

# EIR

Executive Intelligence Review

July 26, 1991 • Vol. 18 No. 28

\$10.00

Banks stole \$.5 trillion in Ibero-America  
Berlin as capital can help all nations  
Iraqi doctors denounce sanctions' impact

**Africa can die by 'new order,'  
or thrive with great projects**



# IN DEFENSE OF COMMON SENSE

by Lyndon H. LaRouche, Jr.

SCHILLER INSTITUTE



## The Power of Reason: 1988

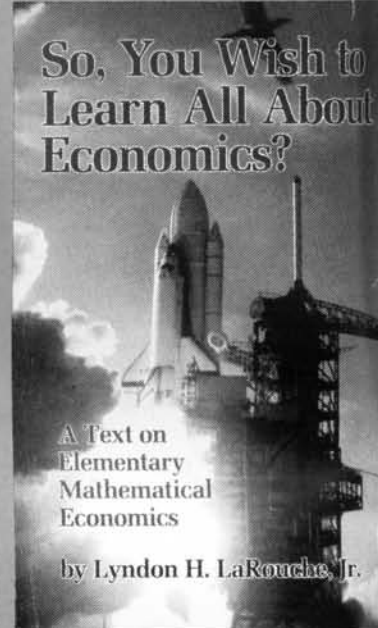
an autobiography by Lyndon H.  
LaRouche, Jr.



## So, You Wish to Learn All About Economics?

A Text on  
Elementary  
Mathematical  
Economics

by Lyndon H. LaRouche, Jr.



# WHY

## The British Establishment Fears Lyndon LaRouche

### Books authored by Lyndon LaRouche and associates

**In Defense of Common Sense**, by Lyndon H. LaRouche, Jr., Schiller Institute, 1989, 110 pages, \$5. Order number SIB 89-001.

**The Power of Reason: 1988**, an autobiography by Lyndon H. LaRouche Jr., *Executive Intelligence Review*, 1987, 331 pages, \$10. Order number EIB 87-001.

**So, You Wish to Learn All About Economics?** by Lyndon H. LaRouche, Jr., New Benjamin Franklin House, 1984, \$9.95. Order number BFB 84-003.

**How the Nation Was Won, America's Untold Story 1630-1754**, by H. Graham Lowry, *Executive Intelligence Review*, 1988, 497 pages. Order number EIB 88-001.

**Derivative Assassination, Who Killed Indira Gandhi?** by the editors of *Executive Intelligence Review*, New Benjamin Franklin House, 1985, 266 pages, \$4.95. Order number BFB 85-007.

*"We Americans, in our majority, are now caught asleep, unprepared for the terrible crisis now assaulting the very existence of our nation. . . . To where do we turn, on very short notice, for a different political perspective, a different philosophy of policy-shaping? All we Americans have immediately at hand is the sleeping nationalist heritage embedded in our bones over more than twenty generations—the heritage of the eighteenth-century, worldwide American Revolution, and of the proximate predecessor, the Golden Renaissance. . . . I am the voice of the Golden Renaissance, in my role as a defender of our American Revolution. It is time for all true patriots to awaken and to join me."*

—Lyndon H. LaRouche, Jr.,

from "The Great Crisis of 1989-1992, The LaRouche Congressional Campaign Platform."

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## HOW THE NATION WAS WON

AMERICA'S UNTOLD STORY  
Volume I  
1630-1754

H. Graham Lowry

## Derivative Assassination



## Who Killed Indira Gandhi?

By the Editors of *Executive Intelligence Review*

# EIR

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*EIR (ISSN 0886-0947) is published weekly (50 issues) except for the first week of April, and the last week of December by EIR News Service Inc., 1430 K Street, NW, Suite 901, Washington, DC 20005 (202) 628-0029*

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*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.

*Japan subscription sales:* O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 208-7821.

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**Postmaster:** Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

## From the Editor

Our cover story is somewhat unusual. We highlight two different parts of Africa and from two very different, indeed diametrically opposite standpoints. First is the intelligence picture on how the Horn of Africa, which is the eastern projection of the Sahel bordering the Red Sea and jutting out below the Gulf of Aden, has been targeted for extinction in a process which the Persian Gulf war in the nearby Middle East immeasurably worsened. The particularly tragic aspect is that Sudan, which with development policies and communications links could be the breadbasket of the continent, is being ripped apart!

This is the result, as we believe the articles demonstrate, of a deliberate policy of malthusian genocide.

Second, we turn our sights to a second major region of Africa, the Mahgreb of the northern coast along the Mediterranean and Atlantic, where the project of a tunnel linking Spain and Morocco represents a hope for the entire continent, as can be easily seen from the map on page 36, which traces the major transportation routes, completed and projected, for Africa and Europe which will converge on this new link.

A third article, not in the *Feature* but in the *Economics* section, bears very much on the point. South Africa's government, with the ending of apartheid, is taking a high profile in offering economic leadership to the continent, but is unfortunately taking most of its cues from the Thatcherites of London. This will not only not help countries in dire circumstances like those in the Horn, but will soon remove what remains of South Africa's unique potential for industrializing and capitalizing the poorer countries.

Africa is one clear case study of the connection between defense of national sovereignty, and economic development. The one-worldists like George Bush and John Major, with their hypocritical prattle about defending universal global values, have no interest in solving the problems of economic backwardness which threaten the lives of millions.

See the seven-page study in *Economics* of how Ibero-America has been looted for the past decade by the Anglo-American bankers, for clear evidence of this.

*Nora Hamerman*

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Dr. Frederick Guggenbuhl

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## Group of 7: George Bush's delusions are contagious

by Chris White

Among the side-effects of the medications Bush is taking for his hyperthyroid condition, according to the standard reference works, are delusions and psychosis. These effects, judging at least from what appears to have happened in the just-concluded London summit of the Group of Seven nations, are pretty virulent in their contagiousness.

On May 30 and 31 of this year, Lyndon LaRouche warned in presidential campaign statements issued from the Federal Medical Facility in Rochester, Minnesota, where he is being held a political prisoner, that whatever happened at the Group of Seven summit, "the result is going to be a catastrophe." At that time, LaRouche identified two options as potential outcomes for the summit: one based on Bush and company emerging as the apparent victors in what would unfold; the other, on Germany and Japan digging in their heels in resistance to Anglo-American demands.

Now, the conclusion must be drawn that Bush and company did indeed have their apparent victory. Leaving aside the hoopla around the presence of Gorbachov, and the question of aid for the Soviet economy, the top agenda item for Bush and the other Anglo-Americans going into the summit, was the successful conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Concretely, what comes out of the economic declaration of the seven heads of state, issued from London on July 17, is precisely such a commitment to bring the Uruguay Round to a successful close by the end of this year.

### **GATT=genocide**

From the declaration, one is led to suppose that the heads of state have agreed to make this their personal, individualized commitment. From the concluding press conference of British Prime Minister John Major, one is also led to expect

the convening of another G-7 summit before the end of the year, if the international negotiations to conclude the GATT agreement are not proceeding smoothly.

The formulations adopted echo those of David Rockefeller at the conclusion of the April meeting of the Trilateral Commission in Tokyo, and later, in May, during the run-up to the Congress's decision to renew Bush's "fast track" negotiating authority for both the GATT round, and the related North American Free Trade Agreement, NAFTA.

The apparent agreement on GATT was the cornerstone for a package of one-worldist imperial plans regarding control over technology transfers, credit, and the environment, whose intent is genocide. Only the insane would say otherwise. Eliminate food production, and people starve. Eliminate access to energy, such as nuclear energy, in the name of an international control regime, and people will die. Eliminate access to fertilizer and other chemical technologies, and people will die. Control credit and food, and some will have, and others go without. These are cause and effect relations.

Yet that is what was adopted at the London summit. It is either a form of collective madness, or a form of collective moral imbecility.

Both Germany and Japan, through their heads of state, are said to have signed on to the GATT commitment. Immediately targeted, as Bush made clear in an interview with a leading German daily, the *Frankfurter Allgemeine Zeitung*, prior to the summit, is the existence of farmers and productive agriculture, in both Europe and Japan. In Europe, estimates are that presently, 250,000 farmers are leaving the land every year, and that the GATT agreements will minimally double that number. For Japan, where the question of opening the markets to imports of rice grown in the United States has become an explosive issue, rallying demonstrations of grow-

ers, the Uruguay Round will also contribute to accelerating the destruction of food production capacity.

"Free trade" is the battle cry under which food production is targeted for destruction. The aim of the round is anything but free. It is intended that food production would be organized into a globe-spanning cartelized form, in which grain production for export would be centralized under a production quota system in North America, and other appendages of Anglo-American domination, such as Australia. Importing nations, and those where independent food production capacities have been targeted, would then be forced to beg for what they might hope to get.

In the statements issued May 30 and 31, LaRouche warned, "George and his friends might come out looking as if they had won the victory. . . . That doesn't do much for us, because then his program goes into effect. If he puts his program into effect, it fails—and we have a miserable catastrophe."

### **One-world, bankers' dictatorship**

The GATT matter was the litmus test, because the GATT negotiations are the means by which the Anglo-Americans intend to secure the submission of the rest of the world to another round of genocidal looting in support of their bankrupt usury system. The apparent acceptance is certification indeed that Bush's psychosis is indeed mightily contagious. But it's worse.

The world dictatorial content of the "free trade" rhetoric that is employed in support of the GATT policies stands is emphasized by other adopted intentions ascribed to by the summiteers. Here the objective seems to be to transform the United Nations and related institutions such as the International Monetary Fund, World Bank, Organization for Economic Cooperation and Development, International Energy Agency, International Atomic Energy Agency, U.N. Conference on Environment and Development, and so on, into the means by which Anglo-American financial and political power is administered worldwide.

The conference proposed strengthening the United Nations apparatus for the purpose of intervening, on the model of Bush's post-Desert Storm operations in Iraqi Kurdistan, to "make preventive diplomacy a top priority" under conditions of famine, disaster, and war. A British proposal to establish a U.N.-based registry of arms transactions to control national military establishments worldwide was adopted. New guidelines were adopted on the proliferation of nuclear, chemical, and biological weapons technology.

There will be a conference later this year on the subject of chemical weaponry. This is the British- and U.S.-sponsored campaign to outlaw, internationally, so-called dual-use technologies, such as fertilizer production facilities. Next year's U.N. Conference on the Environment and Development, to be held in Brazil, is endorsed from the standpoint both of adopting global ecological standards, and of endorsing the

campaign now under way to destroy Brazil, in the name of internationalizing the Amazon basin tropical forests (see article, page 48).

At the same time, the authority of the so-called "Paris Club" extension of the IMF, on questions pertaining to Third World debt, was affirmed.

The unifying feature of all these proposals is the endorsement of governments giving "necessary attention to population issues" in developing strategies for what is ludicrously called "sustainable development": international controls over food, technology, and credit, as weapons directed against populations and the institution of the nation-state.

A generation ago, this kind of blueprint would have been laughed out of court as the raving of some one-world federalist from far-out on the lunatic fringe. Now the elected leaders of the world's seven most powerful economies sign on to a package whose effect is going to be the death of millions. And each one of those leaders, except for Major, was elected to the office he holds. That kind of insanity doesn't only come from the contagion of Bush's psychosis.

All this is necessary, the summiteers insist, to ensure that the world has a sustainable economic recovery! Africa has been written off, its population left to die of famine, diseases like AIDS and war. Whole regions of Ibero-America are going down the same path as Africa. India and China are in the midst of major crises. Eastern European nations and the Soviet Union are in the midst of major crises. None of this merited discussion. The fabric of world civilization is being ripped apart at the seams, in the name of utopian fantasies and protecting usury, and here we are acting to ensure a "sustainable recovery."

### **Quite a recovery, indeed**

The summiteers highlighted the so-called turn-around in the U.S. and Canada. While they were meeting, the U.S. government admitted that its budget deficit for next year, without including bank, S&L, and insurance company failures, will be in the region of \$350 billion. For the three months, July, August, and September, the U.S. government is going to be borrowing \$100 billion in new funds, and rolling over \$385 billion in old borrowings. That is a quarterly financing requirement for the U.S. government alone of about \$500 billion, or \$2 trillion per year. That is a bit less than half what the government counts as the income of all households, farms, and businesses in the country.

Their recovery is a pipe-dream, or chemical side-effect. Back at the end of May, LaRouche warned that what would follow from adoption of the Bush-British agenda would be a new round of economic collapse in Eastern Europe, and a new round of collapse in the Third World, each of which would contribute to unleashing new instabilities and fragmentation worldwide. Out of those would come the catastrophe he warned of. That is the prospect the summit has opened up.

# London takes aim at Japan, Inc.

*Will Japan abandon the policies that made it an economic miracle? Second in a two-part series by Kathy Wolfe.*

The stock market scandals which hit Japan's Nomura Securities in June have now escalated to threaten Japanese industry and banks. Japan's largest banks are about to be charged with making payoffs to customers, *Business Week* reported on July 22. Tokyo Sagawa Co., a major trucking company, fired its president, Hiroyasu Watanabe, on July 12. He was accused of financial deals with gangster Susumu Ishii, the same charges originally made against Nomura by British banker Robert Zielinski at Jardine Fleming.

Large Japanese investors now so fear a Tokyo market crash, that Japanese industrial corporations are being forced in a panic onto the London Eurodollar market to borrow money in order to produce. More than \$1 billion in Japanese corporate "equity-linked bonds" were floated in London in a single week, the London *Financial Times* bragged July 15. Nikon Corp. was forced to cancel plans to issue new stock in Tokyo on July 15. Japanese companies fear that less than half of the \$8 billion in stock issues they had planned for July and August can now be sold.

"For American investment bankers, the crackdown in Japan is welcome," *Business Week* gloated July 22. "For years they struggled to break into the Japanese banking business. Now the playing field for U.S. bankers and brokers in Tokyo is leveling. . . . U.S. brokers are upbeat about making inroads into the Japanese corporate market."

Behind the headlines, however, recent policy pronouncements by the Anglo-American elite show that Japan's financial system is under fire not for what it has done wrong, but for what it has done right: help create a productive *physical economy*.

On May 28, former Lehmann Bros. bank chairman Peter Peterson warned Wall Street that Japan will soon become to the United States, as the U.S. was to decaying Great Britain after World War II. Peterson, now chairman of the New York Council on Foreign Relations, said that something drastic must be done to stop Japan from continuing to produce and invest, while the U.S. becomes a scrap heap.

He recalled that by 1956, when Great Britain invaded Suez, U.S. President Eisenhower demonstrated that the U.S. was "top dog" by forcing the British to retreat militarily, or face a U.S.-run crash of the British pound. Japan, Peterson warned, precisely because of its industrial superiority, is now positioned to do this to the United States. (For his speech,

see *EIR*, June 28, 1991.)

Paul Summerville, chief economist for Britain's Jardine, Fleming office in Tokyo, told the *New York Times* of June 14 that the West should be particularly alarmed about the fact that during the 1980s, Japanese corporations poured "unprecedented sums of money into research, new technologies, and new factories." Now Japan is about to reap the benefits, with an entire new generation of technologies and cheaper, better products.

"The wave of Japanese exports that will come from that 1980s investment, will likely dwarf anything we've seen so far," warned Wall Street economist Jeffrey Garten of The Blackstone Group in June. Peter Peterson is chairman of The Blackstone Group.

## 'Window guidance' national banking

The heart of Japan's economic miracle is an "American System" of national banking, which *directs credit* toward investment in science, technology, and industrial production. These policies, such as "window guidance" by the Japanese central bank, were imported from the United States and Germany in the 19th-century Meiji Restoration. The concept of window guidance derives from Alexander Hamilton's credit program in his 1790 *Report on Manufactures*. Under it, the Bank of Japan encourages banks to make a certain proportion of total loans to production and science.

"American System" directed credit is emphatically not socialism. The key distinction is the freedom of the *individual producer*. Under the 18th-century British System, London merchant banks were "free" to buy tea from colonies, speculate up prices, and sell it back, because the British fleet backed them up with guns.

After the Revolution, Hamilton created the Bank of the United States, to ensure that *producers* got low interest rates on credit. Those producers, farmers and industrialists, were never told what to produce, or how. Speculators could get credit, too, but at higher interest.

While the U.S. abandoned directed credit long ago, the Japanese stuck with it until very recently.

Starting in 1978, however, when London's Hong Kong and Shanghai Bank demanded access to purchase U.S. banks, the Bank of England and its Washington branch, the Federal Reserve, invented "financial deregulation." The



Brits and the Fed drummed out a press campaign that all protective national bank laws in the United States, Japan, Germany, and especially in developing nations such as Mexico, Brazil, and India, were outmoded and restrictive. Elected officials who protected national banking were labeled "corrupt." Scandals such as the Lockheed affair were orchestrated to dump them.

In the United States, this resulted in the International Banking Act of 1978, the Omnibus Bank Bills of 1980 and 1982, and worse. Usury restrictions were removed, allowing interest rates to zoom from 5% to 20%. Americans now enjoy the results: the savings and loan crisis, 18% credit card debt, balloon mortgages, and a vast national debt.

### **Deregulation: 'financial AIDS'**

In Japan, the Finance Ministry and central bank held to some Hamiltonian programs, but after 1980, they bent the rules enough to permit an influx of British and U.S. financiers into Tokyo. Led by Hong Kong and London's Jardine and New York's Salomon Brothers, they brought to Tokyo what Japanese officials call "financial AIDS."

The newcomers created new speculative vehicles such as short selling, new varieties of futures, real estate junk bonds, and other perversions popular in London and New York. Japanese brokers and banks jumped stupidly into the swim. Since Japan's central bank interest rates were incredibly low by U.S. standards—still only 2.5% in 1989—once the speculation virus got to Tokyo, it took over. Stock speculation zoomed.

Tokyo and Osaka real estate speculation rocketed too, driving land and housing prices out of sight. Japanese financiers had been content to get central bank money at 2.5% and make industrial loans at 5%, but with real estate loans paying 10%, productive lending fell behind.

In May 1989, Minister of Finance Ryutaro Hashimoto grew properly concerned. His reaction, however, fell right into the Anglo-American game: The Finance Ministry and Bank of Japan (central bank) began to *deregulate interest rates*. Hoping to deflate Japan's real estate and stock market bubble, by making money more expensive to speculators, they more than doubled the central bank's discount rate to 6%.

This, however, has hurt the Japanese host far more than the Anglo-American disease. Japanese brokers and banks, in a panic for profit, only went further into speculative stock issues, cutting back stock sale funds for industry. This bred fierce competition for clients, and backroom payoffs.

The problem is that interest rate deregulation is *usury*. Whereas under a Hamiltonian system, only speculators get hit with high interest rates, the Bank of Japan has hit everyone with high interest rates. This is precisely how Federal Reserve chairman Paul Volcker bankrupted the U.S. savings and loans in 1980: Suddenly, instead of paying 5% for money, S&Ls were paying 20%, but could not earn half that on loans.

Now Japan's commercial banks, the world's largest, are in the same boat and losing billions. The London *Economist*

reported June 15 that Japanese banks are now having to pay 8% to depositors because of high central bank rates for banks, but earning much less than that on industrial loans. The *Economist* added that the Japan stock market could collapse again soon, which will knock Japanese bank shares down below bankruptcy level. The *Economist* advised readers to dump Japanese bank stocks.

### **Falling into the trap?**

The *Wall Street Journal* noted gleefully on June 26 that the Finance Ministry and Bank of Japan are continuing to fall into the *gaijin* (foreign) trap. To prove that his ministry has not been "colluding" with Japan's financiers, Finance Minister Hashimoto is removing the ministry from the markets by allowing further steps in deregulation:

- more interest rate decontrols;
- decontrol on bank lending;
- decontrol of foreign exchange markets;
- deregulation of "Article 65" (modeled on the American Glass-Steagall Act) which prevents cartelization of banks and brokerages.

Jardine Fleming's Robert Zielinski in the *Journal* that day demanded an increased "climate of deregulation, disclosure, and increased accountability."

The most foolish action of all, however, is the Bank of Japan's announcement June 27 that it plans to halt its "window guidance" program, and move to U.S. Fed-style "open market" operations. This will in fact have the opposite effect of what Hashimoto intends, and will lead to a major rise in interest rates and speculative lending.

The action is praised by bankers from Union Bank of Switzerland, Swiss Bank Corp, S.G. Warburg, and Phillips and Drew of London. "It's the logical end of the ambitious deregulation begun in 1984," says Jesper Koll of Warburg's Tokyo office. "They've almost fully completed deregulation of interest rates, so the next step, is that window guidance be abolished."

British and U.S. bankers are delighted that this will cut Japanese bank lending, especially since the Japanese banks are already being forced to curb lending to meet the Bank for International Settlements' tough capital-to-loan ratio regulations this year.

This is the wrong way to go. Japan had better think twice before it lets its economic miracle explode in a stock market bubble. Jacking interest rates up and down has never stopped speculation in any economy.

The only rational course is the one which has brought Japan to industrial growth in the first place: directed credit. The appropriate response would be to withdraw the June 27 plans to remove window guidance, and instead, to increase it, penalizing loans to speculation in particular, while lowering interest rates to industrial production. If London and Washington scream, they should be told to do the same and foster some useful production for a change.

# Will South Africa choose regional development or IMF austerity?

by Lydia Cherry and Linda de Hoyos

Republic of South Africa President F.W. de Klerk took the occasion of the first visit of a South African head of state to Kenya in early June to issue a proposal that South Africa, Egypt, Nigeria, and Kenya join to become the four centers of interlocking trading regions that De Klerk said could then compete against a united Europe. Only countries such as Kenya and South Africa, both of which are members of the British Commonwealth, have the power, energy, and initiative to rescue the African continent, De Klerk said, in discussions with Kenyan President Arap Moi.

De Klerk's proposal was elaborated by South African Foreign Minister Pik Botha, in an interview on Johannesburg television on June 10. "Our African friends," said Botha, "are looking for . . . momentum to develop this idea of regional development. . . . What President De Klerk has done, he has actually helped our African brothers by identifying these countries through the use of example, that is, which four regions should get off the ground in terms of planning, programming, and sitting down and drawing up a thorough reconstruction plan. If we do not do this, and this is the warning we sounded, the West and the industrialized countries will set Africa aside and move past us."

The necessity for such action is urgent, as Botha pointed out: "What is of importance, is the effect of AIDS on Africa."

Botha projects that among South Africa, Egypt, Nigeria, and Kenya, "regional decisions will have to be made and out of these regional developments a joint plan will have to be put before Europe, and the U.S. and Japan." The opportunity for such an approach, Botha made clear, arises because of the South African government's progress in breaking down apartheid. "Africa realizes now that apartheid is gone," he said, "that this country, South Africa, this government can assist them and can form part of the protest that Africa will have to deliver, to gain acceptance from Europe and the industrialized countries in order to survive. It is all about the survival of Africa."

There is no question that the De Klerk proposal addresses an urgent vital need: the reversal of Africa's devastation through regional development plans, focusing on basic infrastructure—water, energy, transport, and communications.

Without that development, the AIDS scourge, along with the devastation caused by constant wars and famine, threatens the depopulation of the continent, and the destruction of the Republic of South Africa itself.

In an earlier interview, President Botha had put forward the concept that South Africa is the "locomotive" for Africa's overall development. "The 40 states south of the Sahara produce a Gross Domestic Product of \$130 billion. We in South Africa produce a GDP of \$120 billion. We are the locomotive. Not that we want to overwhelm, but we can save southern Africa. We can transform southern Africa into an area of stability and progress, and we are going to do that."

## Energy the focus

So far, the major focus of the De Klerk proposal appears to be energy development. Dr. Ian McRae, chief executive of Eksom, South Africa's national electricity authority, is actively propagating the idea of a power grid linking all of the countries of the region and extending as far as the Zaire River.

In May, an African Institute of Energy was founded in Johannesburg to draw up plans for the exploitation of southern Africa's hydropower and other resources. According to the institute's president, Steve van Rensburg, the energy sources that will make the biggest contribution for the short term are coal and oil, with hydropower growing the fastest for electricity use. Nuclear plant construction is not envisioned until coal supplies have run out, "sometime at the end of the next century"—although nuplexes—agro-industrial complexes with a nuclear power plant at their center—would be the cheapest and most efficient means of creating agro-complexes throughout the area.

In the area of hydropower, plans already exist for projects on the Zambezi River, which can provide hydropower to Mozambique, Zimbabwe, and Zambia. The Zaire River, the African Institute of Energy points out, has the greatest hydropotential in southern Africa, with a future capacity of providing more hydropower than currently exists in the United States as whole. In total, the river, developed fully, has the potential for up to 150,000 megawatts. Aside from building the required dams on

the river, infrastructure must be created to release this enormous energy potential to the rest of southern Africa.

### Free enterprise won't work

However, even these limited plans—let alone the full development of infrastructure required for Africa—will not be realized unless South Africa is prepared to break with the looting policies of Thatcherite “free enterprise” and the International Monetary Fund (IMF). The countries of southern Africa are suffering under the double burden of onerous and unpayable debt, and plummeting commodity prices.

South Africa itself faces the same problems. Since 1980, South Africa's economy has stagnated, largely due to a massive outflow of capital. As a result of the fall in world gold prices, more and more gold mines are producing at a loss, and 83,000 jobs in the mines have been lost over the last two years. “More than half of all companies in the manufacturing sector plan to cut their labor forces in the next 12 months and the employment outlook is bleak,” the South African Chamber of Commerce warned in May. The real unemployment rate is now estimated at 20%.

In the last two years, the South African government has adopted a tight-money policy forced through by the Reserve Bank. The policy has come under severe attack, with the *Johannesburg Business Day* arguing that the Reserve Bank strategy “has not worked,” but has led to “growing insolvencies, as small firms cave in to unbearable interest rates and underutilization of capacity, as official austerity measures bite. We urgently need less restrictive monetary policies to encourage competition, lowering of interest rates that will lead to capital investment, job creation, and the competition needed if inflation is to be cut permanently.”

However, Minister of Finance Barend du Plessis declared on June 26 that there would be no fiscal relief, since aid from the IMF and World Bank would be dependent upon a “sound monetary policy.” “We have been able to maintain our relationship with the IMF at a very constructive and productive level,” according to Du Plessis, and now that the United States has lifted sanctions against South Africa, it is expected that the way is to be cleared for South African access to IMF loan facilities, which have heretofore been blocked by the United States.

In short, South Africa is fast falling into the same IMF trap as its far poorer neighbors.

There is no indication that South Africa is prepared to aid the other countries of the region. “We have to start talking straight,” declared President Botha in a May interview. “There is no apartheid in the rest of Africa. Now why is Africa dying? . . . They will soon find it hard to satisfy the requirements of the International Monetary Fund.” Botha also echoed the malthusian complaint in his June 6 interview with the British Broadcasting Corp.: “The population growth in most African countries is too high.”

