Ortrun Cramer (for the Commission to Investigate Human Rights Violations)

P.S. All factual statements contained in this communication are well documented. Regarding the trial proceedings referred to, the authors have the court record and other relevant trial documents at their disposal and are ready to make them available on request. In the interest of conclusiveness and clarity of this communication, and in light of the complexity of the various judicial proceedings referred to, it was decided to explain the circumstances of the human rights violations addressed herein in the text of the communication itself with as much detail as necessary. In turn, the paper load of Exhibits was kept as low as possible.

Editorial

The first world war—and the third

If people do not wake up rapidly to the enormity of the presently brewing crisis, we may well see the beginnings of a third world war in this century. Superficially at least, such a war may look a lot like the beginning of World War I, with the crisis in the Balkans as a detonator.

Yet really, the first world war began at the end of the last century, when the British in particular, but also the French oligarchy, decided that they would not tolerate German development. A republican, highly industrialized Germany acting in concert with a republican, highly industrialized United States, would have meant the end of any imperial ambitions for this faction.

The similarities with today are startling when one calls to mind the ambitious infrastructure plans of the Germans at that time, projects such as the Dakar to Djibouti railroad project; the Paris to Vladivostok rail project; and the railroad from Berlin to the Persian Gulf at Basra, the so-called Berlin-Baghdad railway. Then, too, there were the politics of oil, which led, following the First World War, to British hegemony in a Gulf, which they controlled. This was the period when the British Navy initiated the policy of converting from coal-burning to oil-burning, and when they established control over petroleum sources.

Americans especially need to study history. The slogan for our times could well be: "Since the Bush administration's ignoring the lessons of history, you had better start studying it." The Bush administration's folly could set off a global crisis. For example, it is now clear that what James Baker III did, on his recent trip to Yugoslavia, was to transform a situation in which negotiations were still possible into what is becoming a bloody military disaster.

It is also clear that Mr. Baker did this largely under the influence of his State Department's recruit from Kissinger Associates, Mr. Lawrence Eagleburger, a man who is very closely connected to the circles of Serbia's nationalist extremist, Slobodan Milosevic, one of the key figures behind the bloody show now in progress.

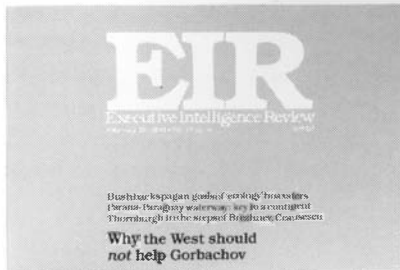
In many ways the situation today is far worse than it was in 1914. The world is today in a breakdown economic crisis, which is being exacerbated by the kind of trade war policies and IMF conditionalities, being enforced by Harvard University's Prof. Jeffrey Sachs. These are intended to destroy the nations of Central and Eastern Europe to render them ripe for the plucking, by British and American financial interests. Yugoslavia, like Poland, is a case in point, of the disastrous results of Sachs's meddling. Under the combined circumstances of economic havoc, created first by Yugoslav communism's bungling and then by the conditionalities imposed upon that country by the International Monetary Fund, historically determined national conflicts have become the material for a violent conflagration.

If the same policy is followed in the Soviet Union, as is now proposed by the Anglo-Americans, by Jeffrey Sachs, and by others, then a very rapid development inside the Soviet Union leading toward a social explosion with incalculable military potential will be the result.

The same kind of instability is being deliberately provoked in the Middle East. The Middle East region is far more unstable now than it was before the British and Bush got together to start the so-called Iraq crisis in August of 1990. Then there are the situations in Pakistan, in India, and in Bangladesh and elsewhere, to name only some of the hot spots which have been created.

At the same time, despite the talk of a recovery (which really never happened), the industrialized nations of the world are sliding deeper and deeper into a depression which has already begun—at least it has begun in virtually every nation of the industrialized world except Germany and Japan and perhaps in a few other smaller special cases.

It is time to recognize the folly of the policy of the United States in the recent period, in respect to long-range strategic policy, and long-range economic and monetary policy. It's time to get back at least to a degree of sanity we had on economic and strategic policy under President John F. Kennedy.



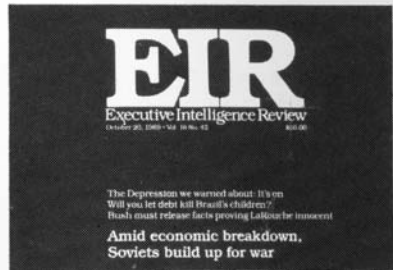
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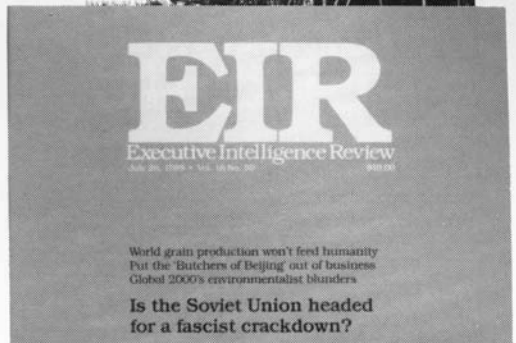
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