Behind the South African acquiescence to the IMF stands

London, in particular the personage of former Prime Minister Margaret Thatcher, who visited South Africa in May as a personal guest of President De Klerk, and was awarded the Order of Good Hope in the Grand Class, the highest national award to a foreigner. In her speeches, Thatcher hailed the free enterprise policies adopted by Kenya, Botswana, and Malawi, which she said had led to their alleged success. Economic principles for the new South Africa, she opined, must include a free enterprise system; avoidance of more nationalizations; privatization of as many industries and businesses as possible; resistance to bureaucrats' demands for controls and subsidies; and resistance to all calls to redistribute wealth as a means of eradicating poverty, according to the Johannesburg news agency SAPA.

Presumably Thatcher would welcome the current investment drive from South Africa into Mozambique. The *Johannesburg Sunday Times* reported that South African businessmen plan to invest 150 million rands to buy beachfront properties under a 99-year lease. Run by a company called Mozambique Leisure, the first phase of the project is to buy and refurbish more than 400 deserted houses between the coastal towns of Mangusi and Ponto Do Ouri. Built into the project's budget are funds to train and equip the Mozambique Army to keep the area free of insurgents. Entrepreneur David Guthrie, who conceived of the idea is quoted: “We also drafted a Casinos Act, which is modeled on the Swazi one. The plan includes building a hotel-casino with 500 beds.”

### A 'locomotive' for what?

Such schemes raise a question as to whether South Africa will function as the locomotive of Africa's development, or whether it will function, now that apartheid has been dismantled, as a looting mechanism against the southern African countries under London's imprimatur. If it is the latter case, then South Africa itself will be collapsed into the state of a Third World country.

The future of southern Africa depends on the further industrial development of the Pretoria/Witwatersrand/Vereeniging region (PWV). Being the location of the major gold reefs, large coal reserves, and the minerals of the Bushveld igneous complex, the area had a head start in the generating of wealth. Prior to 1975, when South Africa ended its dirigist development policies, the surplus from this wealth was reinvested into the creation of the biggest industrial economy of the African continent.

The role of South Africa's industry and scientific agriculture in uplifting the surrounding nations, must now become part of the project to build a Paris-Berlin-Vienna triangle of high-technology development in Europe, as statesman Lyndon LaRouche has specified. From this European center, spokes will then radiate outward into the nations of the Third World. For example, as was earlier proposed, German nuclear technology can provide the necessary input for rapid development of southern Africa.

# Emergency in China: more than the floods

by Michael Billington

The worst floods of the century have swept through the Yangtze Valley of China, causing the People's Republic to call for international disaster relief for the first time in its 42-year history. The death count is well over 1,000 and damage estimates are over \$3 billion, but the worst is expected over the next six weeks, as the annual flood season has just begun. Already, in the two most severely flooded provinces, over 80 million people are affected, with one-fourth of them suffering from dysentery or malaria from the polluted water, and over 10 million have "lost everything." The impact on the summer crop has not been estimated, but it may be catastrophic.

This may be the spark that ignites a holocaust in China, a disaster that was waiting to happen. Nor should this be perceived as a "natural disaster" in the normal sense. The floods would have been avoided or minimized if the Three Gorges Dam on the upper Yangtze River had been constructed, as is well known to those (both inside and outside of China) who have sabotaged the project repeatedly over the past 70 years. First proposed by Dr. Sun Yat-sen as a central aspect of his infrastructure development plans, the dam was designed precisely to prevent the disaster that otherwise is inevitable from the flooding of the Yangtze, while also providing the energy necessary to develop the Chinese heartland. The failure to carry it through was a conscious decision to sacrifice thousands, perhaps millions, of lives.

The potential deadly consequences of such a disaster are exacerbated by the inadequacy of transportation, distribution, storage, and other basic infrastructure, which, combined with the over 100 million "blind flow" army of unemployed created by the economic breakdown of the last few years, create the conditions for holocaust. During the past 12 years of reform designed by Henry Kissinger and his friend Deng Xiaoping, already scarce capital was diverted from the agricultural and industrial infrastructure of the nation to facilitate the inflow of foreign investments in the cheap labor markets set up as free trade zones along the coast, on the model of the 19th-century colonial concessions.

The economic emergency preceded floods. In the last week of June, before the severity of the floods was apparent, the Beijing government released an "emergency notice" ordering all departments to limit purchase of "luxury items," such as cars, with public funds. Since nearly all cars, and

many other items, are *only* purchased by government departments, these are drastic measures. This was caused by the leap in inflation to about 9% in the major cities. Inflation was brought down to 2% through brutal austerity measures in 1989-90, then, in a typical swing to the other extreme, money was poured into the collapsing state industries, leading to renewed production but at even lower productivity, with no buyers, and renewed inflation. *China Daily* reports that this is "reminiscent of what happened nearly three years ago" when inflation set off the crisis that led to the retrenchment, and to the Tiananmen democracy movement of 1989.

## New cultural revolution?

The worst danger is that the mounting repression, instability, and poverty have generated the potential for a return to the mass psychosis of the 1966-76 Great Proletarian Cultural Revolution. Although the memory of that period of terror and genocide is still fresh, the systematic assault on the process of creative thinking is being unleashed again as national policy. The murder or incarceration of the cream of the youth after the Tiananmen Square crackdown began a process of government and Communist Party attacks on so-called "peaceful evolution," defined as the strategy of China's enemies to subvert the People's Republic by the cultural infiltration of "bourgeois liberalism" and decadent Western ideology. The irony is that the regime is in fact embracing the decadence of the bankrupt "fast money" economy of the West with their coastal free trade zone policy. The "anti-peaceful evolution" campaign is actually targeted against the outbreak of any creative thinking based on universal principles of natural law, just as during the Cultural Revolution. Already, half of the university students are being sent to the countryside to "learn from the peasants" in a return to the practices of the Cultural Revolution.

One would think that such policies would have to be introduced under another guise to circumvent the hated memories of that dark period. But this year has seen a vigorous attempt to revive Mao Zedong's image, with hundreds of new books, films, and TV broadcasts filling the land with stories of the Great Helmsman. A group of leading figures has even called for a "comprehensive re-evaluation" of the Cultural Revolution itself.

Another Beijing official is quoted in the Hong Kong paper *Ching Ming*: "I was opposed to the Cultural Revolution, but I agree with many of Chairman Mao's directives. For example, we must stage a criticism campaign against the bourgeoisie, we must foster proletarian ideology and eliminate bourgeois ideology, intellectuals must undergo re-education, and young people should go wherever the country needs them most. . . . Although we have decided that no more nationwide political campaigns will be launched, local and short campaigns still have to be waged to oppose bourgeois liberalization. We must firmly keep ideology under our control."

# Food irradiation starts up in Florida

by Marjorie Mazel Hecht

Finally, a company with the foresight, funds, and persistence necessary to begin commercial food irradiation is setting up in the United States. Vindicator of Florida will open its doors in August to process fruits, vegetables, poultry, and (if the approval comes through) shellfish.

The \$6.8 million plant got its start in 1985, after the Environmental Protection Agency banned ethylene dibromide (EDB), which had been widely used as a fumigant to disinfect crops after harvest. That left the citrus growers with nothing but cold storage as an alternative, and some states and countries will not import citrus and other crops unless they can be assured that no insects or insect eggs are coming along for the ride.

Other U.S. irradiation facilities process medical supplies, cosmetics, and spices, but this will be the first full-scale commercial plant solely for food products. The new plant was built in collaboration with the Canadian firm Nordion, and is the most advanced in the world. It uses a cobalt-60 radiation source, and will be able to handle 500-600 million tons of produce a year. The plant is designed so that an entire truckload of produce can move through the plant at one time, with 18 pallets that simultaneously move produce past the radiation source.

## Benefits are tremendous

The radiation process exposes food to ionizing energy in the form of gamma rays from the radioisotope cobalt-60. (Electron beams and X-rays can also be used as ionizing sources.) The low-level radiation passes through the food and kills microbes, bacteria, insects, insect eggs or larvae, parasites, and molds. No radiation stays in the food, and the taste and texture of the food are not affected.

After 40 years of research, scientists have determined how much exposure is necessary for each product. To eliminate salmonella from poultry, for example, may take longer than the disinfestation of fruits. Scientists and the U.S. regulatory agencies have also determined that the process is safe and the processed foods wholesome.

The benefits are not just the reduction in food-borne ill-

nesses, which now affect 33 million people a year and kill an estimated 4,000. Consumers will also have the advantage of delayed maturation and therefore increased shelf-life for produce like strawberries and mushrooms, both items which frequently go to waste because they rot before they can be eaten. There is also a taste benefit. Now, many fruits are picked green in order to keep them from spoiling before they reach the market. With irradiation processing, the fruit can ripen on the vine, go through the processor, and then be shipped to the market with more of its natural flavor intact.

## The anti-science mob

Like other nuclear technologies that can improve the quality of life and increase the food supply, food irradiation has been attacked by the anti-science mob. In this case, the mob's name is Food & Water, Inc., headed by an anti-nuclear osteopath from New Jersey, Walter "Wally" Burnstein, who also runs a holistic health center. The foundation-funded Food & Water is spending \$330,000 in a 60-second radio ad campaign, starting in Florida, that tells people the lie that food irradiation "might kill you."

Burnstein admitted to the *Wall Street Journal* that this was a "desperate" tactic. "We have to use every means we have to stop this technology," he said. Burnstein's recent fund-raising letter makes it clear why they are desperate to stop Vindicator's Florida plant: "The success or failure of this facility will determine the future of the food irradiation industry in this country. . . . Once this industry starts, it will be virtually impossible to stop," Burnstein says.

Food & Water's desperate ad is backfiring, however. Sam Whitney, the president of Vindicator, said in a recent interview that the ads are so outrageous that they have created a "backlash" for food irradiation and in support of the plant. One convert, a reporter, even became a stockholder.

Whitney is urging people to write letters of support to Edward Madigan, the Secretary of Agriculture, in order to counter the thousands of letters against food irradiation from people who believe Food & Water's scare stories.

Food & Water's six-figure annual income has been built on lies about food irradiation, lies aimed at exploiting irrational fears. One of their "action packets," for example, features a "Stop Food Irradiation" Superman battling "the unholy alliance between government and businesses trying to irradiate our food with radioactive wastes." The Superman tells the frightened people, "We have three things going for us . . . the truth . . . our integrity and commitment and [in red letters] *fear*—Fear . . . that our food will be poisoned, our children, our grandchildren and the Earth will be injured."

Most interesting is that the group has retained its status as a non-profit, tax-exempt foundation despite the fact that it publicly brags about its massive lobbying effort to pass moratoria on food irradiation in New Jersey and New York. Food & Water's 1988 tax return boldly lies that it conducted no lobbying activities.

# Bankers looted a half trillion from Ibero-America in the '80s

by Dennis Small and Peter Rush

Ibero-America was forced to export nearly a half-trillion dollars in capital over the decade of the 1980s, according to official statistics now available from the World Bank and the Inter-American Development Bank. As a result of usurious pyramiding of its foreign debt, Ibero-America was driven to issue *interest payments* on its debt cumulatively totaling \$321 billion from 1981 to 1990. And an additional \$157 billion was extracted from the region during this same period, in the form of *capital flight* deliberately induced by the international financial community, according to new calculations made by this magazine and cross-checked with other available studies. A combined total of \$478 billion in capital was thus exported from Ibero-America over a ten-year period—a rate of looting averaging almost \$50 billion per year.

Yet despite this massive looting and payments on the foreign debt, that debt *rose* dramatically from \$243 billion in 1980, to \$429 billion in 1990—a 77% increase (see **Figure 1**).

This is usury; it is genocide.

*Usury*, because it has meant propping up the crumbling Anglo-American financial empire of Wall Street and the City of London to the tune of a half-trillion dollars over the decade. Without such imperial tribute, along with similar looting of other Third World areas such as Africa and Asia, the financial centers would have long since collapsed. Now, without a new round of even more rapacious theft, of the kind envisioned under Bush's New World Order, the Anglo-American financial structure will crumble in the immediate future.

*Genocide*, because it has meant the creation of conditions of de-industrialization and immiseration in Ibero-America in which millions of people will die of starvation and epidemic diseases. The current wave of cholera sweeping the continent is only the most visible, and immediately dangerous, of these results. In the five short months since the first cases were detected in Peru, the cholera epidemic, according to official statistics, has already infected over a quarter-million people, killing more than 2,500. It has spread into at least eight Ibero-American countries, the latest being Mexico, from where it threatens to spread into the U.S. on a massive scale. So far, there are officially already more than a dozen cases of cholera in the United States.

The conditions which encourage the spread of cholera

are principally a lack of potable water and basic sanitation services, conditions which characterize the vast majority of Ibero-America's 440 million people. The World Health Organization and the Pan American Health Organization have officially warned that up to 120 million Ibero-Americans—over a quarter of the total population—are potential victims of cholera.

WHO and PAHO officials have also reported that the epidemic could be readily contained with modest investments in basic water infrastructure, in particular the provision of potable water. Dr. Carlisle Guerra de Macedo, the head of PAHO, told an early May conference in Spain that \$80 billion in investment would guarantee potable water to the entire continent, and thus contain the epidemic. An additional \$120 billion, he noted, would provide full sewerage and sanitation services to the entire Ibero-American population. "The cholera epidemic has its origin in the investments [in this infrastructure] that should have been made, but which were not, year after year," Dr. Guerra stated.

But one can be even more specific.

*Eighty billion dollars is about 18 months' worth of Ibero-America's average capital exports over the past decade!* If a debt moratorium were declared on all interest payments, and if strict exchange controls were imposed to stop all illegal capital flight, the cholera epidemic could be brought to a dead stop. What holds for the continent as a whole, holds even more so for individual countries: Peru, the epicenter of the Ibero-American cholera epidemic, with over 220,000 cases, could repair and construct the minimal water infrastructure needed to contain the cholera epidemic, with a mere \$80 million, according to one official estimate. But not one cent has gone for this, because the Fujimori government in Peru has been paying \$50 million per *month* in debt service since coming to office in mid-1990.

Every day that a single dollar is paid on the foreign debt, means another Ibero-American child dead of cholera, sacrificed on the altar of Bush's New World Order.

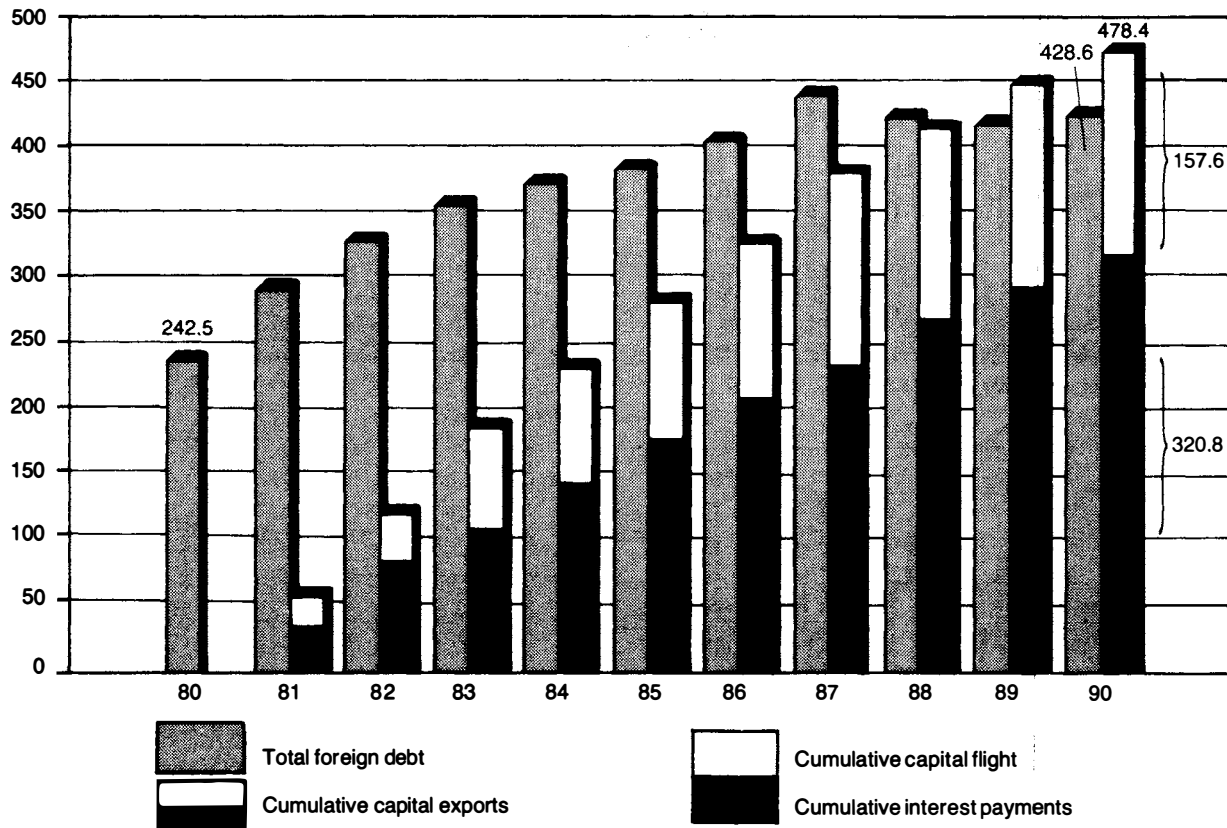
## Dissecting the usury

Let us first consider interest payments alone (see **Table 1**). For the case of Ibero-America as a whole, \$320.8 billion

FIGURE 1

**Ibero-America: Foreign debt and cumulative capital exports**

(billions of dollars)



Sources: World Bank; Inter-American Development Bank.

was paid out cumulatively over the decade, 32% more than the total debt of \$243 billion at the beginning of the period. In other words, the entire 1980 debt was paid off, plus another third. In the case of every individual nation, with the sole exception of Peru, the cumulative interest paid was more than the original debt owed.

How were these payments made? In part, by borrowing more money, in the classic loan shark fashion. This totaled \$186 billion, the amount by which the total debt grew between 1980 and 1990. It is likely that a very large percentage, if not all, of these new loans, went directly into the payment of past due interest: the economies of the region never saw a penny of these "new loans," as they reverted directly back to the lenders.

If one subtracts this apparent flow of new loans (\$186 billion) from the total interest payments made (\$321 billion), the remainder (\$135 billion) can be described as Ibero-America's net debt payments during the decade—generated principally by running a huge balance of trade surplus for most of

the 1980s (more on this below).

Table 1 and Figure 2 A-G show this classical picture of usury on a country-by-country basis. Brazil, for example, paid \$86.8 billion in interest over the decade, which is more than 122% of its 1980 debt . . . and yet the foreign debt grew to \$117.8 billion. Mexico, the bankers' favorite success story, is perhaps the most scandalous case: It paid \$95 billion in interest over the ten-year period, more than any other country in Ibero-America in absolute terms. This amount equals over 165% of its 1980 debt, and nearly 100% of its 1990 debt! Peru is interesting by comparison, because it shows the lowest interest payments, in percentage terms, principally because of the policy proclaimed by President Alan García in 1985, under which Peru paid only 10% of its foreign exchange earnings as interest on the foreign debt.

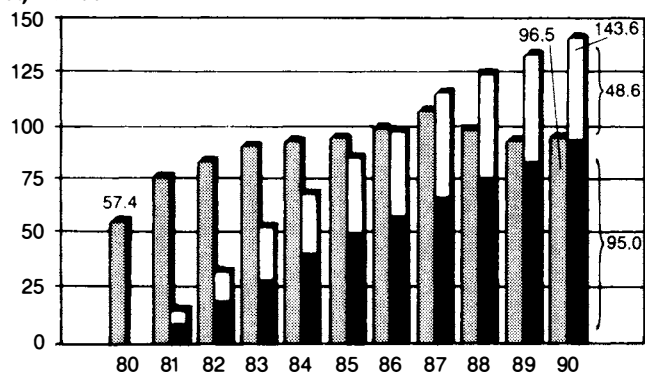
Additional insight is gained by looking at the cumulative interest payments made by the different countries, in per capita terms (see Figure 3). This uncovers the shocking truth

FIGURE 2

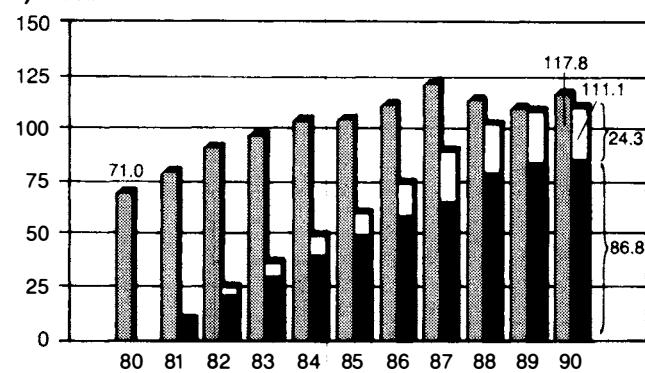
**Foreign debt and cumulative capital exports**

(billions of dollars)

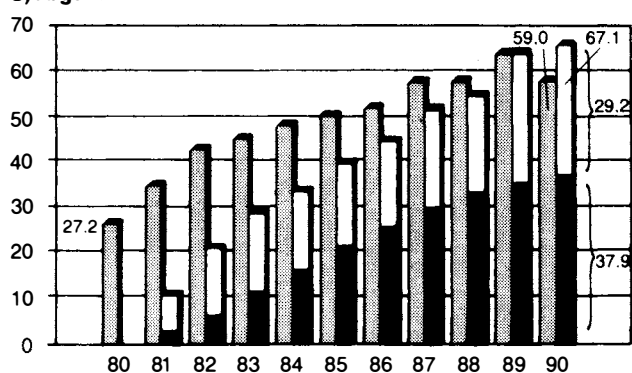
**A) Mexico**



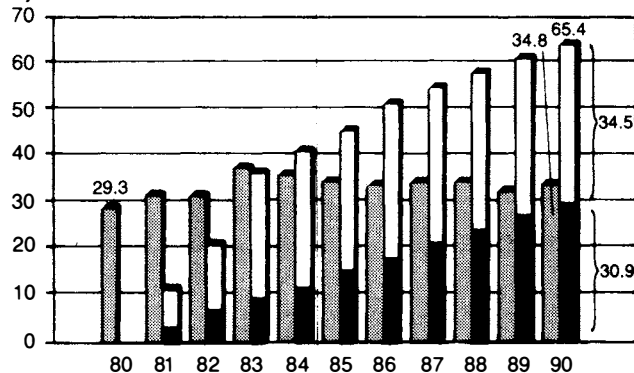
**B) Brazil**



**C) Argentina**



**D) Venezuela**



about the so-called *Chilean model*. Contrary to the myths perpetrated by Wall Street and other proponents of liberal economics, there is no Chilean “success story”—except for the country’s “success” in paying the banks phenomenal amounts of interest. In per capita terms, Chile runs a close second to oil-rich Venezuela, having paid the banks over the 1980s some \$1,366 in interest for every man, woman, and child in the country. This is nearly twice as much as the average for Ibero-America as a whole—\$727 per capita.

It should be noted that this looting process is by no means exclusive to Ibero-America. The same essential mechanism has been operating vis-à-vis the nations of Africa and Asia as well. This can be seen in **Figures 4 and 5** which present the case for Nigeria and Malaysia, respectively. In the latter case, \$12.3 billion in interest was paid over the period of the 1980s, nearly double the 1980 debt of \$6.6 billion . . . and here, too, the debt rose regardless, to \$18.6 billion in 1989.

**The need for exchange controls**

A Third World nation can declare a total debt moratorium, and still be looted to the bone by the international financial

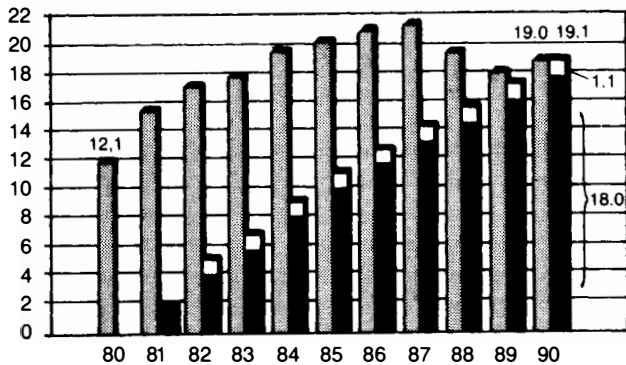
establishment. That is because capital is taken out of the debtor countries both *on the books*, in the form of official interest payments, and also *off the books*, illegally. This second form of looting is called capital flight: the conversion of debtor nation assets into U.S. dollars, which are then spirited out of the country—in suitcases, through bank wire transfers, and so on. By definition, such capital flight never shows up as such on the nation’s balance of payments accounts, but it is no less real for it. There are, however, ways of indirectly calculating the amounts involved, although the findings are necessarily only approximate (see box on methodology, page 16).

The quantities in question turn out to be gigantic: \$157 billion for Ibero-America as a whole over the course of the 1980s—and this is a conservative estimate. This is an additional amount equal to about half of the cumulative on-the-books interest payments made (\$320.8 billion).

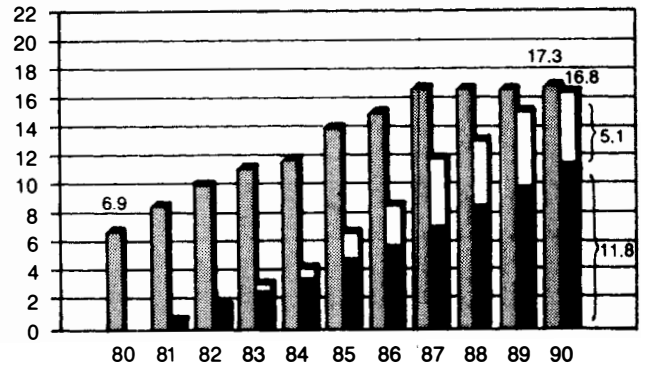
In this area, too, Mexico leads the pack: \$48.6 billion in capital flight, according to our calculations, which we believe may *understate* the actual capital flight by as much as a third to a half—i.e., \$75-80 billion may have actually fled Mexico. The bulk of this occurred in the early 1980s, as a part of



E) Chile



F) Colombia



G) Peru

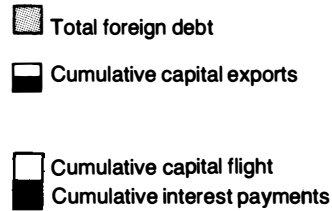
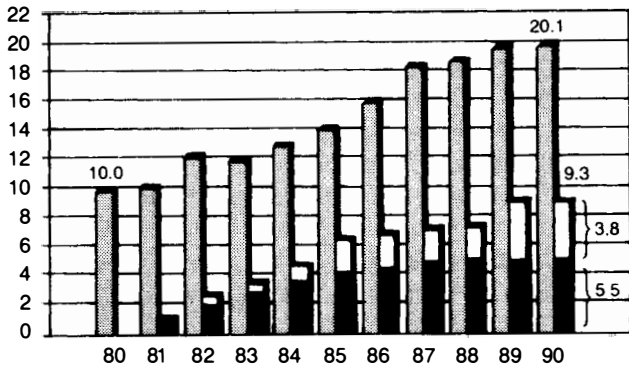
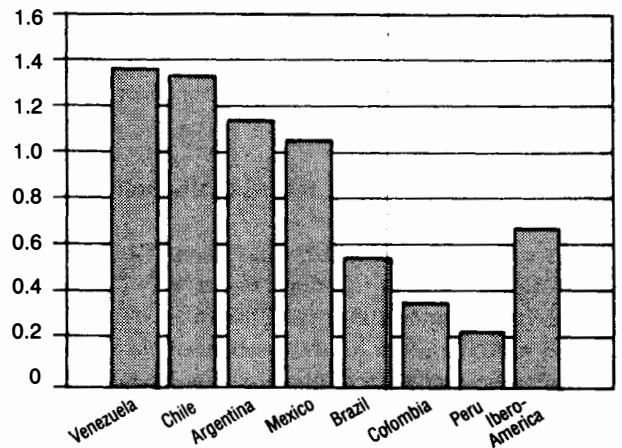


TABLE 1  
Ibero-America paid and the debt kept growing  
(billions of dollars)

	Debt in 1980	Debt in 1990	Growth of debt 1980-90 (%)	Cumulative interest payments, 1981-90		
				Total	As % of the debt in 1980	As % of the debt in 1990
Argentina	27.2	59.0	117.3	37.9	139.5	64.2
Brazil	71.0	117.8	66.0	86.8	122.3	73.7
Chile	12.1	19.0	57.6	18.0	149.2	94.7
Colombia	6.9	17.3	148.8	11.8	169.4	68.1
Mexico	57.4	96.5	68.3	95.0	165.5	98.4
Peru	10.0	20.1	101.0	5.5	55.0	27.4
Venezuela	29.3	34.8	18.8	30.9	105.5	88.8
<b>Ibero-America</b>	<b>242.5</b>	<b>428.6</b>	<b>76.7</b>	<b>320.8</b>	<b>132.3</b>	<b>74.8</b>

Source: World Bank.

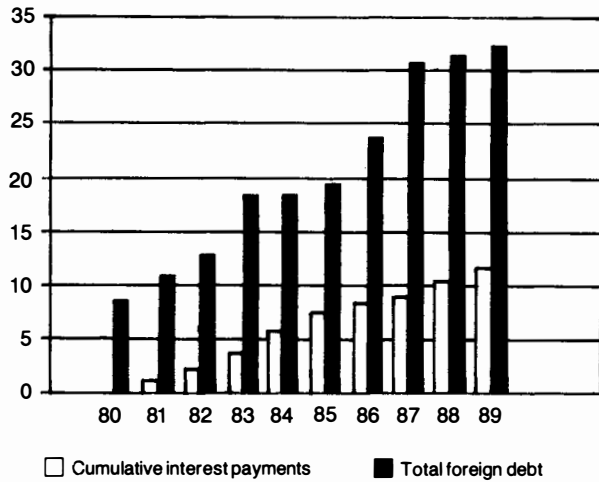
FIGURE 3  
Cumulative interest payments, per capita  
(1981-90)  
(thousands of dollars)



Source: World Bank.

FIGURE 4

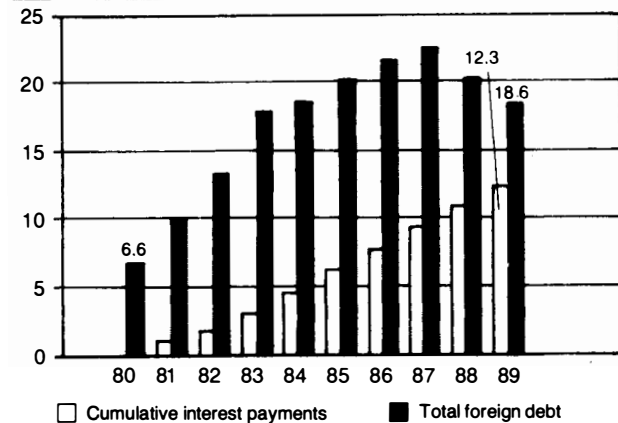
**Nigeria: cumulative interest payments**  
(billions of dollars)



Source: World Bank.

FIGURE 5

**Malaysia: cumulative interest payments**  
(billions of dollars)



Source: World Bank.

the bankers' warfare against the nationalist policies of then President José López Portillo.

In the case of Brazil, there has been \$24.3 billion in capital flight, according to our calculations. This, too, is probably an understatement: the Brazilian government debt negotiator, Ambassador Jorio Dauster, recently told Brazil's House Foreign Relations Committee that he estimated \$40 billion had left Brazil over the last five years, in order to avoid paying taxes.

The only way to stop capital flight is by imposing strict

## How capital flight was calculated

The flight capital figures used in this study were calculated using the generally accepted methodology employed by the World Bank and Morgan Guaranty bank, with minor modifications, and based on basic balance of payments statistics as published in the Inter-American Development Bank's annual *Economic and Social Progress for Latin America*, 1990 edition. For the World Bank and Morgan studies, the reader is referred to a useful book published in 1987 by the Institute of International Economics, *Capital Flight and Third World Debt*, by Donald R. Lessard and John Williamson.

For this *EIR* study, we have updated these figures through 1989 for the four countries they covered (Argentina, Brazil, Mexico, and Venezuela), and applied the same procedure to calculate figures for the other three countries in our study, and for the whole of Ibero-America.

The approach could be called the "missing capital flows" method. The current account balance, plus the change in net reserves of a country, indicate the minimum amount that, by definition, had to come into the country in foreign exchange on the capital account. That is, if a country ran a current account deficit of \$1 billion, and did not draw from or add to reserves, at least \$1 billion had to come in on capital account, either borrowed or as foreign investment. (All other possible sources of inflow, such

exchange controls: There can be *no* free convertibility between each of the national currencies and the dollar. This means that the main source of extra-official dollars in Ibero-America—the international drug trade—must be dried up.

There can be no end to the looting of Ibero-America unless these two steps—debt moratorium, and full exchange controls—are unilaterally adopted by every debtor nation.

### The next stage: drug legalization

As horrid as this looting process has been over the course of the 1980s, it is nothing compared to what is on the agenda for the 1990s, if George Bush and his Anglo-American financial sponsors have their way. They must maintain, and in fact increase, the rate of looting from Ibero-America and other Third World sectors, in order to keep their international financial speculative bubble intact even for additional weeks and months. As we have described in other locations, the North American Free Trade Agreement (NAFTA) with Mexico, and its extension to all of Ibero-America via Bush's

as remittances from abroad, are already included in the current account balance.)

However, since the mid-1970s, the combined inflow of money to the countries of Ibero-America from loans and foreign investment, has far exceeded the net balance of payments requirement. This money came in, and in effect, disappeared. The assumption is that it left again, as flight capital. That is, flight capital is defined as the difference between the increase in total debt plus annual inflows of direct foreign investment, and the current account balance (adjusted for changes in reserves).

It should be pointed out that this figure far exceeds the reported capital inflow figures as captured in official capital account balance figures, which are notoriously unreliable.

Our figures differ from the World Bank and Morgan numbers only in minor modifications of the Venezuelan and Peruvian figures, and in the handling of negative (putative "reverse capital flight") values. For Venezuela, a detailed calculation performed by *EIR* in 1987 revealed a one-time \$3 billion increase in reserves in 1982, based on a revaluation of gold stocks, which had to be added into the calculations. Plus a sudden enormous jump in "tourism" expenditures abroad for several years in the early 1980s was determined to be flight capital—money leaving in suitcases, legally, but nonetheless flight capital.

For 1987 and 1988, most countries registered apparently negative numbers, i.e., return of flight capital. In the case of Mexico, this was nothing but the write-down of debt under the Brady Plan, which accounted for over half of the total negative sum. However, in the absence of any direct evidence of returning flight capital to coun-

tries like Argentina, Venezuela, and Brazil during these years, it seems unlikely that it was, in fact, returning flight capital. Part of the explanation might be the change in valuation of a nation's debt as the value of the dollar fluctuated, which certainly affected Brazil during this period. Also, drug dollars filtering into the domestic economy would have the same effect. Consequently, we considered a negative value to signify merely zero capital flight, not capital inflow.

We also regarded the putative increase in Peru's debt during the Alan García presidency to represent merely paper debits on Wall Street. Since no money was disbursed—the banks merely capitalized the unpaid interest they were due—the increase in official debt on the books was not a flow which had to be balanced by a corresponding outflow of funds.

While the results are approximate, we consider them to be a reliable guide to the *minimum* likely figure for capital flight. Furthermore, our estimate of \$157 billion over the course of the 1980s corresponds closely to estimates derived by other studies, such as a recent document issued by the Catholic Church's Latin American Bishops' Council (CELAM), which stated that \$140 billion had fled Ibero-America over the last decade.

Intrinsically uncapturable by such statistical methods, but large and no doubt growing, is the total of dollars entering most economies from drug trafficking. If these funds could be known, and added to the total of debts and foreign loans, our calculations would yield a correspondingly higher figure for capital flight. Thus, we believe the figures used are a highly conservative estimate of actual capital flight.

Enterprise for the Americas Initiative, is the operant policy for establishing Auschwitz-style looting through cheap-labor "Free Trade Zones." But the question remains: Under these conditions, how is the foreign debt to be paid in the 1990s?

First of all, unlike the 1980s, it is unlikely that any significant new loans will be issued to Ibero-America. This trend is already visible in the late 1980s, where the total debt declines and no new money comes in (Figure 1). So, in the 1990s, interest payments on old debts will not come, in any significant degree, from new loans.

The second main source of interest payments during the 1980s, the balance of trade surplus, will also have a diminished role in the 1990s. One reason for this, is that one of the premises of Bush's "free trade" mania is his demand that the countries of Ibero-America eliminate all tariff and other barriers to imports from the U.S. and other developed nations. This has already led to a sharp rise in imports, as local producers are destroyed by the flood of cheap foreign imports; and it has generally not been matched by a similar

rise in total exports. As a result, the trade surplus is shrinking.

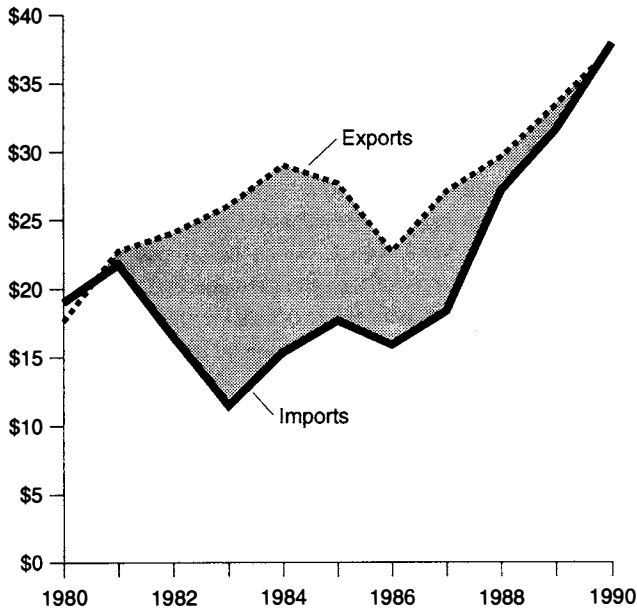
This is starkly apparent in the case of Mexico, where a trade surplus of nearly \$15 billion in 1983 has steadily dropped to the point where, in 1990, there was a slight balance of trade *deficit* for the first time in nearly a decade (see **Figure 6**). Although less evident, there are similar trends under way in other Ibero-American countries, including Brazil and Venezuela.

The next stage of debt repayments and capital exports will come in the form of directly handing over title to national production facilities to the international creditors. This goes by the name of the "privatization" of state sector companies, under which ownership of various companies—ranging from airlines, to banks, to high-technology steel companies, to arms producers—is transferred to foreign creditors, in lieu of debt repayment per se ("debt for equity" exchanges, etc.). This is most advanced in the case of Mexico where, for the past couple of years, the country's annual interest payments of over \$9 billion have been met, not by a foreign trade

FIGURE 6

### Mexico's total trade, 1980-90

(billions U.S. \$)



Sources: USDC; USITC; Banco de Mexico (BdM); Instituto Nacional de Estadísticas, Geografía y Informática (INEGI), Mexico; own elaborations.

surplus, but by precisely such "foreign investment" flows.

The stock market bubbles occurring in Mexico, Brazil, and elsewhere, are a direct result of this inflow of international capital, which is taking over chunks of the domestic asset base.

But there is only so much direct equity available in the economies of Ibero-America. It is hundreds of billions of dollars worth, to be sure; but how will the debt be paid when that begins to run out?

The answer is simple: by handing over title to *actual portions of national territory as such*. The day will shortly come, and it will be far sooner than most readers of this magazine dare to imagine, when Mexico will be driven by its creditors to hand over the state of Baja California in payment of the debt; when entire portions of Brazil's Amazon rain forest will be seized; when Venezuela's oil rich Lake Maracaibo will be owned outright by Chase Manhattan Bank.

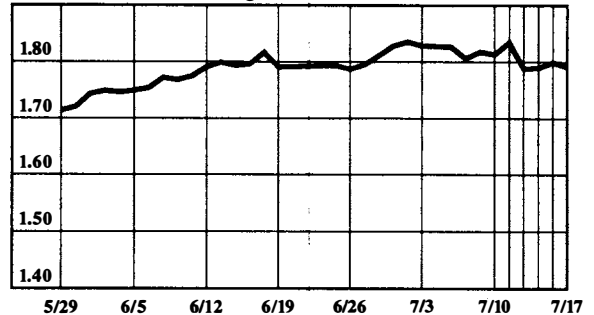
To all of this must be added the vast, and growing, flows of drug dollars which are already being illegally laundered into the Wall Street and City of London banking houses. As of 1990, the size of the drug trade stood at \$558 billion per year, according to *EIR* calculations (see *EIR*, Feb. 8, 1991). An essential component of Bush's New World Order is to increase, *and legalize*, this vast flow of narco-dollars, as the crucial prop under the failing Anglo-American financial empire.

All of this, and more, will occur, if Bush's New World Order and its looting policies are not derailed.

## Currency Rates

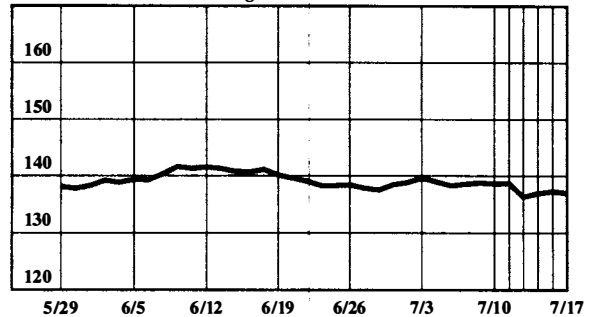
### The dollar in deutschemarks

New York late afternoon fixing



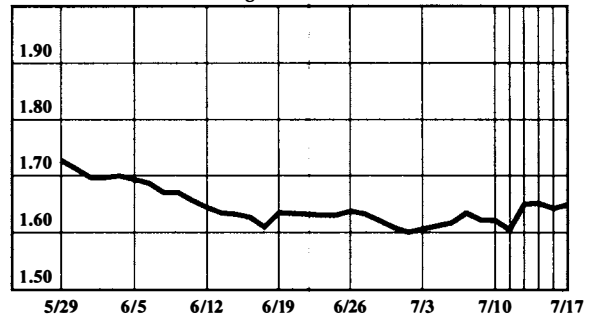
### The dollar in yen

New York late afternoon fixing



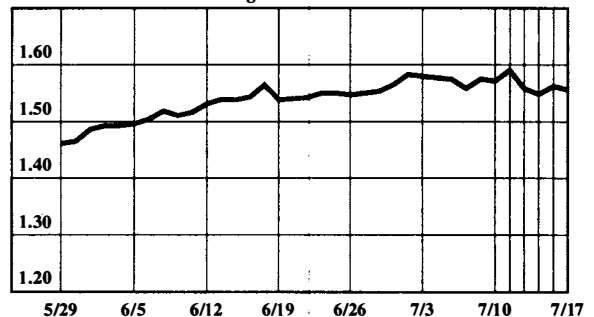
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# IMF wants military cuts in Third World

by Gretchen Small

The International Monetary Fund (IMF) and the World Bank have ordered that military budgets in the developing-sector nations be cut, in order to bail out the bankrupt world monetary system. But military budgets in the Western Hemisphere, for example, are already so grossly inadequate, that financiers seeking to loot them further might just as well hand several billion dollars directly to the narco-terrorist armies.

Some \$100 billion can be freed up if governments cut their military budgets by 20%, IMF managing director Michel Camdessus told a meeting of the U.N. Economic and Social Council in Geneva on July 8. World savings at current interest rates are short by about \$100 billion, he argued, and if governments don't cut "unproductive public spending," an increase in real interest rates will be necessary, which would have a severe impact on developing countries. Elimination of government subsidies for agriculture could cough up another \$300 billion, Camdessus added.

Former U.S. Defense Secretary Robert McNamara outlined the gut-the-military policy in an address to the annual meeting of the World Bank on April 25, which the World Bank then adopted in its 1991 *World Development Report*, released in July. McNamara proposed that developing countries cut military expenditures as a percent of Gross National Product by more than half by the year 2000, to free up resources to pay for global economic "restructuring." Under the new world order, he argued, supranational forces, not national forces, would enforce world security in any case. (See *EIR*, June 21, 1991.)

All kinds of groups are now eyeing military budgets as a potential slush-fund for their projects. Environmentalists gathered at a World Resources Institute conference in Washington, D.C. in June estimated that if governments cut their military budgets by 25% over 1990 levels, \$67 billion a year could be freed up to fund "sustainable development," the term invented for the low-energy, Stone Age economy desired by the greens. Amongst those attending this conference, dedicated to "sustainable development" in Ibero-America, were Sen. Albert Gore (D-Tenn.), ex-U.S. Navy Secretary John Chafee, and the president of the Brazilian environmentalist organization Funatura.

Military budgets in South America have already been decimated. In Brazil, the military receives only 0.8% of the national budget, and its wage levels are so low that officers are forced to work second jobs driving taxi cabs in order to

make ends meet. In Argentina, budget cuts have mandated a "military restructuring" which amounts to the privatization of the armed forces through the sale of the arms industries, shutdown of major bases, etc.

## Peru: an army without boots

The wretched state of the Peruvian military provides the most graphic example of the security crisis resulting from IMF-mandated looting.

The National Defense Commission of Peru's Chamber of Deputies released a report this month on the status of Peru's military readiness, from the standpoint of budget. The armed forces spend 96% of their operating budget on salaries alone—even though those salaries are now 28% of what they were in 1988. The other 4% must cover uniforms, mattresses, etc. What that means in practice was seen at one border outpost visited by the commission, near the Ecuadorian border: Only 14 of the 31 soldiers had mattresses, and only 17 blankets. The 1990 allocation of boots for the men had yet to arrive, one year later.

The budget for military equipment was eliminated altogether earlier this year "for political-economic reasons," and has not been restored.

Only \$75 million of a requested \$290 million was allocated for an "emergency fund," which covers the costs of military operations (fuel, munitions, communications) in the Emergency Zones where the Shining Path and Tupac Amaru Revolutionary Movement (MRTA) terrorists and the narcotics traffickers have concentrated their forces. With only \$75 million—doled out at \$6.5 million a month—until last May, the armed forces, for example, could afford only enough fuel for one hour of helicopter flight, once a day, in the entire territory.

The combined forces of narco-terrorism already dominate an estimated one-third of Peru. The Shining Path, followers of Cambodia's Khmer Rouge, are systematically attacking the electrical grid and centers of learning or advancement in the countryside, in their drive to eradicate civilization from Peru.

The war has extended into Lima. Peruvian police officials called in June not for military cutbacks, but for a common front among military, police, and citizens to be formed to confront the collapse of law and order in the city. According to a report in *Expreso* of June 23, law enforcement officials fire 1,000 bullets *a day* against criminals and terrorists, while each day there are an estimated 300 armed assaults, 400 robberies, 500 house burglaries (many where entry is gained by dynamite), and at least four murders. On June 19 and 20 alone, terrorists shot a rocket into the Economics Ministry, assassinated an Army officer, kidnaped a textile factory owner, and exploded primitive bombs in five businesses, two police stations, and four residential areas—all in Lima alone.

What will happen with 20% less equipment, firepower, and mobility?

## The RTC is out of control

*After 18 months, the S&L bailout has cost more than three times what it was supposed to cost for the first three years.*

When the Financial Institutions Reform, Recovery, and Enforcement Act (Firrea) was passed in August 1989, *EIR* warned that the Bush administration's projections of the cost of the bailout of the savings and loan industry were, to put it politely, fiction. "Without a change in policy," *EIR* said at the time, "another bailout is inevitable."

Firrea created the Resolution Trust Corp. and gave it \$50 billion to cover all thrift losses through Sept. 30, 1992. According to the administration, that would be more than enough to close down all the insolvent thrifts. The administration projected that the bailout would cost \$166 billion over the first 10 years, and \$300 billion over 30 years, including interest. Of that \$300 billion, the taxpayers would pay \$225 billion and the supposedly healthy thrifts would pay the rest.

Three months later, in October 1989, RTC chairman William Seidman admitted to the House Ways and Means Committee that the RTC would need another \$50-100 billion for use as "working capital" to keep the agency going until it could sell the assets of the 283 S&Ls it had already seized.

On May 23, 1990, Treasury Secretary Nicholas Brady, head of the RTC's Oversight Board, raised the administration's bailout cost forecast to between \$89 and \$132 billion. By the end of 1990, the RTC had spent the \$50 billion originally appropriated for losses, and another \$51.4 billion it had borrowed as working capital, for a total of \$101.4 billion.

On March 23, 1991, President Bush signed the RTC Funding Act of 1991 into law, appropriating another \$30 billion in loss funds for the RTC, and granting it authority to borrow another \$48 billion in working capital. That raised the cost of the bailout to \$80 billion in appropriations and \$99.4 billion in working capital, for a total of \$179.4 billion. After only 18 months, the bailout had already cost more than three times the amount projected for the first three years.

Despite these enormous sums, the RTC is bankrupt once again, without the money to close the increasing numbers of failed thrifts, and without the money to manage the billions of dollars worth of assets it has already seized.

Therefore, no one should have been surprised when, on June 26, 1991, Secretary Brady told the Senate Banking Committee that the RTC needs another \$180 billion to carry it through the first phase of closures. Brady asked for an additional \$80 billion appropriation for losses, and another \$100 billion for working capital. If approved, that would bring the appropriations total to \$160 billion and the working capital borrowing to \$199.4 billion, for a grand total of \$359.4 billion. Not only is this seven times the administration's initial projection, but the first phase of the bailout would be extended until Sept. 31, 1993—a full year behind the original schedule.

In fact, if the administration's latest request is approved, the Bush administration will have spent more in the first four years of the program, not

counting interest, than it projected for 30 years, including interest. Furthermore, given its abysmal understanding of the matter and its willful blindness to the depression, there is every reason to believe that the administration will be forced to seek additional funds before the four-year period is up.

"I'm fully convinced the RTC has lost control of the situation," House Banking Committee chairman Henry B. Gonzalez (D-Tex.) observed in February, in a masterful bit of understatement.

The RTC is indeed out of control. By April 30, 1991, the RTC had acquired \$318.3 billion in book-value assets from seized thrifts, making it nearly as big as the two biggest U.S. banks—the \$217 billion Citicorp and the \$111 billion BankAmerica Corp.—combined. Of those assets, the agency had sold the most marketable \$154.3 billion, leaving it with \$164 billion in lesser-quality assets to unload, still enough to make it the second-largest U.S. bank by a comfortable margin, and with many billions of dollars worth of assets more on the way as soon as the new funds are approved.

By Sept. 30, the end of fiscal 1991, the RTC expects to have resolved 557 S&Ls, with another 185 thrifts in conservatorship or in its Accelerated Resolution Program. Once these 742 institutions are resolved, Brady told the committee, "the lion's share of closing insolvent thrifts will be finished."

But this figure, like all the rest, is understated. When calculating the need for another \$180 billion, Brady conveniently dropped 208 thrifts from the list of those to be closed, even though they are still losing money. By doing so, Brady shaved \$25 billion off the request, which would otherwise have been \$205 billion.

## What 'breakthrough'?

*Without rapid improvements in the physical economy, especially infrastructure, the East will not recover.*

**T**his is a breakthrough," declared Friedrich Vogel, Chancellor Helmut Kohl's press spokesman, at the end of the first round of Group of Seven talks in London July 16. He said that the leaders of the industrial nations of the West plus Japan agreed that in addition to "consulting aid" for Moscow, technical assistance should be given in three areas: safety of nuclear power, improvement of the gas and oil pipelines, and the transport sector.

Is it really a breakthrough?

Western experts have worked out how to improve the oil and gas sector to enable the Soviets to export more and thereby earn more hard currency to repay the foreign debt and invest in the emerging private sector of the economy. Most experts seem agreed that the state sector of the Soviet Union has to be replaced by private-initiative projects; that the planned economy system has to be replaced by a free market structure.

But aside from the fact that the "military-industrial complex" will remain under state control, there is another problem: In-depth economic reform has to start with the rapid development of transport infrastructure. And that will not work unless the state plays a key role in planning, funding, and realization of such projects.

The railway sector has been abandoned in virtually all Western countries; it is the ports and the highways that handle the bulk of commodity transport. If the Western transportation structure is to be the model for the Soviet Union, the railroads there are doomed. But because of the huge distances that most of the raw materials

and farm products have to travel in the Soviet Union, the railway sector is essential.

The Soviets themselves pointed this out in *Pravda* Dec. 17, 1990. Reporting on their findings during a tour of crucial segments of the Soviet railroads, the authors concluded that "the increase of commodity transport volume simply makes it unavoidable to put the entire rail transport system on a modern basis as soon as possible."

They laid special emphasis on Brest-Litovsk, the central transit station at the border between Poland and the Soviet Union for rail transport between East and West.

The *Pravda* team found chaos at Brest, with an immense number of rail freight cars standing around unused because of their rotten condition. The director of Brest-North Station told the reporters that workers were forced to repair many Soviet cars that arrived there before they could be reused.

An estimated 4,000 freight cars many of them carrying food for the Soviet Union from Romania, Poland, Hungary, and Czechoslovakia, were blocked from further transit at the border because of disarray and mismanagement.

German experts have proposed improvements at Brest-Litovsk. As early as spring 1990, which was before Kohl and Gorbachov met for another "breakthrough meeting" in the Caucasus, proposals were made on a pilot project to solve the chronic Brest-Litovsk bottleneck.

The project, worked out as a draft by German Railway Consulting in Frankfurt and presented to the govern-

ment, aimed at doubling or tripling the average throughput of commodities, with priority placed on emergency deliveries of food and livestock from eastern Germany to the U.S.S.R. The experts recommended:

1) Reducing the time required for changing of gauge-width of the train wheels at the border by increased mechanization and a more efficient organization; 2) speeding up of all loading-unloading operations by a higher degree of mechanization and computerized administration; and 3) increasing throughput capacity for military transport by rail, a precondition for accelerated withdrawal of Soviet troops and army matériel from eastern Germany.

Now, after numerous diplomatic "breakthroughs," nothing has happened. Little has happened as well with another proposal made one year ago concerning improvements in the Soviet agricultural sector.

In July 1990, Gorbachov's then-adviser Leonid Abalkin and German Economic Minister Helmut Haussmann discussed in Bonn a project for Ryazan, 200 kilometers south of Moscow. The project envisaged improvements in food production and growing better quality rye, barley, and other crops.

The project, worked out largely by experts at Giessen University in western Germany, aimed at a fully integrated food production chain that minimized the average loss of harvested grains by 25-40% within a few weeks after harvest. This involved improvements in harvesting techniques and transport, indoor storage, and food processing.

The first proposal for an integrated food supply system was drafted by West German experts in 1989 after German-Soviet talks in 1988. It is about time to put the proposals into practice.

## Reprivatization of the banks begins

*The operation will convert Mexico's financial system into an immense drug money laundromat.*

**W**ith the auctioning off of Multibanco Mercantil of Mexico, Banpaís, and Banca Cremi, the Mexican government began its operation to reprivatize the 18 banks which had been nationalized in 1982 by the government of José López Portillo.

Treasury Secretary Pedro Aspe had estimated that the government would obtain approximately \$8 billion from the sale of the banks. Since the first three banks were auctioned off for much more than their book value, it is now expected that the government will make much more from the operation.

The brokerage house Promotora y Operadora Bursátil, called Proburza, and its owner, José Madariaga Lomelín, were the lucky recipients of the first bank. They bought Multibanco Mercantil of Mexico for 2.6 times its book value, paying 611.2 billion pesos.

Proburza has 1.65 trillion pesos in total assets, but it appears little of this was used to buy the bank. Madariaga Lomelín's most important business partner is Eduardo Legorreta Chauvet, who served time for securities fraud after the October 1987 stock market crash.

The brokerage house Mexival, run by Isidoro Rodríguez and held by the financial group of the same name, bought Banpaís for 544.989 billion pesos—3.02 times its book value.

Mexival is the brokerage house which has the poorest performance of all in the stock market. In order to buy the bank, the firm took as associates the Saba Group of Moisés Saba Stern and Moisés Saba D'James, prominent members of the Jewish community

who hold the franchise for Cannon Mills in Mexico.

The Saba group used to operate with the Guindy Group—when it was alive. In February 1989, Simon Guindy Sidaúy was assassinated during a mysterious attack on his residence. In June 1991, his brother Alberto Guindy, a leading figure in a multimillion-peso fraud against Banco Central Hipotecario, was gravely wounded during a similar assault. Simon Guindy was known to be an arms trafficker, who was also involved in contraband of garments, electrical appliances, and sophisticated electronic equipment.

These were the partners of the Sabas, who now own Banpaís.

Mexival's Isidoro Rodríguez, known as the "land transport czar," has always been a *prestanombre*, or frontman, for Mario Ramón Beteta, the former director of Petroleos Mexicanos in the last government, now director of Multibanco Comermex.

The other partners of Rodríguez and the Saba group are a mystery. The young Julio César Villarreal and Policarpo Elizondo are two businessmen from Monterrey not recognized by the Monterrey Group.

Otherwise, Banpaís is a small bank which was bankrupt when it was nationalized. It had been owned by the Monterrey Group.

The brokerage house Multivalores, part of the group of the same name based in Guadalajara, Jalisco, bought Banca Cremi, paying 748.291 billion pesos—3.4 times its book value. As in the case of Mexival, this brokerage house does no business on the stock market. The public

history of its president, Hugo Villa Manzo, places him as an obscure second-level official of a regional bank, Actibanco of Guadalajara.

The most important partner in the firm is Juan Arturo Covarrubias Valenzuela, who was a partner in at least four businesses where drug chieftain Rafael Caro Quintero laundered his money. Covarrubias Valenzuela is the nephew of Arcadio Valenzuela, the Sonora banker who used to own Banpacifico, and who was also investigated for possible ties to Caro Quintero.

The new owner of Cremi is Raymundo Gómez Flores, chief of the Grupo G, headquartered in Guadalajara, who in the past was known as a businessman involved in tourist transport and a business partner of Isidoro Rodríguez.

It is known that great quantities of narco-dollars entered and left the Mexican economy through Guadalajara's financial system, so much so that that illustrious city was for many years the "financial headquarters" of the Medellín cartel, the cabal with which Caro Quintero worked.

Another new owner of Cremi is Sergio Argüelles Gutiérrez, chief of the Finsa Group headquartered in Tampico, Tamaulipas—a state infested by the drug trade—who is also a partner of Carlos Slim, the new owner of Telefonos de Mexico, in the partially state-owned chemical company, Química Fluor.

Banca Cremi is also a small bank which lost money even as a nationalized bank.

Some observers insist that the new bankers are "straw-men" for the drug trade. They believe that the Mexican government is, knowingly, building a laundromat for drug money, income which is vital to keep afloat, through Mexico's debt payments, the large creditor banks and the international financial system.



## Less wheat, greater need

*The USDA estimates a 26% drop in U.S. wheat output this year, while the U.N. counts millions more refugees in need.*

On July 11, the U.S. Department of Agriculture (USDA) released its first estimate of the year for overall U.S. 1991 wheat production, ranking the total harvest at the level of 1978. The USDA estimated that wheat output will plunge 26% from last year, to 2.03 billion bushels (55.33 million metric tons).

Last year's crop of 2.74 billion bushels was the third largest ever. But low farm prices enforced by food cartel companies, and USDA acreage reduction policies, have combined to depress grain output.

In a companion report July 11, the USDA predicted that the overall 1991 grain harvest (barley, oats, corn, sorghum, etc.) for the U.S. will be 301.2 million bushels, down 1% from last year, due to the smaller wheat crop. This is highly speculative, because it includes crops such as corn and sorghum which are a long way from maturity. However, Iowa, the top corn state, has had disaster-scale rains, which will significantly lower yields.

Many factors have lowered the U.S. wheat harvest. Harvest acreage was down by 16% from the year before. Farmers had to idle 15% of their acreage this year to qualify for federal subsidies. Frost damaged the winter wheat crop in the Pacific Northwest, while a wet spring cut into the crop in the central states.

Overall, spring wheat (planted in the spring, and harvested in late summer) is expected to come in at 556 million bushels, and durum wheat to come in at 114 million bushels. These figures are little changed from a year

before. But winter wheat (planted in the fall, and harvested around June), is down 33% to 556 million bushels.

The July crop report, which is based on conditions at the start of the month, is one of the most significant of the year, because it presents the first official estimate for U.S. wheat output, as well as other small grains. Even though only three-fourths of the winter wheat crop is "in the bin" by now, and despite the fact that USDA statistics are notorious for error, or deliberate alteration, nevertheless the picture is undeniable that less grain is being produced when the world sorely needs more.

The USDA July 11 report also estimated that this year's Soviet grain crop (of all types) will be down 13% from last year's near-record harvest, with a projected 205 million tons harvested in 1991, which is 30 million tons less than in 1990. Among other factors, a heat wave is damaging spring-planted grains.

Though the USDA estimates that Soviet grain acreage sown is the same as the year before, this is not certain. One Soviet leader has warned that the grain crop may be as low as 180-190 million tons, which he may well be exaggerating in order to mobilize resources to bring in the harvest. However, searing hot weather has hastened the maturity of winter grains and reduced yield prospects for spring grains in the reproductive to seed-filling stages.

The June report of the Rome-based U.N. Food and Agriculture Organization (FAO), "Food Outlook,"

featured the issue of unmet cereal grain needs for refugee relief. The report states, "Cereal food aid shipments in 1990-91 [running June 30 to July 1—the "wheat year"] declined despite larger needs. Nearly 11.2 million tons of food aid in cereals are to be made available this year, some 3% less than shipped in 1989-90."

The U.N. High Commission on Refugees "estimates that there are 17 million refugees in the world, many of whom live in countries which are themselves amongst the least developed in the world. Therefore, out of the more than 17 million refugees, over 10 million will require food aid during 1991 totaling some 1.9 million tons of food commodities."

Nevertheless, the FAO refers to the prospects for grain production and consumption in 1991-92 as positive. The FAO states that there will be "a balanced global cereal supply/demand situation in prospect for 1991-92." The agency presents this evaluation because it views the decline in "effective demand" for food as confined to certain regions, such as Africa.

In this regard, the current FAO reports do not even list Iraq in schedules of aid needs for countries. The substituted term is "New Gulf Emergency."

The June FAO report contains a special feature on "Food Aid Requirements for Refugees and Other Persons of Concern to U.N. High Commission for Refugees," which lists food aid requirements as of the end of May 1991 for major sub-regions. It states that 1.545 million tons of cereals and 315,800 tons of other food items are needed, but donor pledges exist for only half of these amounts. The report states: "The most critically affected areas are in the Horn of Africa (particularly Ethiopia), southern Africa (*inter alia* Mozambicans), western Africa (particularly Liberians), and the Gulf region."

# Business Briefs

## Population Control

### Honduran women subjected to forced sterilization?

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.

## Research and Development

### Private industry centers increase in South Korea

The number of R&D centers operated by private industries in South Korea has topped 1,000. Moreover, the industries' investments in their R&D efforts have increased greatly, surpassing 2% of their total sales figures, and the number of people engaged in R&D works in private industries has reached over 30,000.

Some industries' R&D facilities are bigger than and superior to the government's own. Joint research among industry, academia, and research institutes is also becoming popular. Even on the purely industrial level, interna-

tional cooperation in research has been increasing.

Private industries' R&D centers began to appear in the early 1980s. Since 1981, the government has given a tax break to industries engaged in research and manpower development. R&D workers have been exempted from military service. Since 1982, the government has reduced tariffs on the goods imported for R&D.

To classify the R&D investments by industry, in 1989, precision machinery was the leader, spending 5.46% of its total sales amount for R&D; followed by electrical/electronics industry, 4.92%; information service, 3.55%; the construction industry, 2.51%; transportation machinery, 2.36%; and general machinery, 2.12%.

The total amount invested in R&D by the nation's industries, at 1.98%, is still far less than Japan's 2.6% (1988), however.

## Asia

### China opens oil to Western investment

Although the People's Republic of China has historically insisted that it could develop its own mainland oil resources, for both economic and strategic reasons, this has now been dropped in favor of open appeals for foreign investment. As Wang Tao, head of China National Petroleum, put it, referring to the basins with potential oil reserves, "We have 167 daughters to marry off. He who comes first gets the prettiest one." Wang toured the U.S., Japan, and Canada in May, signing nine agreements and letters of intent with leading oil firms.

Most important is the Tarim Basin in Xinjiang. The Japan National Oil Co. has begun a four-year seismic survey of the Tarim. However, contracts are being offered for areas in 10 provinces. Other projects include: technology to increase the rate of recovery from existing fields, oil and gas pipeline design and construction, and technical and managerial skill services. A 3,100 kilometer pipeline from the North-

west to Central China will begin next year.

Meanwhile, the French firm Total-Compagnie Française des Pétroles signed a \$440 million deal with China to build a 5 million ton oil refinery in Dalian, Liaoning, the first joint venture of its sort, according to the *London Financial Times*. This refinery, however, is for cheap labor and "free trade" arrangements to process foreign oil for export. The facility will use only Middle East oil, and sell mainly to Japan, South Korea, Taiwan, and Hong Kong.

## Space

### Teller proposes fusion propulsion for Mars trip

Dr. Edward Teller of the Lawrence Livermore National Laboratory has proposed that rockets powered by magnetic fusion reactors be developed for missions to Mars and for deep space probes. He made the proposal in a paper presented to the First International A.D. Sakharov Conference on Physics, held in Moscow May 27-31.

"A conceptual design is discussed for a fusion rocket propulsion system based on the magnetic dipole configuration," said the paper. "The dipole is found to have features well suited to space applications. Example parameters are presented for a system producing a specific power of one kilowatt per kilogram, capable of interplanetary flights to Mars in 90 days and to Jupiter in a year, and of extra-solar-system flights to 1,000 astronomical units (the Tau mission) in 20 years. This is about 10 times better specific power performance than fission systems. Possibilities to further increase the specific power toward 10 kilowatts per kilogram are discussed, as is an approach to implementing the concept through proof-testing on the moon."

Teller's coauthors are A.J. Glass and T.K. Fowler of Livermore, J.F. Santarius of the University of Wisconsin Fusion Technology Institute, and A. Hasegawa, who is currently at Bell Labs and is one of Japan's leading laser fusion scientists.

## Environmentalism

### Compliance costs soar for steel industry

The cost of complying with environmental legislation increased over 50% for the steel industry between 1989 and 1990. The American Iron and Steel Institute released a study to this effect on July 5. Based on data from 24 companies which represent 71% of the industry, it shows:

- Capital costs for water-control facilities in 1990 were \$127 million, compared with \$85 million in 1989.

- Capital costs for air-control facilities in 1990 were \$98 million, compared with \$55 million in 1989.

- It costs the steel industry about \$1 billion a year to operate pollution-control facilities.

And yet, under the new rules of the Clean Air Act signed by President Bush last year, these costs will easily quadruple.

## Energy

### Fusion scientists meet at Princeton

Over 100 fusion scientists met at Princeton Plasma Physics Laboratory June 25-26 for the Annual Meeting of Fusion Power Associates. The symposium heard major reviews of the status and plans for both the U.S. fusion energy program and work on the design of the tokamak International Thermonuclear Experimental Reactor (ITER), which was proposed by President Gorbachov of the Soviet Union at the 1985 Geneva summit meeting.

Among the major developments discussed: The U.S. Department of Energy (DoE) has upgraded laser fusion research from a simple Division to that of an Office, the Office of Inertial Fusion Energy, and upgraded the civilian applications efforts in this direction. Naval Research Lab scientists proposed a breakeven experiment with the dense z-pinch. Laser fusion research has been redirected toward demonstrating low-gain pellets with an upgrade of the

Livermore Nova glass laser.

Prospects for the ITER moving beyond the simple design stage have led to an intense interest in the project by private industry. Soviet laser scientist N. G. Basov has proposed an international laser fusion facility. The Princeton TFTR and the European JET tokamaks will both begin energy breakeven demonstration experiments with tritium fueling within the next two years. Princeton and the DoE are now proposing a tokamak Burning Plasma Experiment as an intermediate stage to an ITER-type test reactor experiment and a follow-on to the TFTR.

Prof. G.L. Kulcinski of the University of Wisconsin reviewed the status of aneutronic advanced fusion reactions and emphasized, "Fusion will be to space propulsion what fission is to the submarine." Dr. Kulcinski concluded that such applications could be demonstrated in the 2005 to 2015 time frame, including the demonstration of lunar mining of the advanced helium-3 fusion fuel.

## Infrastructure

### Maglev train tunnel through Alps proposed

A 100-kilometer magnetic levitation train tunnel through the Alps has been proposed in Austria, reported an editorial in the Vienna *Kurier* July 8. The daily wrote that "either plague or vision" will define the next century's transit through the Alps, calling for a "commitment to rail transport."

Author Jens Tschebull proposed an all-European project, guaranteed by European governments but carried out by private initiative. "A European Community-sponsored planning contest for such a Euro-Tunnel is long overdue. . . . After the completion of the relatively conventional Channel tunnel, a groundbreaking Central European tunnel could be created under the Alps. It could touch on a new field of international law: An international tunnel pipe for everybody's use, like the Suez Canal, extraterritorial and run directly by the European Community Transport Agency—I would invest on the spot."

- **U.S. RAIL** traffic collapsed in all categories during the week ending June 29 as compared to the same week last year, according to the Association of American Railroads. Car loadings, grain loadings, stone, gravel and sand loadings, motor vehicle, equipment, intermodal, and trailer/container loadings were all down significantly. Ton-miles carried on major railroads for the week ending June 29 declined 4.1%.

- **TWO INDONESIAN** islands will be linked by a new bridge that will be the first infrastructure project of that kind in the country. The five-kilometer bridge will be built between the eastern part of Java and Madura. Construction of the project is to begin this autumn, and will be completed by 1995.

- **INDIA** sent 25 tons of gold to the Bank of England to be held as security for borrowings from the Bank, the BBC has reported. 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.

- **THE SOVIET** harvest will be very poor this year, according to Premier Valentin Pavlov. Because of drought in the Urals and Kazakhstan, and heavy rains and flooding in southeastern Siberia and the Caucasus, this year's harvest will be only 190 million tons—50 million below last year's record. The Soviet Union will therefore have to import 77 million tons of grain, he said in Moscow July 3.

- **COFFEE** producing nations lost more than \$5 billion in the past two years because of "free trade," Colombian journalist Jorge Armando Riano charged in *La Prensa* July 2. Since the World Coffee Pact collapsed two years ago, around 50 producer countries lost the \$5 billion despite an increase of 14.2% in the volume of coffee exports.

## Horn of Africa in the cross-hairs of 'new world order'

by Marcia Merry

Less publicized even than the wanton destruction of innocent life in Iraq, as a result of Anglo-American-led military actions and the sanctions, has been the way that George Bush's "new world order" is shattering the fragile economic and political tissue of the Horn of Africa—Sudan, Ethiopia, Somalia, and Djibouti.

Since late May, close to 240,000 Ethiopian refugees have fled to Sudan, occasioned by the fall of the Haile Mengistu Miriam government. A few weeks earlier, some 2 million refugees left Somalia for neighboring Kenya, Djibouti, and Ethiopia, after the Siad Barre government was overthrown. At the outset of 1991, there were already 1 million refugees in Sudan. Since January, the U.N. refugee food program in Somalia has been suspended.

The Horn of Africa is one of the areas in the world most affected by the refugee crisis, which involves 17 million refugees worldwide, according to a U.N. High Commission report. Apart from refugees, millions of the 86 million residents in the Horn are in dire need of water, food, and health care. The crisis is the culmination of recent years of worsening poverty under economic dictates of the International Monetary Fund, with the connivance of the Soviet Union in Ethiopia, and the United States, Israel, and other powers throughout the region.

On June 6 and 7, in Washington, D.C., the embassy of the Republic of the Sudan issued a news release titled "The New Foundations for Political Stability and National Development," which stated in part: "The strategic position of Sudan at the crossroads of Africa and the Middle East enables the country to play its role as a link between these two important areas. Historically, Sudan has always been the route that carried West African pilgrims to the holy lands in Arabia, and Darbaal-Arbaeen across the Sudanese western desert was one of the major trade avenues linking Egypt to the Islamic Kingdoms in West Africa. Moreover, the Fashoda Incident that brought France and Great Britain to the brink of war at the end of the nineteenth century was yet another proof of the strategic importance of the country."



UNHCR/Leslie Jenkins

*Eritrean refugees in Sudan. Millions of refugees are criss-crossing the region in search of food, shelter, and political asylum, while the United Nations and the Western industrial powers look the other way—or worse.*

In 1898, at Fashoda on the upper White Nile River, French forces capitulated to the British commander, Lord Kitchener, on orders from Paris. This “catamite submission to the London sodomites became, over the coming few years, the Entente Cordiale,” U.S. presidential candidate Lyndon LaRouche observed in a July 6 campaign statement. LaRouche recounted of the 1898 events, that “this British alliance with France, against the interests of the rest of continental Europe, linked up with the crisis in the Balkans, and linked up with a fight within the ruling circles in Russia, to create all the preconditions for what became very soon World War I. And, out of the unresolved issues of World War I, and the terrible mistakes made at Versailles, among the principal factors, we got World War II.”

He explained that the British “saw in the rise of German economic power not only a powerful economic competitor, whom they were determined to crush for just that reason—as they had crushed France earlier. But they saw France as a linchpin between those in France, such as France’s great minister Gabriel Hanotaux, and Russia’s great minister Sergei Count Witte, who proposed such projects as Hanotaux’s plan for a railroad system to connect France with Vladivostok on the Pacific. At the same time, of course, the French had a railroad project which had been projected in the 1870s: a railroad across the African Sahel—that is, black Africa—from Dakar to Djibouti, which would have meant that black Africa would have begun serious economic development, and not be left in miserable backwardness, as it has. Both railroad projects were

crushed, implicitly, by an unfortunate change in power in Paris, in the late 1890s,” when a British asset, Delcassé, replaced Hanotaux’s leadership.

Today, with automated track-laying, magnetically levitated propulsion, and other modern methods, the kinds of projects abandoned at Fashoda are as feasible as they are necessary. LaRouche counsels leaders to think in terms of “building up the economic geography” in the four main regions of Africa’s economic potential: the rainforest, with Nigeria on the west, and Kenya to the east; the African Shield, rich in agriculture potential and minerals; the northern Africa coastal regions; and the Sahel (including the Horn), with highly variable rainfall, but a perfect locale for an “oasis program” of man-made rivers and lakes. Specific to each region, the requirements are: state-of-the-art infrastructure, favoring agriculture and small firms; waterways and railways, with auxiliary highways; power; and, especially, communications within the continent.

Such infrastructural development will foster the kind of economic growth which can ensure sovereign nations and individual freedom. Instead, as the report below shows, a neo-colonial policy with the same terrible dangers as those that ensued from Fashoda, is now being pursued by the Bush administration and Congress, following a script from the New York Council on Foreign Relations’ *1980s Project*, which called for U.S. foreign policy to render target populations food-dependent. This is the rationale behind U.S. stress now on “humanitarian” rather than development aid.

# Sudan's economic agenda: food and oil self-sufficiency

by Marcia Merry

June marked the completion of the first year of Sudan's "National Economic Salvation Program—1990-1993," formulated at a conference in October-November 1989, convened by the government of Gen. Omer Hassan El-Bashir, which came to power in June 1989. Regarded as a "medium-term program" by its initiators, the major objectives of the plans are to promote agriculture growth and to develop the nation's oil wealth.

In terms of physical resources, Sudan ranks as one of the world's top 10 "natural" breadbasket regions, and in the last 25 years, major oil deposits have been confirmed. However, the case of Sudan offers a stark picture of how rich economic development potential has been systematically looted and thwarted by foreign powers. Ruled directly by Great Britain from 1898 to 1956, Sudan's economy has not since recovered. The El-Bashir government came to power over the issues of the need for economic rescue measures, and for a peace plan to end the civil war.

Over the past year, despite the impact of the Persian Gulf War, internal strife, drought, and hostile actions from the Bush administration and its collaborators, the Khartoum government has remained committed to its stated goals. On June 6 and 7 in Washington, D.C. the Sudanese embassy, in collaboration with the Middle East Institute, held a conference, "Focus on Sudan," in which government representatives gave a status report on their "National Economic Salvation Program." Prof. Abdalla Ahmed Abdalla, an agriculture specialist and Sudanese ambassador to the United States, and Dr. Taj Alsir Mustafa, Sudanese Minister of Industry, discussed development goals and emergency measures undertaken by their government.

The economic strategies adopted by the government in 1989, as given in a release circulated at the conference, are: "(a) Self-reliance in rebuilding the economy and enhancing production; (b) creating a favorable environment for investment through necessary policies and legislation; (c) maintaining agriculture as the main axis for development; (d) giving absolute priority for food production viz. *dura* (sorghum), wheat, oil seeds, etc.; (e) exploitation of the discovered oil fields; (f) more attention to be paid to the untapped mineral resources."

In the first year of the new program, the "1990 Investment Encouragement Act" was passed to rehabilitate existing agriculture projects, and to start new ones. Regulations favorable to investors were established regarding foreign exchange accounts, tax breaks, etc. Newly implemented financial policies include a two-tier pricing policy for gasoline and sugar, designed to favor the poor; a sales tax, except on food; and the establishment of a fund to finance cottage industry and handicrafts. A progress report issued in June by the Ministry of Finance and Economic Planning, and elaborated by Industry Minister Taj Alsir Mustafa, stressed that privatization of certain government companies and assets was under way, for example, hotel properties in Khartoum.

What follows is a summary picture of the economic history and potential of Sudan, and some of the views stated by the government representatives at the "Sudan Focus" conference.

## Vast agriculture potential

Sudan is the largest nation in Africa, with close to 1 million square miles, much of it with gentle terrain. It is equal in size to the U.S. area east of the Mississippi River, which makes it about 120% of the size of the 12-nation European Community.

Extending from just below the Tropic of Cancer, all the way south nearly to the Equator, this span of latitudes allows Sudan great agro-ecological diversity, ranging from wheat and other grains in the north/north-central region, to fruits, vegetables, and fiber crops, through to coffee and tropical products in the south. **Figure 1** shows the agriculture land use zones.

The accompanying precipitation map (**Figure 2**) shows how the average rainfall bands vary from 25 millimeters a year in the desert north, bordering Egypt, through to 400 mm in central Sudan—similar to the North American prairies—down to 1,100 mm a year in the south, where there are swamps and rainforests.

From south to north, the great Nile River courses through Sudan. With its tributary system, the Nile is the longest river in the world, running over 4,130 miles from the uplands in the Horn of Africa and central Africa, through Sudan and

FIGURE 1  
Sudan's diverse agro-ecology: land use zones

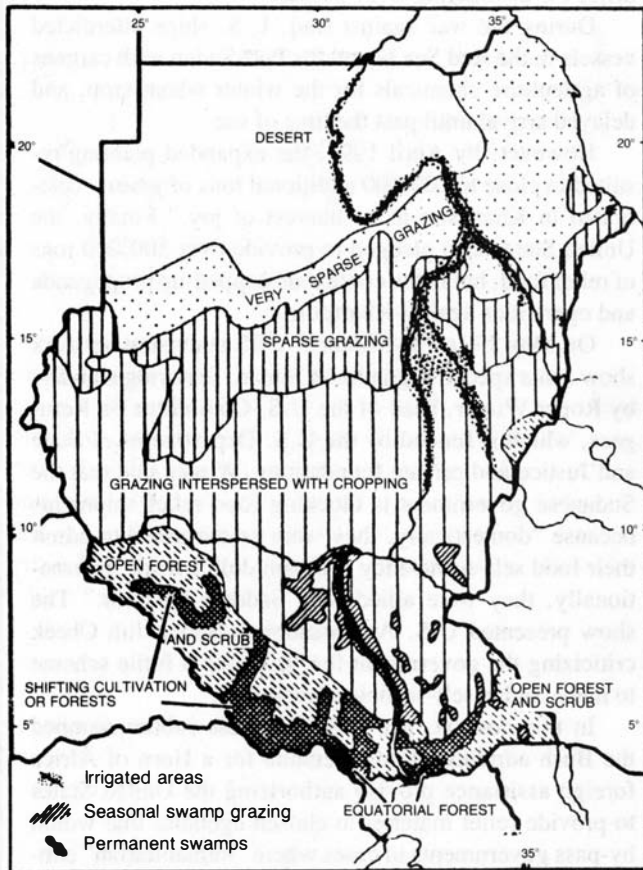
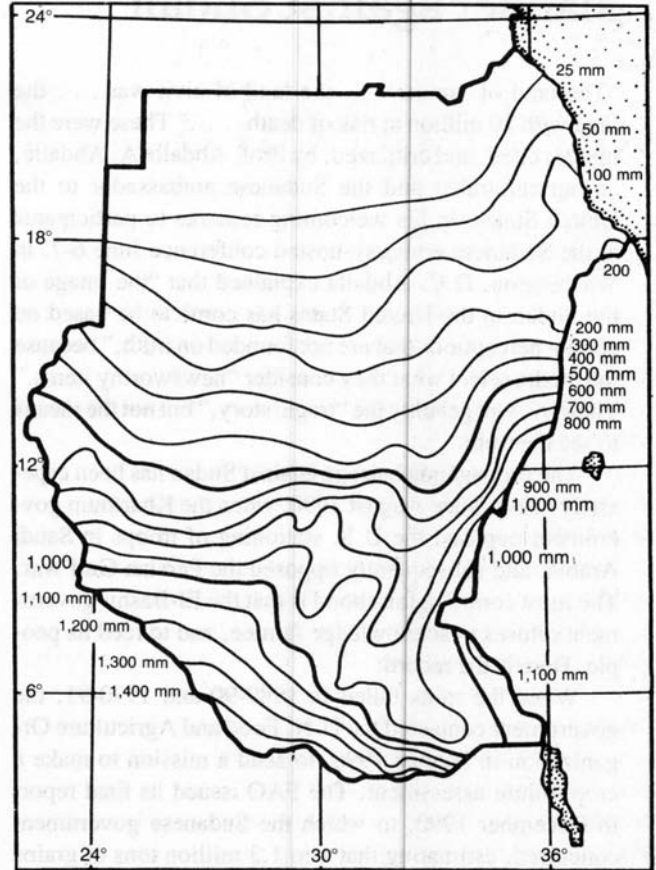


FIGURE 2  
Sudan's average annual rainfall



Egypt, into the Mediterranean Sea. Egypt and Sudan have a water-sharing agreement for the existing river volume, which could itself be increased by at least 10% with dams and canal improvements on the White and Blue Nile feeder systems.

Sudan has at least 200 million acres which could easily be cultivated—about half the cultivated acreage-base of the United States. This size acreage could potentially produce crops sufficient to feed almost all of Africa. Sudan has another 218 million acres suitable for forestry, and 57 million acres for pasture.

However, at present, only 17 million acres out of the potential 200 million arable acres are cultivated—only 8.5% of the potential acreage base. Of these 17 million harvested acres, 12.5 million are rainfed cultivation, and 4.5 million are irrigated. Because annual rainfall is highly variable—up to 40% variation—the annual output of rainfed agriculture is highly variable.

Therefore, the outline is clear of which agricultural improvements are called for that could result in national food self-sufficiency in staples in the three-year timetable set by

the Sudanese government last year. Other factors being equal, the biggest drawback is the small population—only about 25 million residents and another 2.5 million refugees, in an area where 150 million live in the United States, or 300 million in Europe.

This is the summary of agricultural improvements needed:

1) *More irrigated agriculture.* In the short term, production of sorghum and other food staples on irrigated acreage must be increased, by reducing plantings of cotton—whose marketing for export is controlled by world agriculture cartels, which impose unfavorable terms of trade. In the longer term, Sudan needs to expand irrigation acreage for a chosen “balance” between food staple crops and export cash crops. At present, 70% of sorghum (*dura*), the nation’s grain staple, is produced in rainfed conditions, which are highly variable. In 1989, for example, instead of 3 million tons of sorghum, there were only 2 million tons produced because the rainfall was 50% below the long-term average.

2) *Resumption of water infrastructure development.* The

## A campaign of lies and slander against Sudan

"The land of famine . . . the land of civil war . . . the land with 10 million at risk of death. . . ." These were the images cited, and criticized, by Prof. Abdalla A. Abdalla, an agriculturalist and the Sudanese ambassador to the United States, in his welcoming remarks to participants at the Sudanese embassy-hosted conference June 6-7, in Washington, D.C. Abdalla explained that "the image of the Sudan in the United States has come to be based on certain perceptions that are not founded on truth," because the media select what they consider "newsworthy items." Thereby, you get only the "tragic story," but not the means to see the truth.

The propaganda barrage against Sudan has been especially heavy since August 1990, when the Khartoum government opposed the U.S. stationing of troops in Saudi Arabia, and subsequently opposed the Persian Gulf war. The most common falsehood is that the El-Bashir government refuses to acknowledge famine, and to feed its people. Here is the record:

When the rains failed in 1989-90 and 1990-91, the government contacted the U.N. Food and Agriculture Organization in August 1990, to send a mission to make a crop failure assessment. The FAO issued its final report in December 1990, to which the Sudanese government concurred, estimating that 1 to 1.2 million tons of grains were required by about June 1991, to fill the food gap caused by the harvest failures. In December, President Gen. Omer El-Bashir issued an international appeal for food aid.

Additionally, the government took steps in October through December to sow a second wheat planting. Instead of 300-500,000 wheat acres in 1990-91, acreage to wheat was doubled to 1 million. In irrigated areas, there was also an increased sowing to sorghum.

The government also attempted to purchase additional imports, with little means to do so. And the appeals for international assistance came at the same time as the U.S. buildup for the Persian Gulf war. The United States condemned Sudan's disapproval of the deployment of U.S. troops in Saudi Arabia, and in October, the U.S. turned back a commercial shipment of 45,000 tons of wheat bound for Sudan. At the same time, the International Monetary Fund declared Sudan a "non-cooperating member," and moved to cut off financing.

When the U.N.'s World Food Program shipped 19,000 tons of grain to Port Sudan at the same time that the U.S. diverted the 45,000-ton vessel, American officials

protested, and demanded that the Khartoum-based World Food Program official, Trevor Page, be removed from office for obstructing U.S. wishes.

During the war against Iraq, U.S. ships interdicted vessels in the Red Sea bound for Port Sudan with cargoes of agriculture chemicals for the winter wheat crop, and delayed arrival until past the time of use.

However, by April 1991, the expanded planting resulted in close to 800,000 additional tons of grain—celebrated in Khartoum as a "harvest of joy." Finally, the United States also pledged to provide over 300,000 tons of relief food, but in the context of stepped-up propaganda and operations against Khartoum.

On May 19, a "60 Minutes" CBS television network show ran a special segment on Sudan, featuring slanders by Roger Winter, head of the U.S. Committee on Refugees, which is funded by the U.S. Departments of State and Justice and private foundations. Winter said that the Sudanese government is blocking food relief shipments because "domestically, they were embarrassed to admit their food self-sufficiency program didn't work. Internationally, they were allied with Saddam Hussein." The show presented U.S. Ambassador to Sudan Jim Cheek criticizing the government for "hatching a futile scheme to make Sudan self-sufficient overnight."

In this context, the U.S. Congress rubber-stamped the Bush administration's demand for a Horn of Africa foreign assistance proviso authorizing the United States to provide relief matériel to chosen agencies that would by-pass governments in cases where "humanitarian" concerns justified overriding sovereignty.

### The refugee crisis

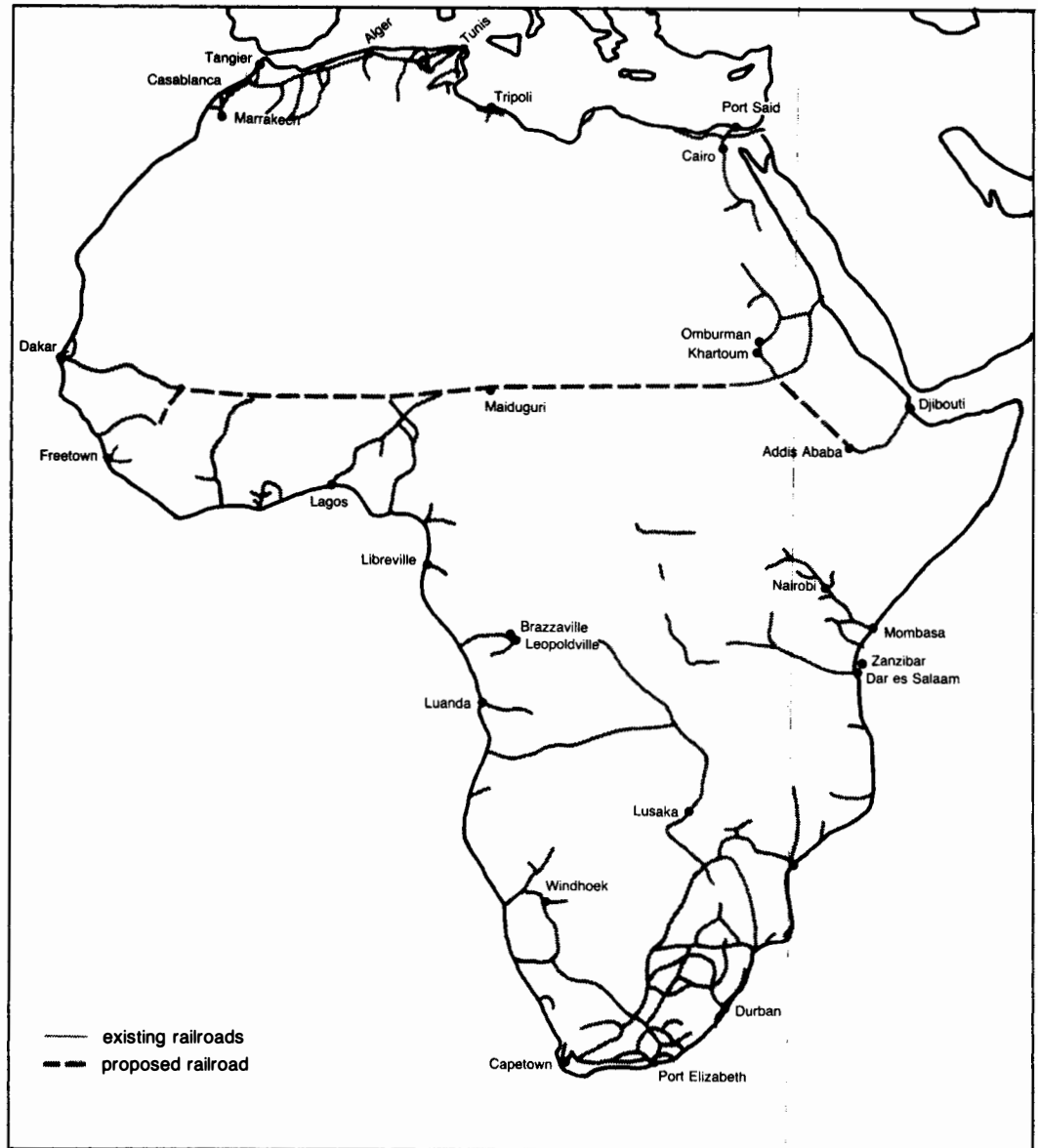
Further aggravating the situation, as of the end of May, Ethiopian refugees were entering Sudan at the rate of 20,000 a day. There are now estimated to be 240,000 newly arrived Ethiopian refugees, in addition to the 2 million already in Sudan as of the beginning of 1991.

The government issued repeated calls for help, and on June 17, a statement was released by Col. Mohammed El-Amin Khalifa of the Revolutionary Command Council, reporting that the Sudanese Refugees Commission had mobilized convoys of trucks with supplies for the refugees, and formulated a three-month contingency relief plan, at a cost of \$18 million and 10 million Sudanese pounds.

On June 27, the Sudanese government reached an agreement with the U.N. World Food Program director, James Ingram, on procedures to handle relief supplies for the refugees. The response of the U.S. State Department has been to charge the Khartoum government with bombing the refugees.



**FIGURE 3**  
**Proposed**  
**Trans-Africa rail**  
**route from Dakar**  
**to Djibouti**



*The pattern of the modern-day rail lines shows the railways were built for serving colonialist export and military needs, not for nation-building.*

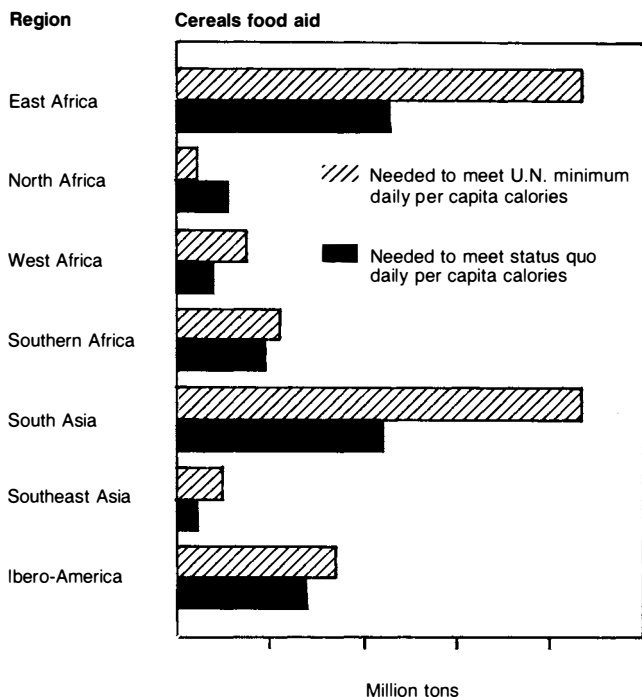
priority projects required for irrigation, and also for power and for safe public water supplies, must be resumed. In the short term: Pumps and diversion channels should be installed to lift up groundwater that is under the arid lands in the northwest and other regions. Satellite overflights have located water under the Sahara Desert, and have also indicated the presence of water in many other locales in the Horn of Africa, for example in Ethiopia.

In the medium term, the project to heighten the Roseires Dam, for more water and power from the Blue Nile, must be completed. For the longer term, Sudan will initiate collaboration with all political and production-oriented circles abroad that will mobilize to resume the Jonglei Canal project to control the drainage of the White Nile, to provide more useful water for agriculture and related purposes.

3) *Transportation improvements.* Rail development and priority road paving are essential. In the long term, the Jonglei Canal will provide a throughway for both road transport, an aircraft landing strip, and a waterway. A rail connection westward across Chad to Maiduguri in Nigeria has been planned since the nineteenth century, and this trans-Africa route would serve as a corridor for development (**Figure 3**).

Even to upgrade track and rolling stock on existing rail lines would make a vital difference in distributing food relief, and providing inputs for agriculture. Rehabilitating the Sudanese Railway is the one remaining development project of the World Bank, but a go-slow order has been in effect. In recent months, Sudanese government officials appealed repeatedly for help in fitting out the railway for use in food relief and other deliveries, to which the only response has

FIGURE 4  
**East Africa tops the list of regions in amount of food aid needed, 1990-91**



Source: USDA "Global Food Assessment," Economic Research Service (GFA 1), November 1991.

been Britain's offer of some second-hand railcars.

4) *Power, agriculture inputs.* Oil development, for nationalized fuel and fertilizer supplies, would have a major impact on agriculture output.

5) *Food security.* The facilities and logistics must be built to gather in harvests, store and transport food, so that even when bad weather occurs, there is food security, and no need for mass dislocation and misery. Food irradiation facilities at strategic sites would vastly reduce food losses from rot and pests.

Making any or all of these changes would have a dramatic result. The conservative estimates made by the Arab Fund for Economic and Social Development in 1976 give an indication of Sudan's potential. The Fund estimated that the area then cultivated—about 15 million acres—could be expanded to around 80 million acres. In 1976, Sudan irrigated about 3 million acres of land, and, according to the Fund estimates, this could be expanded to over 8 million acres. About 12 million acres were then cultivated on rainfall alone, and the Fund calculated that this could be expanded to 75 million acres. Another 200 million acres could be used as livestock rangeland.

In 1976, the Arab Authority for Investment and Agricultural Development came into Sudan with a commitment to

invest Saudi Arabian petrodollars into modernized agriculture improvements. The Authority announced plans for 100 projects at a projected investment of \$6 billion. In the end, by mid-1981, only \$15 million had been spent in Sudan. The Sudanese government, which had made investments, was saddled with a large short-term debt and balance of payments crisis. This gave the rationalization for the International Monetary Fund to move in and impose conditionalities, including the cancellation of new development projects, in particular, agriculture programs.

Despite this, Sudan, in collaboration with Egypt, pursued the Jonglei Canal project, until it was forced to be abandoned, half-finished, by 1984.

### Sudan's agriculture has been suppressed

The vast potential of the agriculture resources of Sudan poses the question to the world, as stated June 6 to the Washington conference participants by Professor Abdalla, "Why is a country with such resources—land, water, diverse ecology, and independence for 36 years—why should it fail to provide security for its people?" He asked, why should it be that over the past 20 years, Sudanese agriculture output has been stagnating, even declining, and leading to food "insecurity"? (See Figure 4.)

The causes for this, as reviewed by Professor Abdalla, point up the necessity of the measures needed to reverse the agricultural decline:

- *Colonial history.* The British colonial agriculture policy for Sudan was cotton production for export. "King Cotton" meant that all crop research, infrastructure, training, marketing, and the like emphasized cotton. For example, in 1902, the British established an agriculture research facility in Sudan, which focused solely on productivity and quality of cotton. When Sudan gained independence in 1956, there was not one single research station concerned with food. In 1925, the British started the Gezira irrigation scheme—what came to be the largest irrigation project south of the Sahara, and devoted exclusively to cotton.

Therefore, the entire period of British control, from 1898 to 1956, was characterized by lack of suitable improvements in crops and livestock, and low food output productivity.

- *Variability of rainfall.* In Sudan, and the Sahel generally, the coefficient of variation in rainfall can reach 40%. This climatic characteristic is directly linked to the occurrence of drought, and, in the absence of agricultural improvements, to the needless occurrence of famine. As it is, whenever there are two to three years of poor rains, then small farmers and herders are dislocated. They are forced to sell animals and seek other ground. There was drought and famine in the 1983-85 period, and drought again in the 1989-90 period, with a marked food gap of 1.2 million tons, according to the estimates of the U.N. Food and Agriculture Organization and the Sudanese government.

- *Government policies.* Over the course of successive

governments, there have not been policy initiatives directed to provide support for agriculture.

● *Infrastructure.* The nation's infrastructure for transportation, drinking water, power, agriculture, and industry is undeveloped. Since Sudan is a large country, poor transportation is especially inhibiting. When the British left in 1956, there was not one paved road in the country. There was only the railroad, and it was designed for special military and export purposes, and *not* to serve the rural areas.

After independence, when the Sudanese proposed to the World Bank that infrastructure development be undertaken, this was refused. When it was proposed to other foreign investors and/or donors of aid, that there should be links to infrastructure development, these linkages were refused. Instead, so-called development aid was "donor-driven," and directed to quick-return cash crops for export.

The legacy of these factors, plus poor agriculture extension services and other problems, have led to the current situation of recurring food crises. In view of this, the stated policy of the Sudanese government is to reach and maintain food self-reliance. According to Abdalla, "the syndrome of dependency must be stopped."

### **Stop the 'syndrome of dependency': oil**

The Sudanese "National Economic Salvation Program" stated as a chief goal: "Reallocation of the meager resources left to achieve the objective of self-dependency, particularly in view of the mounting economic pressure put on the revolution by many external powers through reduced external assistance and suspension of aid flows." Besides agriculture, oil is the priority economic development issue, and the oil production potential of Sudan is considered by experts to be in league with parts of the Arabian Gulf fields.

Significant oil deposits were mapped by the Chevron division of Socal in the 1970s and '80s, located in central and southern Sudan. Proven reserves of 200 million barrels were announced. Chevron and the government had a \$1.2 billion development program, with one project at Bentiu, in the upper Nile region, 500 miles south of Khartoum. A 1,425 kilometer pipeline to the coast was planned.

In February 1984, Chevron suspended its preparations for oil extraction in southern Sudan, after a guerrilla attack on a drilling barge killed three expatriate workers and wounded seven more. Chevron refused to carry on with the project, citing the dangers of civil war, but authorities in the oil trade reported that Chevron accepted a payoff arrangement from Saudi Arabia, to suspend development of Sudanese oil. Chevron's parent company, Socal, sold 25% of the Sudanese venture to Royal Dutch Shell, including the White Nile assets.

Next year, the Chevron rights expire for extracting Sudanese oil. The Sudanese government has now taken direct responsibility for developing its own oil, with the current limitation being refinery capacity.

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## **Interview: Madame Fatuma Isak Bihi**

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# **Situation in Somalia is 'catastrophic'**

by Christine Bierre

We are witnessing today the ethnic fragmentation of Somalia, thanks in substantial part to the policies of the foreign powers who are sponsoring the various warring groups. Some 2 million refugees have fled Somalia toward the borders of neighboring countries—Ethiopia, Djibouti, and Kenya—since January, when the armies of the Congress of Somali Unity took over the capital, Mogadiscio, under the direction of CSU chief General Aydid, and drove out the current head of state, Siad Barre.

In the south and center of the country, CSU troops have perpetrated terrible massacres; in the village of Brava, hundreds of medics, teachers, and intellectuals were murdered. In the north, the Somali National Movement (SNM) has announced its secession, and the creation of the Republic of Somaliland. Throughout the country, battles rage between forces loyal to Siad Barre and the forces of the other movements. The dislocation now under way follows years of poverty under Siad Barre, who remains in the country.

In area, Somalia ranks in size with France and the Low Countries combined, where over 80 million people live, compared with the 8.5 million in Somalia. During Siad Barre's tenure in office, Somalia placed among the six poorest nations in the world, with its revenue coming almost entirely from the export of bananas and livestock.

The United States supported Siad Barre until 1988, then did an about-face. Since the end of the cold war, Somalia, once considered an important strategic place, evidently holds no more interest for the United States. Following an often-used *modus operandi*, it was a report by Amnesty International denouncing "massive violations of human rights" in Somalia, which preceded Washington's reversal. All forms of aid have been cut, propelling the country into a situation in which famine, civil war, and epidemics threaten its very existence. An international conference to establish peace is mooted for Cairo, under the auspices of Italy and Egypt, but no date has been set.

Madame Fatuma Isak Bihi, former ambassador of the Democratic Republic of Somalia to the European headquarters of the United Nations and international organizations in

Geneva, discussed the situation in June in an interview with this author.

**EIR:** Your excellency, what is the situation in Somalia, since President Siad Barre was forced to leave the capital?

**Bihi:** The situation is catastrophic. There is no longer any central authority; the capital has been completely destroyed, and 99% of its inhabitants have fled; there is no electricity, no water, no government—nothing. The capital has been occupied by the Hawiye tribe, who are eliminating all those who are not part of their community. Close to 2 million Somalians have fled the country, although some groups are returning. They are either going into neighboring countries—like Ethiopia, which has its own problems, or Kenya or Djibouti—or to the frontier areas between Somalia and these countries. The Hawiye are trying to hold onto power, and have formed a “provisional” government which has not been recognized by any other opposition movement. Seven of these movements are in the midst of fighting in the rest of the country, notably in the South—between tribal groups, and against units of the armed forces. President Siad Barre remains in the country, and the armed forces remain loyal to him.

Unfortunately, we do not believe that there exists, in the short term, a solution to the Somalian problem. However, we have been told that some Somalians abroad are in contact with different tribal groups, to see whether it were possible to achieve a reconciliation among Somalians. In the North, the Isaak have proclaimed their independence. This region had originally been colonized by Great Britain, which called it Somaliland, a name now adopted again by the Isaak. The Somalian situation is so desperate that the United Nations Security Council must also look into it. In addition to all this, the country is being hit by drought, and thousands of people are dying of starvation.

**EIR:** Are these tribal groups being manipulated by foreign powers?

**Bihi:** Absolutely. The West has encouraged these groups to revolt against the central government. Italy has played an important role in encouraging the Hawiye in the South. From the beginning, Great Britain has encouraged the Isaaks of the North. Now it is obvious that the situation—even for these countries—has gotten out of control. They are searching for some kind of transition, which they want not to be so bloody, so destructive.

**EIR:** This situation has placed you personally in difficulties, given that you are the accredited ambassador of Somalia to the United Nations in Geneva.

**Bihi:** Yes. Right after the seizure of Mogadiscio by the tribal groups, I was one of the ambassadors who was being hunted down, in order to be eliminated. Fortunately, at the time I was in Europe, because, if I had been in Mogadiscio, I would

have been physically eliminated. I was in the cross hairs, but the U.N. has rejected the demands of the Congress of Somali Unity—the new government—to replace me. Unfortunately, it seems as if the Swiss government has cooperated with the CSU to expel me from this country, even though I am still recognized as the sole representative of Somalia at the United Nations in Geneva.

**EIR:** What happened, exactly?

**Bihi:** The CSU put pressure on the Swiss government by sending their so-called prime minister, M. Omar Arthe, accompanied, apparently, by four other ministers. They wanted to get rid of me, to seize the funds of the Somalian state deposited in Swiss banks, and to obtain international recognition. Knowing that they would not get that, they then demanded what they called “humanitarian aid,” that is to say, the opportunity to massacre more Somalians. It seems that the Swiss government cooperated with them in flagrant violation of my rights as a diplomat—a flagrant violation toward anyone who had represented, with dignity and honor, his country at the United Nations, and who had not committed any illegal act against Switzerland and her people.

**EIR:** Apparently, some Swiss newspapers called into question your character and motives?

**Bihi:** Toward the end of last year, the Somalian defense minister bought a shipload of rice in Switzerland, and the cargo reached the territorial waters of Somalia just as the battle was raging in the capital. The defense minister told me to take charge of the cargo. Not being able to convince the owner of the ship to unload it in one of our ports, he told me to sell the cargo in whatever country the ship could reach, and that is what I told the ship’s owner. The Swiss were informed by a young man who worked with me as an adviser, and who wanted to replace me. Manipulated by the CSU, he launched this campaign with the help of the Swiss authorities, declaring that I had sold the merchandise and pocketed the money. That is absolutely false; it is a lie, a calumny; I am an honest person, having worked for my country for more than 30 years; and in these darkest hours which have befallen my people, I would never have done such a thing. I utterly reject these allegations. They are only a pretext for the Swiss to expel me.

**EIR:** And you say that this entire affair is now before a court in England?

**Bihi:** Exactly. The owner of the ship and the insurance company have filed suits against each other, concerning the damages that were caused, and we have ourselves appeared before this court to reclaim our rice. In fact, the cargo was sold in Abidjan, the money is frozen in London, and will be held there until, eventually, a legitimate Somalian government can take possession of it. This can be verified by the documents which I am making available to you.

# Spain-Morocco tunnel: a project to connect the Pillars of Hercules

by Mohamed Larbi Messari

*The author is Morocco's ambassador to Brazil.*

The two nations Spain and Morocco have decided to create a joint project to increase their ties, interchange, and cooperation, so as to continue their thousand-year history of cooperation which has been so beneficial to both sides. Spain and Morocco have always been complementary, and thanks to this prevailing symbiosis, Spain and Morocco never underwent the Dark Age. The proof stands in the Giralda and Kutubia, built by the king himself, and in the universities of Quaraouien and of Córdoba. The School of Translators of Toledo, founded by Alfonso X the Wise, was a direct antecedent of the Renaissance. Why should there not be a new School of Translators, which could serve as the liaison between Spain, with its Ibero-American dimension, and Morocco, with its Arab-African dimension?

The Gibraltar link project is hence an initiative that fits perfectly into this very broad context of encouraging a new Renaissance.

Further, the Gibraltar link is a project which tends to favor trade between two areas which need each other. I am referring to Europe and Africa, especially Western Europe and Northern Africa. Trade relations between Europe and Africa are substantial. Some 65% of African trade is carried out with western Europe. This trade currently takes place mainly by maritime means.

The development of air routes, which is constantly progressing, is encouraging human and cultural contact, a phenomenon which tends to grow with each passing decade. Europe, as is well known, has few raw materials of its own, and procures them, obviously, in Africa. The African continent depends to a large extent upon European technology. Therefore, it is necessary to prepare the appropriate framework for the growing development of this interchange. It was calculated in 1980, that between 13 and 14 million travelers circulate between the two zones of influence of the project. The travel distance of some 4,000 kilometers between one extreme point in Africa and the other extreme in Europe, would be reduced to 2,500 kilometers (see **Figure 1**).

Regarding the Strait of Gibraltar, in itself, the traffic between the ports of Ceuta and Tangiers on the African side, and those of the Iberian peninsula is undergoing a 9% annual

growth rate. In other words, within 20 years, maritime traffic through the strait would tend to increase 180%, in order to meet the growing rate of human and commercial interchange between the two coasts.

In 1978, the total traffic of the two ports was 4,067,465 passengers and 388,961 automobiles.

This traffic in the strait is very considerable and, as I have made clear, it is growing. It is also clear that this sea traffic is conditioned by the weather. Amb. Mohamed Ben Otman, who carried out various missions to Spain in the reign of Charles III (1759-88), recounts in his book *Fikak el Asir (The Freeing of the Prisoners)* that he had to wait three days in Ceuta for an adequate wind to set sail for Cádiz. That was 207 years ago. Today's technology has bettered conditions a good deal; yet, the pace of the traffic, as well as its scale, are still influenced by the factor of climate. And it is in order to overcome this factor, as well as to keep pace with the growing rate of human and commercial interchange, that the idea has come up of the alternative of a land link across the Strait of Gibraltar.

What we wish to accomplish is, in a certain sense, to recreate the tie that existed between Europe and Africa some 5 million years ago. Legend attributes to Hercules the task of separating the two continents, which supposedly took place when he broke apart the Calpe and Avila mountain chains.

We know through the seven volumes of research published by the Institute of African Studies (in Spain) that the idea of the Gibraltar link gave birth to some utopian solutions, some more rational hypotheses and demonstrations, and some very advanced concepts such as that of a tunnel. In 1869, Laurent Valdeuil presented a scheme for a tunnel. Others conceptualized a bridge. There were even those who proposed a dike.

## What is the best site?

Thanks to the studies which have been carried out so far, we know that in the zone of the strait, where the Atlantic Ocean and the Mediterranean Sea come together, the narrowest distance between the coasts of Morocco and Spain is 15 kilometers, but the depth of the sea at that point is 800 meters. Thus, the two parameters, distance and depth, do not permit the best conjuncture to build the link.

FIGURE 1

The main transport routes between Europe and Africa which the tunnel will aid



The zone where these two fundamental parameters are best combined is found to the west of the strait, about 9 kilometers eastward of Tangiers at the point of Altares, and some 12 kilometers west of Tarifa at the point of Paloma. There, the distance is 28 kilometers and the maximum depth is around 350 meters (see **Figure 2**).

The Strait of Gibraltar is a zone of exceptional geological complexity. It is known that in the Mediterranean, the water

from the rivers which flows into the sea is lower in volume than the quantity of water which evaporates, and that the balance of salinity of the Mediterranean is maintained via a significant quantity of water from the Atlantic which enters through the surface of the Mediterranean and a weaker Mediterranean current which flows out through the bottom of the strait toward the ocean.

The zone of the project is characterized by its relatively

FIGURE 2

**Closeup of Strait of Gibraltar area**

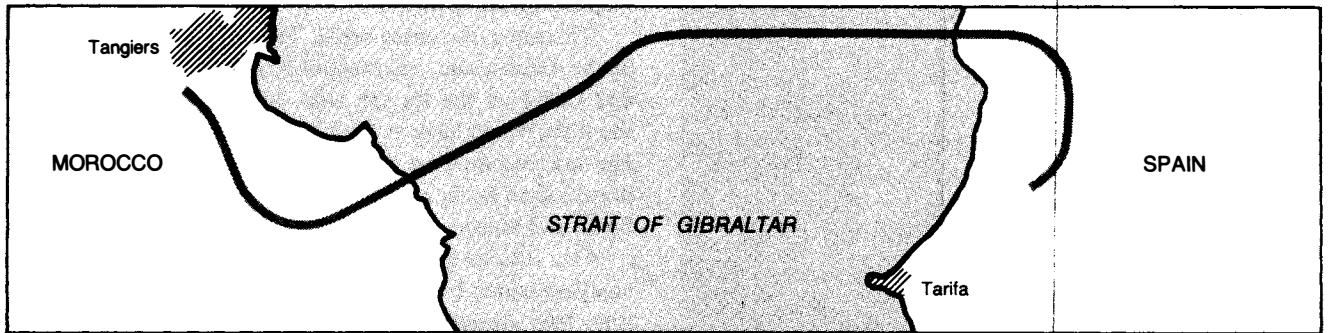
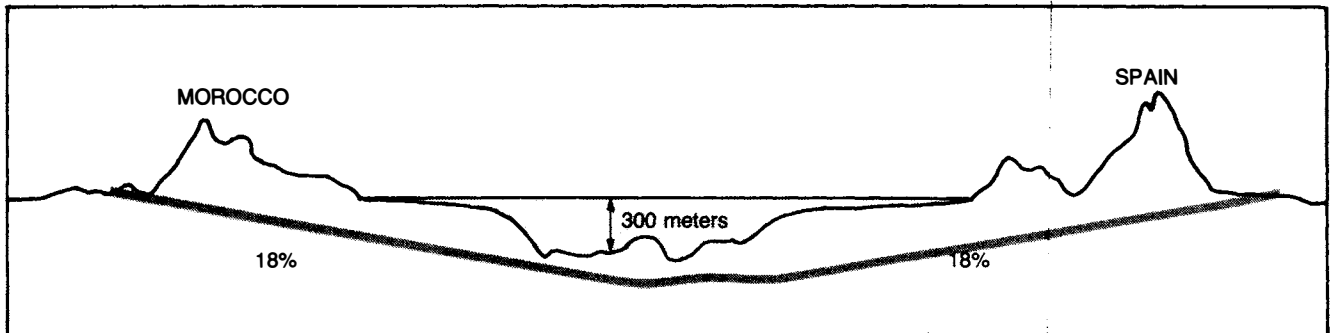


FIGURE 3

**Cross-section of proposed route for the Spain-Morocco tunnel**



low seismic activity, despite its nearness to the Azores-Sicily fault. No seismic movement has been registered of greater intensity than six on the Mercalli scale in a radius of 60 kilometers around the project zone.

Knowledge of the morphology and the meteorology (winds, visibility, precipitation, etc.) helps to choose between tunnel or bridge. For example, the distribution of the velocity of the currents which enter and leave the Mediterranean constitutes a complex problem in the case of the bridge option.

Also, the construction of supports for a bridge is quite problematic. We know that the biggest span achieved in giant bridges is just barely 1,410 meters (Humber Bridge in Great Britain, inaugurated in 1981).

To plant pillars across the strait would end up impeding the passage of ships and also involve the risk of collisions against these supports. We know that 50,000 boats cross through the strait yearly, among them some of the world's largest oil tankers. Furthermore, neither the U.S. nor the U.S.S.R. would allow themselves to be forced to make their submarines cross the strait by well-defined passageways.

That leaves the solution of the underground tunnel, which

is also the oldest proposal. This is the same choice as was made for the link under the Channel between France and England. So the tunnel idea has the most reference points for this type of communication.

There is a very important precedent, which is the tunnel of the Strait of Tsugaru in Japan, which joins the islands of Honshu and Hokkaido. It is known by the name of Seikan and spans a distance of 53.85 kilometers. In the English Channel, the maritime surface is 37 kilometers.

In our case, we are talking about a tunnel which runs below the water for 28 kilometers, but its length will be 50 kilometers, because the opening of the tunnel would have to start, both on the Moroccan and the Spanish side, a bit back from the water and, also, since the tunnel has to descend more than 350 meters below the sea, the trajectory would have a slope of 18% (see **Figure 3**). Another factor which has been taken into account is the linkup with the national highway networks on both sides.

The tunnel will have one main passageway with two-way traffic, and a service passageway.

There is also a study of a tunnel with two main passageways with only one-way traffic in each passage, and a service



Dr. Frederick Guggenbuehl

*A view of the Casbah and shoreline at Rabat, the capital of Morocco. This is situated to the west of the planned African side of the Spain-Morocco tunnel, on the Atlantic coast.*

passageway.

The main tunnel will be equipped to receive conventional rail traffic, and ferry traffic in which land vehicles would be mounted on rail platforms.

There is a series of unknowns in calculating the costs, but the estimate is around \$3 billion for a two-way rail tunnel.

The expected construction time varies between 10 and 14 years (the Seikan took more than 20 years).

In the case of an underground land tunnel, the length would be 33 kilometers, the cost would be about \$4.5 billion, and the construction time around 12-16 years. The problem for traffic in this type of very long tunnel is ventilation, which could give the traveler the feeling of claustrophobia inside the tunnel.

### **Economic and political impact**

Now a few words on the economic and political repercussions of the project.

This project, as we said, does not merely concern Spain and Morocco, but rather involves a link between two continents. From the projected analysis we conclude that the following will result:

- An increase in human and commercial interchange between the two continents;
- A radical change in the land transportation systems in the two zones of influence.

Thus, the future planning of the localities which are found in a considerable zone of the Iberian Peninsula as well as in north Morocco, must be conceived from now on in an intercontinental context.

Therefore, the cities Sebta, Tangiers, Tetuán, and Arcila on the African side, and those of Algeciras, Gibraltar, Tarifa, and Cádiz on the Iberian side, have to be converted into satellites which have as their axis the zone of the fixed link. For this reason we are pleased to underscore the fact that this project shall be the consecration of an eternal peace between Spain and Morocco.

One curious thing has become known during the various analyses which have been conducted, and this is that countries like Austria and Switzerland produce a significant freight traffic by land and air routes via the strait.

This shows the need to reach the African zone of influence, with a network of highways that could arrive in Senegal, Ivory Coast, and Nigeria.

At the African level, the integration of the transport systems of the Maghreb countries and with sub-Saharan Africa has been under way since the 1970s.

In fact, African ministers and transportation experts have met several times in Morocco, Kenya, and most recently in Zimbabwe to discuss the link to Europe. At the outset there were three options, that of the axis which runs through Egypt, the central one across Algeria, and the one through Morocco. It was decided that this link should go through Morocco, and that was the origin of the Tangiers-Lagos axis.

Africa has been interested in this concretely since the Conference on African Highways organized in Abiyán in October 1976. That meeting invited the International Federation of Highways to promote a union by highways between Europe and Africa, thinking in terms of an axis which would extend from Amsterdam to Dakar, i.e., an axis of some 6,200 kilometers.

As we said at the beginning, studies have shown that present traffic across the strait is 4 million travelers and 400,000 vehicles.

The total volume of freight is 210 million tons between the northern and southern parts of the strait: in the south-north direction, 170 million tons, and in the north-south direction, 40 million tons. That means that the Africa-Europe tonnage is more than four times greater than the Europe-Africa tonnage.

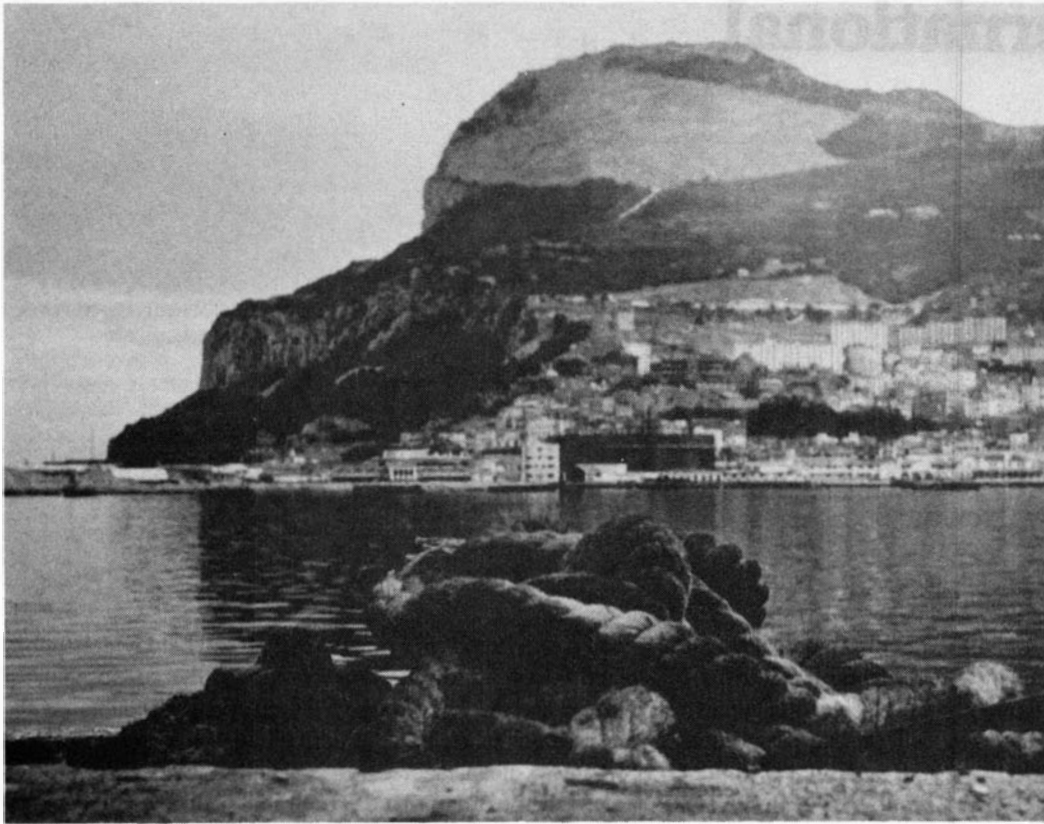
By the year 2000, the number of travelers would range between 8.8 and 12.6 million per year in the case of a bridge, and a slightly smaller number in the case of a tunnel. In freight traffic, with the bridge solution, 4-6.7 million tons a year is foreseen, and in the tunnel case, 1.3 million tons a year.

### **What has happened so far**

The project has aroused much interest, as is evident in the countries of the zone of influence.

In Africa, the project has been given priority in the context of the African highway network. The Second Conference





*A view of the northeast bay of Gibraltar, with the right-hand "Pillar of Hercules," on the European side of the strait to be linked by the new tunnel.*

Dr. Frederick Guagenbuehl

of African Ministers of Transport, Communications, and Planning, which took place in Addis Ababa in March 1981, integrated this project into the program of the decade 1978-88 of the United Nations for Transport and Communications in Africa.

This same conference adopted a resolution in Cairo by inviting all the countries concerned to improve the networks which connect with the Tangiers-Lagos axis to meet the route of the Gibraltar link.

In the European context, the project has attracted attention for some time, and, above all, since 1981, of the Committee of Internal Transport of the Economic Commission for Europe, which approved the project in its Geneva meeting of the Gibraltar link.

At the Athens seminar on the North-South link (December 1981), it was recommended that the Economic Commissions for Europe and Africa organize a special seminar on the Gibraltar link. In fact, this seminar was held in Barcelona in June 1983.

The United Nations got interested in the project when on July 30, 1982 in Geneva, the U.N. Economic and Social Council adopted a recommendation inviting people to study the project. A group of experts were informed in Rabat and Madrid about the feasibility of the link in March 1983.

The result of this mission was a report drawn up by these experts, which became the basis for a recommendation of the

Economic and Social Council of the U.N., adopted with the purpose of continuing the study of everything that concerned the link project.

On Oct. 24, 1980, after a scientific and technical accord between Spain and Morocco was signed on Nov. 8, 1979, a joint Spanish-Moroccan Commission was set up and two national study societies were formed: the SNED (National Society of Studies of the Strait) and SECEG (Spanish Society of Studies for the Fixed Communication Across the Strait of Gibraltar).

Delegates of several countries and different international agencies participate in the different activities organized by the joint Spanish-Moroccan Commission to carefully monitor this project, which will certainly require the technical and financial participation of the international community.

Public works companies in Brazil should get interested in this project; there is room for everybody. Morocco and Spain invite all friendly nations to participate. Through this participation, this work will take on a universal dimension.

And finally, here is a panoramic idea of this grandiose project. What I have tried to do is to shed a ray of light on the task which two sister nations have proposed to carry out, nations to which geography and history have offered the unique situation of serving as a cultural link. With this tunnel, we will try to make it happen that the miracle of the crossing of the sea will not be unique to Moses.

## U.S. readies pretext to bomb Iraq again

by Joseph Brewda

The U.S. government is preparing to bomb Iraq again, and possibly as early as the end of July, statements by the British, U.S., and French heads of government indicate. The pretext for the assault this time, if it comes, will be Iraq's supposed nuclear-bomb project. In early July, Iraq disclosed a previously unreported nuclear research program, which NATO country officials have insisted is intended to build a bomb. On July 10, Bush told a Washington press conference that he was "deadly serious" about enforcing United Nations demands that Iraq eliminate its non-conventional weapons, referencing the disclosure. The Iraqis insist that the program is for peaceful purposes.

The claim that Iraq was building a bomb was first made by Bush last November, shortly after public opinion polls showed that the claim would be one of the few justifications which Americans would accept for going to war. In mid-June, the claim was revived after Iraqi officials initially refused to allow a U.N. inspection team to visit a nuclear research site; the team provocatively demanded to visit the site on the Islamic holiday that starts the annual pilgrimage to Mecca. By June 29, Bush was already telling journalists to "stay tuned," when asked whether the U.S. would soon bomb Iraq in response.

But on July 18, the inspection team from the International Atomic Energy Agency (IAEA) issued its report, concluding that coalition bombing raids had destroyed Iraq's uranium enrichment facilities before they produced any weapons-grade uranium.

### Get ready for war

Immediately following Bush's warning that he was deadly serious, propagandistic and diplomatic preparations for a war option rapidly accelerated.

On July 11, Bush, British Prime Minister John Major,

and French President François Mitterrand held widely publicized telephone discussions on ending the supposed Iraqi nuclear threat. According to British press accounts on the Bush-Major talks, both leaders pledged themselves to take "whatever means necessary" against Iraq. The *Guardian* reported the next day that the U.S. had plans "to carry out air strikes against up to 100 nuclear related targets" using Stealth bombers and air carrier groups still stationed in the area.

On July 12, the five permanent members of the U.N. Security Council—the U.S., Britain, France, Russia, and China—warned Iraq's ambassador to the U.N. that there would be "dire consequences" if Baghdad did not make complete disclosures on its nuclear activities by July 25. The date of July 25, it seems, is playing a similar role to that earlier played by Jan. 15 as a deadline for war. Following the delivery of the threat, Britain's Ambassador to the U.N. Sir David Hanney told the press that "the bottom line is that we are going to get rid of that nuclear program one way or another."

On July 13, France publicly joined with the Anglo-Americans in the new call for military action, two days after the Bush-Mitterrand phone discussions. Appearing on national TV that day, French President Mitterrand said that "if it's a question of protecting people who are martyred, persecuted or massacred by the government of Saddam Hussein, if it's a question of seeing that country, Iraq, arming itself with nuclear weapons, then military action will be just."

The annual meeting of the Group of Seven biggest industrial powers in London on July 16 allowed for further preparations for the possible assault. The Group of Seven nations—the U.S, Britain and its former colony Canada, France, Germany, Italy and Japan—all played key military, logistical, or financial roles in the last war, reluctantly or otherwise.

Although preparing for a new strike was not a public part of the agenda, U.S. Secretary of State James Baker told the

London *Times* on July 17 that a G-7 agreement on Iraq did occur, following “discussions on the fringes” among the leaders of the seven nations. “We think we have strong support for taking the steps required in order to see compliance with United Nations resolutions,” Baker told the paper. The paper also reported that Bush “won the unanimous support of his G-7 colleagues for the renewed use of military force if President Saddam Hussein continues to defy the cease-fire agreement and the resolutions demanding the destruction of all Iraqi nuclear weapons.”

### **Murderous sanctions continue**

Whether or not the Anglo-Americans ultimately go to war, such war-talk also serves other ends. “It required something as controversial and sensational as the nuclear question,” Royal Institute of International Affairs Mideast expert J. Philip Robins bluntly told the *Washington Times* on July 1, to “to give the Americans and the British the ammunition to persuade others” not to relax the U.N. sanctions against Iraq.

Over June and July, several international fact-finding teams have called for lifting or relaxing the sanctions. On July 12, Prince Sadruddin Aga Khan, the U.N. commissioner on humanitarian assistance to Iraq and Kuwait, reported on a fact-finding mission he had just completed in Iraq. Iraq, he said, faces a “major catastrophe” as a result of the continuing sanctions, which must be made known.

One month earlier, a Harvard medical team which had traveled to Iraq projected that at least 170,000 Iraqi children under five will die as a result of the war and continuing sanctions. The team, which conducted the most systematic investigation of Iraq since the war, also reported that cholera and typhoid fever had begun to reach epidemic proportions, and that famine is threatened. Many of these deaths, they concluded, could be avoided through massive deliveries of food and medicine, and especially the lifting of sanctions to allow for the shipment of spare parts to rebuild Iraq’s shattered infrastructure.

Sweeping aside such concerns, the Group of Seven demanded the continuation of sanctions, in effect, indefinitely, in its final communiqué released July 16. It reads, “We intend to maintain sanctions against Iraq until all the relevant resolutions of the Security Council have been implemented in full and the people of Iraq, as well as their neighbors, can live without fear of intimidation, repression, or attack. As for the Iraqi people, they deserve the opportunity to choose their leadership openly and democratically.”

The Security Council resolutions on Iraq are so elaborate and complex, vague and ambiguous, or impossible to meet, that the demand that they be fully complied with prior to the lifting of sanctions means that the sanctions may never be ended. The allusion to overthrowing Saddam Hussein as a precondition for ending the sanctions, as contained in the second part of the statement, sets a new condition not pre-

viously made by the various U.N. resolutions on Iraq. On July 14, Bush told the French press that “the United States will not lift sanctions as long as Saddam Hussein remains in power.”

That the sanctions are intended to hurt the people of Iraq, and foster the conditions for the destruction of the Iraqi state, was explicitly stated by former British ambassador to the U.N., Sir Anthony Parsons, on July 13, in an interview with BBC. Parsons said of the sanctions, “they are becoming increasingly effective. The fact is they are hurting the ordinary people, the 75% of Iraqis who are against Saddam Hussein. We are punishing the people, not the leadership. But we must do it. Iraq must not be allowed to become prosperous again, as long as its government is repressing its populations, as long as its government is cheating and not complying with United Nations resolutions.”

### **NATO into the Mideast**

Simultaneous with the war-talk that accelerated in early July, the Anglo-Americans began quietly implementing longstanding plans to extend NATO (which now de facto includes France) into the Middle East. One purpose of the propaganda, it would appear, is to prepare the climate for this plan.

On July 11, the Bush administration announced that it would go ahead with a plan to deploy a joint 5,000-man Anglo-American/French infantry force in Silopi, Turkey, on the border with Iraq, supposedly to protect the Iraqi Kurds. Although Turkey is a NATO member, it had previously restricted foreign military presence to merely air facilities, and these air facilities had the sole mission of use in war with the Soviet Union and its Warsaw Pact allies. The new base, which officially targets Iraq, but also could be used against newly defined enemies through the region, is designed to project NATO’s land presence directly south into the Middle East.

Meanwhile, U.S. Ambassador to Italy Peter Secchia told the nationally circulated daily *Corriere della Sera* on July 14 “that the center of gravity of NATO” has moved from “Berlin to Italy” (article, page 59). The reason offered by Secchia in explaining this purported shift is that “the Arab world begins on the other side of Sicily.” The Arabs and Africans, it seems, have replaced Russia as the ultimate enemy.

One week earlier, Italy invited Israel to join the European Community—an invitation never even extended to the European nation of Turkey. The integration of Israel into the EC has military implications. The previous month, U.S. Defense Secretary Richard Cheney announced that the U.S. would pre-position unspecified weapons in Israel, supposedly under U.S. control and possibly including nuclear weapons. The decision effectively makes Israel—which continues to defy U.N. resolutions as solemnly adopted as those over which the allies went to war with Iraq, but never enforced—into an extension of NATO.

# Relief mission arrives in Baghdad

by Michael Weissbach

Amidst all the propaganda in preparation for new bombing attacks on Iraq, a quiet but effective and historic mission took off from Frankfurt Airport on July 7. An Ilyushin-76-TD cargo plane loaded with 20 tons of medicine, powdered milk, bandages, equipment for hospital laboratories, and baby food flew to Habbaniya Airport just outside Baghdad.

The U.N.-chartered plane was the first such flight to fly into Baghdad directly since the end of the coalition bombardments and the beginning of the economic sanctions. On board the plane was a four-person delegation of the Committee to Save the Children in Iraq, led by Dr. Fakhoury and Muriel Mirak-Weissbach. The trip meant the end of a weeks-long bureaucratic battle between the committee and many government agencies of various countries which, under clear pressure from the war parties of the "coalition," tried every trick in the book to make this shipment of relief aid impossible.

The delegation's aim was to distribute the relief materials directly to hospitals in Baghdad and also to two cities in the south, Kerbala and Najef. In this undertaking, it received the support of the Health Ministry in Baghdad and of the Chaldean Church of Babylon, whose head, Patriarch Raphael I. Bidawid, was a founding member of the committee two months ago.

In a meeting with the First State Secretary of the Health Ministry on the first day after arrival, the delegation was greeted warmly with the message: We are grateful to you that you are here and for the concrete help you bring us. But the most important thing for you to do is to raise your voices about what you will see in this country and in the hospitals you will visit. All the hospitals are open to you. Take the opportunity to talk to the doctors and the directors of the clinics. You will see what a high standard of health we had, and what not so much the war, but the embargo, is doing to our ability to serve the population. The main targets of this embargo are the 4.5 million Iraqi children under the age of five.

## Baghdad's hospitals

During the next two days, the delegation indeed got a very good look at the hospitals in Baghdad. The medicine and powdered milk and equipment were delivered to five hospitals in Baghdad, two of which were situated in the

poorer quarters of Saddam City, a newly built suburb of 400,000, and Sheikh Omar near the city center.

The main hospital and the 14 associated medical centers in Saddam City serve 5,000 patients per day, 80% of whom are women and children. While before the war, it was a matter of course that every newborn child could get the normal vaccinations against children's diseases, this cannot be maintained under the embargo. The hospital used to be supplied with electric power by three generators, but after 11 months of sanctions, two generators are out of commission, due to lack of spare parts. The air conditioning in the wards is gone, and patients suffer from room temperatures of 30-40° C. Compared with mid-1990, when Saddam City had zero cases of cholera and only a small number of cases of diarrhea or typhus, now the hospital receives three to five cases of cholera per week, and the number of cases of typhus and diarrheal diseases has quadrupled. One thousand cases of Hepatitis A have been reported in the recent period. These are all results of the breakdown of the sewage system and the water supply system.

The director of the hospital, Dr. Qasim Ismail, reported that they are in need of all basic medicines. There is very little vaccine left, no insulin for diabetes, no medicine for typhus or high blood pressure or thyroid disease. Laboratory testing has come to a halt, and even tubing, syringes, and fluids for infusions are no longer available. "Without the supply of these basic medical substances, many people just die before our eyes, as we are made incapable of helping them. . . . Only the lifting of the embargo will eventually change this situation," he said.

Many of the doctors met by the delegation had studied in Europe or the United States. Everyone expressed pride in the standard Iraq's health system had achieved up to the war. International public health experts had judged that Iraqi health standards had reached and even overtaken the level of some of the European countries.

## Bombed-out areas

The delegation also went to the main hospital of Kerbala, where the Iranian-instigated rebellion of Shiite groups had devastated large parts of the city of 500,000, and had also destroyed the two upper stories of the hospital. "The civil war has created total chaos for us. We can only use the first floor for emergency operations," reported a doctor who had worked in Germany up until a few years before. A truckload of medicine, milk powder, and 200 beds from Sweden was gratefully received.

The 11 months of embargo and 45 days of heavy bombardment did not break the morale of the Iraqi population. The will to resist and survive this hideous onslaught of the Western allies against a Third World country is still strong. To save the children of Iraq through lifting the embargo and restoring the necessary infrastructure must be the aim of all people of good will.

# 'We will not change the government under threat of killing our children'

*Dr. R.A. Tikriti, the chairman of the Iraqi medical association, and his colleague, Dr. M.A. Fala Al-Ravi, led a delegation of Iraqi physicians to the tenth anniversary conference of the International Physicians for the Prevention of Nuclear War (IPPNW), held in Stockholm at the end of June. The interview was conducted by EIR correspondent Ulf Sandmark on June 29.*

**EIR:** What would you like to tell us about the situation in Iraq?

**Al-Ravi:** I must say, as a doctor, that the situation in Iraq is really difficult. I must say that politicians could not appreciate the consequences of war, but we as doctors do. Nobody will win from the war, except the war itself. This war—which has ended as a military conflict, but still is present as a psychological, economic, and health war that began on Aug. 2, 1990—leads to many problems. All these problems lead to one target, and that is the Iraqi people, mainly the children and the elderly.

The problem now is electricity; in Iraq we now use candles. We have no water purification stations and have to supply water to the people. We have a very damaged electric power grid. We have difficulties with the sewage system. More important is the low amount of food and drugs. We think that deaths from diseases like cholera, typhoid fever, jaundice, etc., are probably much more numerous than the number of deaths from the military conflict.

Help from many organizations can do something to fulfill urgent needs, to keep this 18 million population alive at a minimal level of human requirements for food and medicine. I think the only answer is to lift the embargo, the sanctions, on this population.

**EIR:** Can you make any historical comparison to this kind of war, where the civilian catastrophe comes afterwards?

**Al-Ravi:** That is very difficult for me. I haven't seen many countries, but I have heard and read about this. In wartime Germany, the military conflict destroyed many buildings, destroyed the electricity system, the water supply, but the sanctions being applied now against Iraq are the main prob-

lem. They are now punishing an 18-million-member society. There is nothing in history, as far as I know, comparable to what is happening to Iraq at the moment.

**EIR:** The U.N. Undersecretary's representative was in Iraq, Martii Ahtisaari, and he said in his report back to the U.N. that there was an "apocalyptic" situation there. Would you also characterize the situation as apocalyptic?

**Al-Ravi:** I think he is right to describe the situation as a massive catastrophe.

**EIR:** You made an appeal for aid in your speech here in Stockholm. Have you gotten any response?

**Al-Ravi:** Yes. But I still think that the only answer is to end the sanctions or the embargo of Iraq. As I said in my speech this morning, all the help amounts to 10% or less of the requirements of 18 million. We expect all sorts of diseases due to malnutrition, as a future for the Iraqi people. Dr. Takriti met the Japanese team. They offered help and apparently they tried to do many things and to help our society. Many American organizations ask if they can offer medical help, food, drugs, and they even say they can run a hospital. One of the organizations, a student organization from America, asked if they can help us by sending journals, because no doctor in the world believed that the Iraqi doctors and medical students haven't received any journals. Which journals? The *American Journal of Medicine*, *Lancet*, etc., because this cut-off of subscriptions is part of the sanctions, unfortunately.

**EIR:** So you have found some response here?

**Al-Ravi:** Yes, definitely.

**EIR:** Do you think there will also be a resolution? Will you be satisfied with the work on the resolution?

**Al-Ravi:** Yes. The American PSR [Physicians for Social Responsibility] has proposed this resolution and we agreed. The IPPNW studied the war and the effect of the sanctions on Iraq and how this led to many medical and health problems, and they asked to end the sanctions on this country.

This resolution will supposedly be passed tomorrow to ask WHO [World Health Organization] and the other humanitarian organizations for real practical steps to end the sanctions. [The resolution was passed—ed.]

**EIR:** So the embargo is the main issue?

**Al-Ravi:** I think so. Yes, at the moment.

**EIR:** Could you say something about the internal political effect of the sanctions? What is the aim of the sanctions?

**Al-Ravi:** I don't know. I'm not a politician. But I think it is very wrong to stop food, to stop medicine, to stop spare parts for 18 million people in order to change this system or this man. The system and the President, for example, in any country, should be changed by its own people. We don't think that America, for example, or the U.S.S.R., or any other force from outside the country, should press all the people in order to change the President. I think this is wrong.

**EIR:** Have you an opinion about the new world order that is being imposed now by Mr. Bush?

**Al-Ravi:** I don't know. But I would like to ask if this is a new democracy or not. It is not. I feel that it is a new dictatorship of the world, which is not good.

Bush is—I should talk as a doctor—he was very nervous when he talked about Iraq, and then after the war, his doctor discovered that he is thyroid-toxic, that he has thyroid disease. A patient with thyroid disease is probably very nervous, especially about making decisions. Thyroid conditions affect the decisions of some politicians.

**EIR:** Is there anything else you would like to say to the American audience, the international audience, about the situation now?

**Tikriti:** We doctors know the result of war; the politicians know they can sign a document, but they don't know what the result is after their signature: demolition, destruction, death, killing, suffering, starvation, and all these things.

I would like to add something about the embargo against Iraq, and the sanctions against Iraq. The main purpose of those sanctions and embargo is said to be to weaken the country, but not to kill that country, not to kill the children of that country, because that is inhuman. But when President Bush took his decision about sanctions or embargoes against Iraq, and then the Security Council agreed, they knew the criminal result of their position.

This is a crime, and not just their throwing more than 100,000 tons of bombs all over Iraq. It makes no difference that they say this was a "clean war"; it is the reverse, because many children were bombed. More than 25 hospitals were demolished. Many drug stores were bombed and burned.

When you deny food, when you deny drugs, you are increasing the death of old people and spreading disease. This is the direct result after the end of the war, apart from

the more than tens of thousands that were killed in the field—more than 30-40 thousand civilians were killed in their homes and hospitals! Believe me, I am president of the Iraqi medical doctors [association]. Many doctors were killed in the hospitals by bombing. So this is inhuman.

Why is Bush continuing these total sanctions, because the official U.N. 666 decision says there should be an exception for medicines, for drugs, for food, milk, all these things? Why do they need an embargo against everything? Everything is forbidden to go to Iraq.

Iraq is a small country. Iraq depends on importing about 70% of its needs, especially drugs. We have only one pharmaceutical factory, and produce not more than 10-15% of our requirements. And even here, we depend on the raw materials from other countries for production. Even this 10-15% is jeopardized, because the raw materials are stopped.

Much of our electricity, water supply, and telecommunications facilities were destroyed. Our sewer system depended upon electrical power. When they demolished the power plants, the sewer system stopped. In Baghdad and many cities, the sewer system disappeared. For that reason, many of the diseases which were eradicated in Iraq have now started to reappear, like typhoid, cholera, viral hepatitis, many diseases apart from enteritis, especially gastroenteritis, especially in children. Many of them are dying from dehydration, lack of fluids, lack of medicine, of antibiotics. Is this the goal of the Security Council, the U.N., or is it the will of Mr. Bush?

And as my colleague mentioned, such actions are not changing the government of Saddam Hussein. If we understand democracy, real democracy, if we want change, we are the ones that will make the change, but not by threatening us, killing our children, and killing our patients under the threat: Either change your government or we are going to starve you till you are dead.

**EIR:** Your friend in his speech considered this war as the dirtiest war. Do you agree with Dr. Al-Ravi?

**Tikriti:** It is a fact recognized by all nations, by all peace movements all over the world, that it was the dirtiest war. What do you think, when 30 countries sharing all the up-to-date weapons fight against a small country, with 18 million? And believe me, many countries didn't expect the bombings. Even I myself. Then they started at the critical timing at half past two, after midnight, when all the people were sleeping, 1,500 airplanes throwing tons of fire and bombs all over the big cities in Iraq. What do you expect? How many are buried under the ruin of this destruction? How many dying? And many of them dying because they have heart trouble, hypertension, diabetes?

When they bombed, many patients left their beds, took off their oxygen, their monitors, and then died on the street. What do you call this? Is this a clean war? Definitely it is a dirty war.

# Human toll mounts in Yugoslav war

by Konstantin George

By mid-July, the dynamics of the three-week-old civil war in Yugoslavia had ensured the partition of its territory. A redrawn internal map will contain an independent Slovenia, an independent Croatia in borders different from its present ones, and a much-expanded Serbia.

The human toll in this tragedy is mounting. According to statistics released July 17 by Belgrade TV, 315 had perished in clashes between Serbian and Croatian militias, and 65 were killed in fighting between the Army and Slovenian Territorial Forces. Tens of thousands of innocent civilians, Croat and Serb victims of the Serbian drive to create a "Greater Serbia," have lost their homes and livelihoods, forced to become refugees.

Yugoslavia provides a case study of the consequences of placing a country, in this case a multi-ethnic one, under austerity dictated by the International Monetary Fund. The IMF regimen triggered a vicious circle of hostility among the republics. As the economy contracted, Serbia, the largest of the poor republics, moved to avert a total collapse by increasing the revenues to the federal budget supplied by more prosperous Slovenia and Croatia. For Slovenia and Croatia, this policy ended any basis for remaining in a centralized Yugoslav Federation.

The week of fighting in Slovenia between the Serbian-commanded Yugoslav Army and Slovenian Territorial Forces ended in a debacle for the Army. Even the most fanatical Greater Serbian stalwarts in the Army Command have learned that "Greater Serbia" cannot be extended to embrace Slovenia or the majority of Croatia, where Croats predominate.

The Army's strategy is twofold: 1) not to occupy, but to weaken, physically isolate from outside economic links, and otherwise "punish" Slovenia and Croatia as much as possible, and 2) to forge "Greater Serbia" by occupying and annexing Serb-inhabited regions of Croatia (Krajina in southern Croatia and parts of Slavonia in northern Croatia), and the Serb-inhabited regions of Bosnia. These regions have been seized by Army units consisting of reliable Serbian reservists called up since June 25. Combined with intimidation and blackmail against Croatia is the standing "offer" to "compensate" Croatia for its losses with a much larger territory formed by the one third of Bosnia inhabited by Bosnia's Croatian minority.

## The Lausanne Treaty 'model'

The republic facing the most acute threat to its existence is Bosnia, sandwiched between Serbia and Croatia. Talk of a deal to partition Bosnia has been rampant in the Yugoslav media since May. Schemes to this end were at the heart of a series of meetings, whose contents have never been officially disclosed, from late May into June, among the Presidents of Serbia, Croatia, and Bosnia. On July 14, Croatian President Franjo Tudjman said that the "best solution" would be a partition of Bosnia between Croatia and Serbia. Although Croatia does not prefer such a ruthless act, Tudjman had been backed into a corner by 1) the de facto loss of Krajina and parts of Slavonia to Serbian units of the Yugoslav Army, and 2) the simultaneous delivery by France and Moscow, on the eve of the Group of Seven summit, of crude *démarche* notes to the Austrian government, warning Austria not to support Slovenia or Croatia.

Tudjman, who had just been in London, cited the 1923 British-sponsored Lausanne Treaty between Greece and Turkey, which ended the 1920-22 Greco-Turkish War, as the model for making each post-partition entity ethnically homogeneous through exchanges of population and territory. Under the Lausanne Treaty, 1,500,000 Greeks were expelled from Asia Minor and Constantinople, and 600,000 Turks were forced to leave Greek territory.

Forced population exchanges have already begun for tens of thousands of Croats and Serbs. Thousands of Croats have fled the Serb-dominated Krajina region of Croatia for the safety of the Croatian-inhabited Adriatic littoral. Croats from a 10-kilometer mixed-population zone in the northern Croatian region of Slavonia, along the entire Croatian-Serbian border, have fled, as this zone is under Yugoslav Army occupation. Thousands of Serbs have arrived in Krajina from the interior of Croatia. According to official Yugoslav statistics, as of July 15, more than 12,000 Serbian refugees from within Croatia had been resettled in the Serbian-ruled region of Vojvodina. Serbia has already drafted plans to resettle arriving Serbs in Kosovo. The Serbian parliament, July 17, passed a law granting any Serb who settles in Kosovo free land, and very long-term, low-interest (5%) home building loans.

The response from Bosnia's leadership was sharp and prompt. The Bosnian Presidium issued a call to the Yugoslav Army to secure "the integrity of the republic and the peaceful life of its citizens" or else "within one week," Bosnia will have to shift to "self-defense." The statement condemned Tudjman by name, saying that a partition of Bosnia would "lead directly to civil war."

Tensions escalated. The Serbian bloc in the Yugoslav State Presidency, a body made up of the presidents of all six republics and the two autonomous zones, boycotted a scheduled meeting on the Croatian island of Brioni. The Army command moved three Army Corps of Serbian reservists up to Croatia's borders with Bosnia and Serbia. The

Croatian defense minister announced early July 17 that a Serbian "invasion" was imminent, with "the next four days" being "most critical." Meanwhile, with the pretext that a SAM missile was fired by Croatian forces at a Yugoslav Air Force plane, the Army command declared it would close off Croatian air space.

Yugoslav Defense Minister Veljko Kadijevic flew to the military airfield at Zadar on Croatia's Adriatic Coast for a secretive meeting with Croatian President Tudjman. Afterward, Kadijevic publicly denied the invasion threat. An agreement was reached to hold in Belgrade, the next day, the long-delayed meeting of the entire State Presidency. The Army's next target, in its goal of seizing all the regions designed to be incorporated into "Greater Serbia," is likely to be the northern Croatian region of Slavonia.

### International spillover

The danger of international conflicts arising from the partition of Yugoslavia has emerged on two fronts. On July 14 Hungarian Prime Minister Jozsef Antall reminded Serbia that after World War I, Hungary had ceded Vojvodina to Yugoslavia, not to Serbia. This elicited a fiery response from Serbia. An editorial in the Serbian-run Yugoslav "Socialist" Party daily, *Borba*, accused Hungary of "crude interference" in Yugoslavia's "internal affairs," and "unabashed revanchism." Vojvodina, with a mixed population of Serbs and Hungarians, roughly 55:45 in Serbia's favor, is in theory an "autonomous" region of Serbia, though, as with Kosovo, in reality under central Serbian rule.

Fortunately, no real war danger exists from Hungary. This may not be the case for another neighbor of Yugoslavia. Smelling a coming ethnically based partition of Yugoslavia, Albania is staking out its claims. The storm broke on July 15, when Albania's Communist President Ramiz Alia issued a strong statement reaffirming Albania's resolve to act "for the protection of and the rights of the Albanians in Kosovo," quickly adding: "Civil war also threatens in southern Yugoslavia," a reference embracing both Kosovo and the southernmost republic, Macedonia, which is opposed to Serbia, but hopelessly cut off from support by Croatia and Slovenia. The statement was made as Alia met in Tirana with Ibrahim Rugova, the chairman of the Democratic League of Kosovo—the first such meeting since the Kosovo disorders began in 1981.

The civil war has also put the final nails in the coffin of Yugoslavia's economy. Foreign trade has plunged to near zero. The federal and republic treasuries are empty. Yugoslavia's landlocked neighbors to the north, Hungary and the C.S.F.R., will be hurt, if the civil war closes the oil pipeline from the Adriatic—the only such pipeline to these countries not coming from the U.S.S.R. The pipeline runs through the Slavonian region of Croatia into Hungary—the very region of mixed Croat-Serb population which will become, barring a miracle, the focal point of fighting in the next round.

## Croatian democrat appeals to CSCE

*Below is the text of "An appeal to the Presidents of member-countries of the Conference on Security and Cooperation in Europe and to the world public, on the occasion of a Chetnik, Bolshevik, and Serbian-hegemonist aggression against the Croats and the Republic of Croatia," released in Zagreb on July 12. It is signed "In the great hope that you will listen to your conscience and do everything to stop this war," by the president of the Croatian Democratic Party, Marko Veselica.*

*The author was born on Jan. 9, 1936 in the village of Glavice, in Croatia. He obtained M.A. and Ph.D. degrees in economic science at the University of Zagreb, where he worked as an assistant professor of economic theory.*

*Dr. Veselica gradually assumed a leadership role in Croatian political, intellectual, and cultural life. He was a member of the Federal Parliament in Belgrade, an official of the leadership of the Trade Union of Croatia, and a member of the executive board of Matiza Hrvastika. His constant and resolute activity in several spheres of public life aimed at bringing about Croatia's sovereignty and freedom, brought him into numerous conflicts with the leading groups in Yugoslavia.*

*With the downfall of the 1971 "Croatian Spring," Veselica, a leading figure in the movement, was tried on charges of having conspired against "state and people" and sentenced to seven years of harsh imprisonment and four years of not appearing in public. While serving his sentence he was proclaimed "prisoner of conscience" by Amnesty International. In 1981, in a neo-Stalinist show trial, Dr. Veselica was again accused of having "falsely presented the political situation in Yugoslavia" on the basis of his opinions expressed in an interview to Der Spiegel. He was sentenced to 11 years in prison and four years of not appearing in public. Following an international outcry, he was released earlier.*

*Dr. Veselica is president of the Croatian Democratic Party, vice president of the Croatian Association of Political Prisoners, and president of the Democratic Club for Eastern Europe.*

The Yugoslav state, created on Dec. 1, 1918, is an artificial and forced formation which has not grown into a productive cultural, economic, ethical, and state framework for the development of each nation in this part of Europe. Croats,



who are an ancient and autonomous nation, came to their homeland in the seventh century and have invested a lot of energy to preserve their unique character, to develop their genius, and to become an autonomous actor on the European and world scene. The Serbian hegemonist policy has tried—relying on all means of violence, corruption, and fabrication—to transform the Croats into another nation and to use their homeland and ethnic masses as material for the creation of Great Serbia.

The Bolshevik-Communist revolution which lasted from 1941 to 1945 relied on the methods of crime and deception to come to power and to create a Titoist, communist, and centralist Yugoslavia which only increased the conflict among Yugoslav nations and destroyed all the creative and national forces who could have developed the economy and a full social and national life. Yugoslavia was an illusion, not only for the nations that created it, but also for the Western factors that contributed to its creation and artificially maintain it. It was the greatest mistake of Western politics in Europe, because it transformed this part of Europe into a zone of hatred, underdevelopment, and the use of the dirtiest, most barbarian means of violence, applied in order to maintain this artificial community.

The process of dissolution of the bolshevik empire, the U.S.S.R., has brought about the global conditions for fundamental change in the East of Europe which cannot be stopped, since bolshevism and Russian imperialism have manifested an incapacity for cultural progress and for the realization of the rights of each nation that has made up the Soviet Empire.

In the context of such fundamental changes in the Soviet Union and the geopolitical structure of Europe, the process of dissolution of Yugoslavia has begun. In this framework the first free postwar elections took place in Croatia and Slovenia in 1990, and these two nations voted for independent, democratic states of Croatia and Slovenia. Serbia's bolshevik and hegemonistic policy, personified in Slobodan Milosevic, could not accept these developments, and, basing itself on the memorandum of the Serbian Academy of Science and Arts, launched its imperial program of creating Greater Serbia on Croatian soil. As soon as the Croatian democratic government was constituted on May 30, 1990, Greater Serbian policy, led by Slobodan Milosevic, sent terrorist Chetniks to Croatia. These terrorists have been killing innocent citizens of Croatia, of both Croatian and Serbian nationality, poisoning waterworks, blowing up rails and roads, and committing all sorts of crimes unimaginable for people brought up in the countries of Western democracy. The Chetnik terrorism is directly organized by Slobodan Milosevic and Serbian State Security and supported by Serbian media and cultural organizations.

The most difficult problem in the struggle against Chetnik terrorism in Croatia is the fact that it is directly supported by the so-called Yugoslav National Army, led by Gen.-Col. Blagoje Adzic and Defense Minister Veljko Kadijevic. The

Croatian police and the guard of the Republic of Croatia are prevented from establishing law and order. On June 26, 1991 Slobodan Milosevic and the Army leadership led by General Adzic, started a brutal war against Slovenia. As far as Croatia is concerned, this war started a year ago. The victims of this war are enormous. Several hundred people have already been killed and about a thousand injured. In the last few weeks, Chetnik terrorism in eastern Slavonia has been increasing.

Chetniks, cooperating with the Army, destroyed and burned down the Croatian village of Celije, and they are planning to destroy the villages of Tenja and Borovo Selo. Terrorism is considerably present in the largest Slavonian town, Osijek, and it is coming closer and closer to the Croatian capital, Zagreb. The army recently fired at unarmed and innocent citizens of Osijek, and at the same time it fired machine guns at the hospital, where children were hurt and had to be evacuated to the cellars.

The Chetniks have not only brutally, and from cowardly ambush, killed members of Croatian police forces, but they have mutilated them by cutting their eyes out, cutting off their ears, and doing other unspeakable things unknown to the history of warfare. The military leadership, together with Chetniks, is preparing a war against Croatia—a war of extermination.

It could be the beginning of a new tragedy in Europe. They plan to bomb Zagreb and other major villages in Croatia and even the nuclear plant in Krsko, which is a terrible threat to all our neighboring countries in Europe as well as for the world.

It is my opinion that European policy is not responsible enough when it comes to the acts of crime and war that are going on before our very eyes. The so-called three-month moratorium is merely being used as a pause before an even worse kind of war and even more horrible crimes to be performed against the Croatian nation, the Slovenian nation, as well as being a sin against all of mankind. It is absolutely imperative for the European countries to do all in their power in order to stop the bloodthirsty military junta, Slobodan Milosevic, and the Chetnik murderers.

The Croatian nation will not surrender. It is ready to defend its Croatian homeland, its integrity, freedom, and independence. However, we feel that this war should be stopped while there is still time, and before thousands and hundreds of thousands of people are killed. Europe must not allow a new war to break out, because it is a threat to innocent people who live here. We are all responsible not only for our countries and their interest, but also for others. "No man is an island," and therefore, when only one is in danger, we are all in danger as members of mankind and as God's children.

Dear Sirs, honorable Presidents, I beg of you to do everything in your power, in the name of the morality and justice which is what our Western civilization is all about, to stop the crimes and the war that threaten to endanger the whole of Europe.

# Stone-age Indians are used for new plot against Brazilian nation

by Silvia Palacios

On July 11, on the eve of the Group of Seven summit meeting in London, British Prime Minister John Major declared that the June 1992 U.N. Conference on Ecology and Development, recently re-baptized "Earth Summit," will be an opportunity for all the heads of government of the developed nations "to extend the dominion of law to what is common to all in the world." Since the U.N. ecology conference will be held in Brazil, and there has been a rising drumbeat of rhetoric in Anglo-American circles about how the forest reserves of the Amazon tropics are being squandered by the Brazilian government, there can be doubt that Major's statement is a new escalation in the campaign to create the pretext for an assault on Brazilian sovereignty.

## Bush dictates the conditions

When President Ferdinand Collor de Mello visited the United States in mid-June, President George Bush gave the green light to an escalation of foreign pressures against the Brazilian nation, centered on two points: one, forcing the country to accept swaps of foreign debt for environmental preservation projects, which until now have been rejected as a threat to national sovereignty; and two, making the question of the stone-age Yanomami Indians a new focus of international attention.

Upon his return to Brazil, Collor wasted no time in meeting Washington's demands. First, on June 27, Economics Minister Marcilio Marques Moreira announced that the country would agree to annually convert \$100 million worth of foreign debt into environmental projects. This decision garnered a *New York Times* editorial entitled "Bravo Brazil." Such approval was a prerequisite for the Group of Seven to deign to consider Brazil's broader environmental preservation project, which proposes a debt-swap conversion of \$1.5 billion worth of Brazilian foreign debt over five years.

On the second point, President Bush was himself the bearer of a letter, signed by eight Democratic senators notorious for promoting ecological causes. The eight—Albert Gore, Timothy Wirth, Alan Cranston, Paul Wellstone, Dennis DeConcini, Daniel Patrick Moynihan, Tom Harkin, and Ted Kennedy—demanded that the Brazilian President explain his delay in demarcating "Yanomami land." The letter helped fan the growing international campaign for creating Indian enclaves within sovereign nation-states.

Quick to obey, one of President Collor's first actions upon returning to Brazil was the abrupt firing of the president of Brazil's National Indian Foundation (Funai), responsible for Indian affairs. The new Funai director is one Sidney Possuelo, an individual plucked from the circles of Environment Minister Jose Lutzemberger and Science and Technology Minister Jose Goldemberg, and acceptable to the one-worldist oligarchy. Within days of his appointment, Possuelo attempted to justify the legitimate existence of "Indian nations," by taking a tendentious line against the Iberian Catholic evangelization of America, as the fifth centenary of Columbus's voyage approaches in 1992:

In a July 14 interview with *Jornal do Brasil*, Possuelo made the demented allegation that "Western Christian civilization has nothing to be proud of, because ever since the discovery of America, all that can be seen is a history of irreverent and tragic domination of the Indian peoples." Thus, he pledged that from his post he would carry out the demarcation of Indian lands "to prevent great civilizations from disappearing, as they did during the history of the conquest of America."

## A Yanomami enclave?

The area chosen by the international eco-fascist lobby for imposing an Indian enclave in Brazil is located in the state of Roraima, in a mineral-rich zone bordering Venezuela. Given that the Yanomami tribe exists on the Venezuelan side of the border as well, what is first being sought is the definition of bi-national Yanomami parks, to be followed by the demarcation of an autonomous transnational area. In 1984, the Venezuelan government denounced an international conspiracy to create "Indian nations" in that zone. But current President Carlos Andrés Pérez—Bush's new world order proconsul in Ibero-America—is already taking steps to demarcate the Yanomami preserve on the Venezuelan side.

Viewed objectively, all the arguments wielded by the "Indian lobby" are patently absurd. In all of vast Brazil there are only 230,000 individuals grouped in various Indian tribes, suffering the same or worse material deprivation as the rest of their countrymen. Of these, a mere 9,000 are Yanomami Indians. In fact, there are more anthropologists and environmentalists swarming over Brazil than there are Yanomami.

According to the Brazilian Constitution, the enormous portion of national territory considered Indian land must be demarcated by 1993. It just so happens that 60% of the total Indian population inhabit the state of Amazonas, an area considered from the viewpoint of geography, natural resources, and so forth, of vital strategic and national security interest.

The ecological offensive against Brazil has been accompanied by aggressive acts of psychological warfare, professionally designed by foreign intelligence to demoralize and divide the Brazilian population in the face of an “all-powerful” and “unbeatable” enemy.

For example, a nasty little piece of so-called science fiction has been circulating extensively in Brazil for a while, which mocks the nationalism of the Brazilian Armed Forces. The action takes place in the year 2009, when 150,000 troops of the U.S. Army “Pax” deploy to Brazil to “guard the tropical Amazon jungle.” Despite “repeated military attacks from Brazilian nationalists,” the authorities of the “Agency for Environmental Protection” begin the process of reforestation, the story happily ends. The story is a creation of well-known comic book authors Frank Miller and Dave Gibbons, and was published by the *O Globo* editorial house, owned by magnate Roberto Marinho, a partner in various businesses with the Anglo-American oligarchy.

### Smithsonian Institution treachery

Nearly one century ago, the world heard similar rhetoric to John Major and George Bush’s pronouncements on their “universal global causes” which justify overriding national sovereignty. It came from the mouth of the U.S. President Teddy Roosevelt—Bush’s admitted idol—in announcing his “big stick” corollary to the Monroe Doctrine, which proposed punishing all states which don’t behave according to Anglo-American rules in the Western Hemisphere. The Roosevelt-Bush tradition extends from the 1840s period of President James Polk, who employed the anti-republican ideas of the “Young America” movement which argued for “extending the area of freedom” to justify annexing half of Mexico’s territory. It was in that same period that the U.S. federal government’s Smithsonian Institution came into being.

The Smithsonian plays a central role in promoting the goals of the Anglo-American oligarchy, in open treason against the American System of political-economy. Ironically, the founding of the institution stemmed from former President John Quincy Adams’s fight to persuade the U.S. Congress, at the end of the 1820s, to accept the bequest of the British engineer Smithson to found a scientific institute for the American republic. Adams was, of course, the author of the Monroe Doctrine, designed to defend the republics of the Western Hemisphere against European oligarchist intervention; the subversion of the Smithsonian has paralleled Teddy Roosevelt’s warping of the Monroe Doctrine against its original intent.

Last April, during a meeting in Washington of the Latin American Studies Association, Smithsonian representative Katy Moran addressed a panel entitled “Environment and Development Policy: International Cooperation Among NGOs in Brazil.” Moran called George Bush’s incorporation of debt-for-nature swaps as a central policy in his Enterprise for the Americas Initiative a victory for the ecology movement, and said that this had paved the way for joining together as a single fist the ecological, indigenist, and human rights groups around, especially, the issue of “preservation of the Indians.”

Other major bodies which coordinate their aggressive campaigns to limit Brazilian sovereignty in this region are Brazil Network, Survival International, and Amnesty International. The coordinator of Amnesty’s Brazilian desk, Linda Rabben, was responsible for a report recently brought to the attention of the European Commission which condemned Brazil for human rights violations. Rabben also directs the U.S. arm of Brazil Network, an organization with offices in London and Washington, which coordinates such non-governmental organizations (NGOs) of the United Nations as Survival International, Friends of the Earth, and Greenpeace.

### Could be *casus belli*

These interventionist designs were denounced by Roraima governor Ottomar Pinto, whose statements were published June 27 in *Folha de São Paulo*. In noting the problems that would exist in attempting to delimit Indian lands, the governor insisted that “to create a continuous area represents a future threat, above all when they begin to talk about limited sovereignty, since the Yanomami also exist on the Venezuelan side. That is how the structure of a nation is formed. The Yanomami nation. Later, one hears talk of the Kurdish question in Iraq.”

On July 14, the influential daily *Correio Brasiliense* published the unanimous evaluation held by the Brazilian Armed Forces on the Yanomami question. The military, wrote *Correio*, “does not accept under any circumstances the formation of an independent Yanomami territory between Brazil and Venezuela.”

Further, the article continues, the Brazilian military establishment is not prepared to continue the game of cutting back the armed forces while, at the same time, the superpowers have an occupation of the Amazon in mind and are committed to the thesis of limited sovereignty. No one, thus, should be surprised if a state of war to defend the Amazon is declared in the not-too-distant future.

# 'Hauptstadt' Berlin can help all nations

*Renée Sigerson reports on a recent visit to the new German capital, a scene rich with history and full of promise for the future.*

The June 20 vote by the German Bundestag (Parliament) to restore the great northern metropolis Berlin as the capital city stands out as one of the only actions recently undertaken by a leading Western government which benefits economic development and the interests of every nation on this planet. As early as 1988, American statesman Lyndon LaRouche and the Schiller Institute, the political-scientific academy founded by Helga Zepp-LaRouche, proposed that Berlin be renamed the *Hauptstadt* (capital) of a reunited Germany, as a measure pointing in the direction of reversing the world economic depression.

The importance of Berlin is both strategic and cultural. Berlin is geographically located in the center of the European continent, if one includes the Scandinavian Peninsula and landmass encompassing the Baltic Sea. For that reason, prior to World War I, Berlin was the "gateway" that linked particularly the eastern and western halves of Europe, in respect to commerce, diplomacy, and, notably, the spread of scientific knowledge.

## A needed crossroads

Today, Europe desperately needs a scientific-cultural crossroads, where world leaders can deliberate on the challenge posed by the tremendous changes under way, especially in the East. For this reason, it is hardly surprising that the most uninhibited outburst of joy shown on German television following the Bundestag vote for Berlin, came from none other than the mayor of Vienna, the neighboring capital city of Austria. During the decades that Germany and Berlin were divided between western and communist governments, it fell upon the much smaller nation of Austria to house much of the diplomatic and economic bargaining that occurred between East and West. As a result, Austria became the target of heavy-handed brow-beating from both the Anglo-American and Soviet sides, which, because of its minor economic weight, it had little means to counter.

By contrast, united Germany is a formidable economic influence, potentially on a world scale. By moving the capital from the provincial western Rhineland city of Bonn to Berlin, the German government has taken what amounts to an irreversible step towards greater responsibility for the world economy. The Schiller Institute has proposed that this commitment be "set in stone," so to speak, through the naming of "economic quarters" in the city, each devoted to a part of the

world which requires trade and economic development. For example, corporations, as well as museums, in a single district would inform the general public variously about Asia, Africa, eastern Europe, and Ibero-America—an idea that echoes the original concept of Berlin's role advanced by Germany's great 18th-century statesman Gottfried Wilhelm Leibniz.

This proposal, of course, is an elaboration of the basic Schiller Institute platform for Europe, to launch an "economic miracle" in the newly liberated East by building a super-modern rail system for the transport of industrial products in an area enclosed by Paris-Berlin-Vienna. This design for the "Productive Triangle" has been distributed to thousands of European government agencies.

## Culture and statecraft

The importance of *Hauptstadt* Berlin goes beyond its geographic location. It is no small matter that Berlin is a truly beautiful city, the impressive physical appearance of which is a lasting mirror of the work and aspirations of some of Germany's finest statesmen and scientific personalities.

For anyone who had the experience of being in Berlin when it was still a hostage enclave divided by a militarized zone, seeing the city now is inspiring. What is occurring might be compared to archeology. Buildings that were blackened during the 1940s Allied bombings, and were kept in a half-stained and ill-repaired condition in East Berlin for 45 years, are now being washed and sanded. Where in former times visitors to East Berlin barely made the effort to study these unhappy black-streaked hulks, today one joyfully loses all sense of time walking through the plazas and squares in which these buildings are being brought out of hiding. Facades of yellow stone, light-green domes, and brick-red church steeples—colors that soak up the sun and complement the eye—are modestly reappearing after decades, contrasting simply with a sky frequently graced with a completely clear blue hue.

Gone are the Soviet tanks, watchtowers armed with gunmen, barbed wire fences, and checkpoints run by foreign troops, which broke up the city into small units. One can walk unimpeded along the proud boulevard Unter den Linden, and until the late hours of the night, visitors from all over the world are now seen respectfully observing the Brandenburg Gate, the stately 18th-century entrance to Unter den Linden, the view of which was marred for 30 years by the concrete barricade of the Berlin Wall.



Dean Andromidas

*The Brandenburg Gate was built in the 18th century, according to principles adopted from classical Greece. On the left, the Gate as seen in October 1988, on the occasion of a visit by Lyndon and Helga LaRouche to Berlin. Below, the same Gate in 1990, after the Wall had been ripped down. Renovations, including cleaning, are still under way.*



René Sigmund

### **‘Athens on the Spree’**

The history of Berlin is an unusual story, in which generations of political leaders have aimed to unify statecraft and aesthetics toward a noble purpose.

Berlin developed slowly as a transit point for Europe. The oldest church in the city dates back to approximately 1300, and the first noteworthy clusters of inhabitants gathered there, along the Spree River, around the mid-1400s. Relative to many other leading European cities, Berlin was a latecomer to the system of “Carolingian urban settlements” which form a chain of Christianized civilization along Europe’s great rivers.

The northern German territory surrounding Berlin was desolate for centuries. It was not until 1650, at the conclusion of the Thirty Years’ War, that Berlin began to grow. From that point on, the growth of Berlin was influenced more by movements for ecumenicism and European-wide scientific collabora-

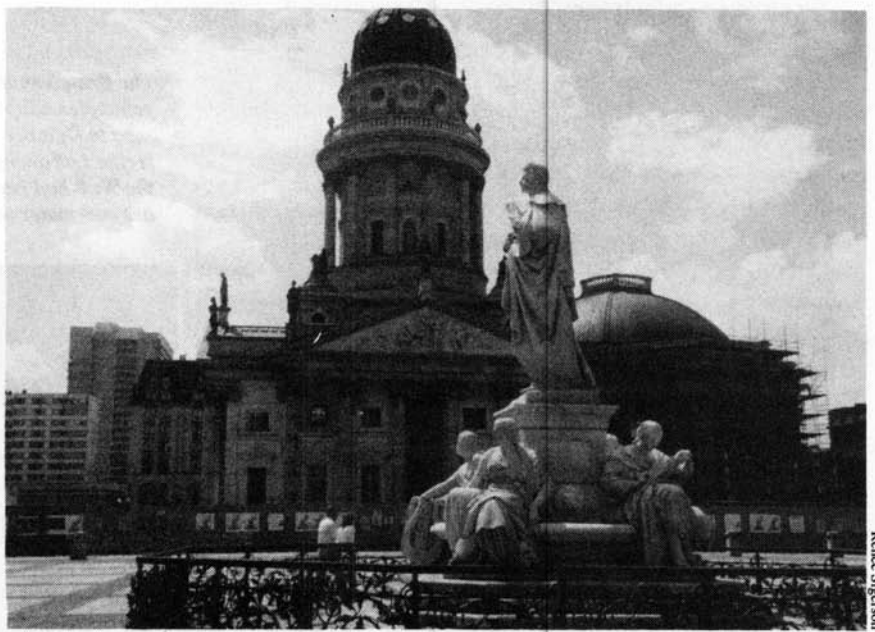
tion, than by the biases of North European Protestantism.

For example, in 1650, the Great Elector Friedrich Wilhelm, who had been raised in Holland as a Dutch Calvinist, launched the project to build up Berlin from the ravages of the Thirty Years’ War. His outlook was quite different from the Berlin Calvinists of the previous century who had burned precious Catholic art works, an act of intellectual terrorism which even the Berlin Lutherans resisted, as evidenced by pre-Reformation paintings preserved in their churches to this day.

The work of the Great Elector shows the influence of Christian ecumenicism in overcoming particularism. Beginning in 1650, Dutch and Swedish engineers in his employ were commissioned to reconstruct Berlin as a classical fortress, surrounded by urban settlements. The building projects sparked growth of the population, which rose from 6,000 to 17,500 by 1685. To encourage this population growth, laws were passed providing for religious tolerance. A 1671 edict



Dr. Frederick Guggenbuehl



Randee Sjerson

The Deutsche Kirche (German Cathedral) is one of a group of three impressive structures on a common square, all designed by the excellent 19th century architect Karl Friedrich Schinkel. The photo on the left was taken in 1963. The Communist regime had done virtually nothing to restore the building. Subsequently, restoration of the square, which also includes the famous City Theater, was undertaken, but as the 1991 photo on the right shows, that effort is only now finally being brought to completion.

invited Viennese Jewish families to seek asylum from persecution, and in 1685, privileges were offered to persecuted French Huguenots. Free wood was given to newcomers to build homes, and new residents were allowed 10 years of tax exemption. The Great Elector's wife planted the first orchard of linden trees at exactly the spot where, a century later, the world famous boulevard would be constructed between them.

The outlook of Christian ecumenicism was consciously expressed in a plan put before the Great Elector by Benedikt Skytte, his top Swedish engineer: The purpose of Berlin, he wrote, should be "to resituate the mid-point and capital of the entire European world to these Brandenburg states, as a University of All Peoples' Sciences and Arts."

The proposal that Berlin become a *scientific* capital was realized in the second phase of its development. In 1700 (by which time the population was 50,000), Gottfried Wilhelm Leibniz, Germany's leading philosopher, was invited to run the political affairs of the government. His impact upon policy was so enormous that, after four years, powerful enemies from as far away as Britain ran a massive campaign to drive him out of the city. Yet, his influence over Berlin lives on to this day.

The launching of his work, which occurred in collaboration with his student, the Electress Sophie Charlotte, was based on the founding of the Berlin Academy of Sciences. The Academy was organized with the express intent of training qualified educators to be sent to China. The Berlin Academy also maintained ties with the Czar of Russia and King of Egypt. From Berlin, Leibniz originated the idea, now adapted in the Schiller Institute proposal, that every country of

Europe adopt a "partner" nation to promote economically, on some other continent. Leibniz's influence is physically preserved in the Charlottenburger Palace, named after his student. Built in the mid-1800s, it was designed by an Italian architect to bring to northern Europe the knowledge of Italian Renaissance principles.

Also in step with the Leibnizian tradition, both Fredrick the Great and his son introduced classical Greek architecture to this colder northern city. The Brandenburg Gate was built following the first translation into German of how the Greeks built the Acropolis, based upon geometric principles borrowed from astronomical studies. Once the Gate was built, Berlin earned the nickname "Athens on the Spree." It was in this period, also, that the boulevard Unter den Linden was expanded, around the Gate.

### The Prussian reformers

Another critical phase in Berlin's development came after the French Emperor Napoleon I conquered Germany, in the early 1800s. In panic, a German nobility whose corruption had failed to stop the invasion mobilized the best minds to draw up reconstruction programs for defeating Napoleon. Wilhelm von Humboldt and the Prussian Reformers Circle around Baron vom Stein were permitted, for a few years, to define the economic and political agenda for Prussia.

In 1810, Humboldt issued a proclamation entitled "On the Internal and External Organization of the Scientific Establishments in Berlin," putting Leibniz's work at the center of the reorganization. For decades following, Berlin University, in

many fields, became the leading scientific capital of the world, particularly beginning in 1820, when persecuted scientists from France's Ecole Polytechnique took refuge there.

Architecturally, the Humboldt-Prussian reform movement was represented by Karl Friedrich Schinkel, whose numerous, classically designed buildings contrast with the earlier Baroque period, and include the beautiful plaza around the City Theater. Flanked on either side by the French and German churches, and marked by a tall statue of Germany's greatest poet, Friedrich Schiller, the City Theater is one of the cultural centers.

Throughout the 19th century, visitors to Berlin were struck by the degree to which the scientific roots of the city were mirrored in the transportation and residential facilities constructed for the benefit of the general population, including the industrial labor force.

Architectural planners repeatedly intervened on behalf of the city's residents to upgrade conditions. Peter Josef Lenne, designer of the internal transport and sewage system, insisted on building parks and walkways along the canals extended to bring traffic off the main route of the Spree. Such areas, he said, were necessary not only for the "pleasure, but also the health" of the general public. Master carpenter James Hobrecht fought with city ordinance officials to upgrade health standards in respect to the numbers of square feet required for apartment units, including window size and air circulation. An original designer of multi-dwelling, affordable working class apartment units, Hobrecht wrote: "The primary postulate is . . . that more air and more light are to be given to the buildings. Away with cellars which are good for barrels, and potatoes and vegetables, but not for human beings! Space for the courtyards! The fourfold of dimensions which the Berlin Police Orders demand, eightfold the space which remains for the Stettin Houses, is not too much . . . if we want to maintain for our backrooms sun, light, and air in sufficient quality and measure."

### **A city built for human beings**

Although deep economic depression hit Berlin more than once in the last century, constant efforts were launched by individuals such as these to bring to reality the city's tradition of recognizing the dignity of human life. The results impressed many visitors. The following description of Berlin was published in 1900 by Jules Huret, a French writer who could hardly be accused of blind Prussian pride, considering French-German competitiveness in that period:

"I wanted to get to know the entirely miserable corners of Berlin, but no one could identify any for me. Even the far outlying quarters, which sprang up recently, are far from bearing that stamp of poverty such as stand out in English or French industrialized areas. Prenzlau Alley, for example, has splendid workers' houses lining broad streets, with tall windows, flower-bedecked verandas, just like in the prosperous districts. . . . These streets of 40-50 meters breadth have



Marianna Wertz

*An East German watchtower on the wall in 1986. The guards in these towers shot hundreds of Germans, who attempted to swim or run away from the East. All of these installations have now been ripped down.*

on both sides a seven to eight meter wide causeway for pedestrians, which is enclosed with flowers, and on each side a vehicle and horse path . . . the new quarters are exceedingly pretty. For me, these houses, in which one is hardly the same as any other, are a true joy. Sometimes, a portion of the facade arches out in the manner of a jutting balcony, while the other portion has something of an Italian *loggia* (gallery) to it with golden trellis works, over which a fullness of masterful flowers is pouring. . . . From this manifoldness, out of this lack of orderliness, results an exciting, lively picture, that I, for my part, prefer to the monotoneness, stiffness of our streets and plazas. . . . And here, I claim, could our fearful, menial architects learn something about the desire to be enterprising and original."

In sum, Berlin is a kind of statement about a proper relationship between science and government. German members of the Schiller Institute noted that during the recent Bundestag debate preceding the vote for Berlin, the tradition behind the city was repeatedly referenced by both proponents and opponents of moving the capital. Perhaps most revealing, was a speech given by Social Democrat Peter Glotz from Hamburg, a member of the pro-British camp in German politics which opposes any international role for a united Germany. The choice between Bonn and Berlin, he stated, was nothing less than a choice between two pathways for all Europe: either a Europe of economic regions governed by supranational agencies, or, as Charles de Gaulle would say, a Europe of the Fatherlands. There is no question that whatever the individual motivations may have been behind the way German delegates voted, those who voted for Berlin and won, cast the right vote.

# Colombia's new Constitution eliminates rule of natural law

by Javier Almario

Colombia's new Constitution, promulgated by President César Gaviria on July 4, establishes the law of the jungle as a constitutional principle, and eliminates the concept of *natural law* contained in the previous Constitution and associated with the 19th-century Colombian statesman Rafael Nuñez. The convoking of a National Constituent Assembly, whose 70 delegates were elected by less than a third of Colombia's voting population, was the principal demand of narco-terrorist forces seeking to parlay their violent blackmail of the nation into political power. It would appear they have succeeded.

Colombia's new Magna Carta includes an enormous list of human and civil rights, making it the second longest national constitution in the world. However, this is mere window-dressing for what is, in essence, a constitutionally guaranteed dictatorship which will serve to ensure that few, if any, of those rights are ever exercised.

## Extradition barred

Article 35 of the new Constitution, one of the most controversial of its 397 articles, establishes as a constitutional norm the prohibition of "the extradition of Colombians by birth." Far from corresponding to the interests of a nation ravaged by drug criminals for over a decade, this article was conceived and ultimately rammed down the throats of the Colombian people through sheer intimidation. In fact, on June 19, just three hours after the Constituent Assembly approved the ban on extradition, the country's number one "Extraditable," the murderous Pablo Escobar, "surrendered" himself to a luxurious bunker made to his specifications in his hometown of Envigado, a bunker under the total protection of the state.

"I trust in the word of President César Gaviria," said Escobar in a July 4 interview, referring to the President's pledge not to extradite members of the Medellín Cartel who surrender. Noting that the Constitution was promulgated that same day, Escobar added, "but now it is not just a matter of words, because it is consecrated in the Constitution."

Much remains to be told about the supposed "surrender"

of Pablo Escobar and his negotiations with former President Alfonso López Michelsen and current President César Gaviria. For example, Justice Minister Jaime Giraldo Angel, key to the negotiations with Escobar, was the Supreme Court magistrate who in 1987 headed up a faction within that institution which successfully declared the Extradition Treaty with the United States unconstitutional, precisely the key demand of the so-called Extraditables. Giraldo joined the Supreme Court shortly after the narco-terrorist M-19 assassinated half of the high court's magistrates, during the bloody Nov. 6-7, 1985 siege of the Justice Palace whose principal purpose was to force an end to extradition.

Jorge Pataquiva, the director of the "five-star jail" where Escobar is currently on retreat, was the director of the Modelo prison in Bogotá during the period when Escobar henchman John Jairo Velasquez Vasquez, a.k.a. "Popeye," somehow managed to escape. Popeye, known as the head of Escobar's assassination squads, "surrendered" to Colombian justice on June 19 along with his chief, and is undoubtedly delighted to see his old friend Pataquiva once again.

The Constituent Assembly adopted the accusatory system of justice of the United States, as a defense against charges that its vote on extradition legitimized impunity. Such a system, touted for its great efficiency, has actually proven to be disastrous in the United States, for not only has it failed miserably to wage war against the drug trade, but it has been used as a political weapon by the state against persons and organizations who do not fit into the political consensus of the moment.

However, it would be too simplistic to argue that these constitutional "reforms" solely correspond to the pressures, threats, and bribes to which members of the Constituent Assembly were undoubtedly subjected by the Extraditables. President César Gaviria, who, along with the narco-terrorists, is a leading sponsor of the Constituent Assembly, gave the illegal body life through a presidential decree, while using his presidential influence to force the Supreme Court to declare it constitutional. Gaviria belongs to Freemasonic networks which seek to impose the ideology of the French En-



lightenment on a country where 92% of the population, according to the latest polls, embraces the Roman Catholic religion.

According to this ideology, natural law, or a purpose superior to the nation, does not exist; instead, there must be a "democratic consensus" or "social contract," whereby the law simply consecrates the political pact of the moment, or of the majority. In the specific case of Colombia, the drug traffickers and their terrorist allies were the majority in the Constituent Assembly.

### **A triumvirate of evil**

The Assembly was presided over by a triumvirate which included Antonio Navarro Wolf, chief of the M-19 and one of the intellectual authors of the 1985 murders of the Supreme Court justices as well as of the 1988 kidnaping of political leader Alvaro Gómez Hurtado. Gómez Hurtado has come to be known in certain circles as "Alvaro Hearst," because it is suspected that the M-19 brainwashed him during his captivity, just as heiress Patty Hearst was kidnaped and brainwashed by the Symbionese Liberation Army in the United States. He is an Assembly co-president with his former kidnaper Navarro Wolf, in his capacity as head of the National Salvation Movement, a split-off from the Social Conservative Party. The third co-president, Horacio Serpa Uribe, is closely associated with the liberal faction of Ernesto Samper Pizano, long-standing lobbyist for drug legalization in Colombia.

The Constituent Assembly altered the preamble of the 1886 Constitution, which read, "In the name of God, supreme source of all authority, and for the purpose of guaranteeing national unity, one of whose premises is recognition by the political parties that the Apostolic and Roman Catholic religion is that of the nation . . . the Colombian people decree. . . ." The 1991 Constitution eliminates recognition of Catholicism as the majority religion in Colombia, and of God as "supreme source of all authority." Instead, it establishes that "the people" are sovereign and that there is no superior entity. The new preamble reads: "The people of Colombia, in exercise of their sovereign power, represented by their delegates to the National Constituent Assembly, invoking the protection of God. . . decree the following political constitution of Colombia."

"The new charter opted for replacing national sovereignty, or the invocation of God as supreme source of all authority, with popular sovereignty," wrote Gustavo Gallon, member of the Colombian section of the Andean Commission of Jurists, an organization that has always defended the legalization of the drug trade, in the journal *Cien Dias Vistos por CINEP*. This, wrote Gallon, is a crucial step in the fight against "authoritarianism." He also complained that the Constitution did not take on the Colombian Armed Forces, which for him represent "latent authoritarianism."

However, Gallon retains the hope that the Gaviria government's ongoing "negotiations with the Guerrilla Coordi-

nator will lead to that." That is, that the "peace pact" the government desperately seeks to conclude with the still-illegal narco-terrorist Revolutionary Armed Forces of Colombia (FARC), National Liberation Army (ELN), and a portion of the People's Liberation Army (EPL), will produce what even the Constituent Assembly didn't dare attempt: the dismantling of the Colombian Armed Forces.

### **'Religious freedom' versus morality**

"We drafted the preamble to the Constitution, everything referring to God, to religious freedom, and 80% of the articles on the economy," said Jaime Ortiz Hurtado, one of two delegates to the Assembly from the Unified Evangelical movement, to *EIR*. He did not comment on the irony that two Protestant fundamentalists wrote the Constitution for a nation of 33 million people, 90% of whom are Roman Catholics. How ironic that the Catholic Church, out of respect for separation of Church and State, had no representation on the Constituent Assembly.

Colombia's new Constitution, under the pretext of "religious freedom" and "guaranteed freedom of worship," now gives constitutional protection to any and all cults, including Satan-worshippers and the many aberrations which have been spun from the Gnostic heresies. "All religious confessions and churches are equally free," says the new Constitution, while the old clearly established that "all worship that is contrary neither to Christian morality nor to the law, is guaranteed freedom under the law."

### **A monetarist dictatorship**

In regard to the economy, the new Constitution establishes George Bush's free market ethos as the law of the land. "Free economic competition is a right of all. . . . The state, by law, will prevent any obstruction of economic freedom," says Article 333 of the 1991 Constitution. And yet, the only free trade the majority of the constitution's drafters have in mind is that of drugs, precisely the same "economic freedom" sought by the international banks which hold Colombia's debt and which depend on the profits of the international drug trade to keep them afloat. Alongside the Gaviria government's anti-extradition pact with the drug cartels, the economic articles in the new Constitution are intended to guarantee the unobstructed flow of drug money into Colombian coffers, to pay the debt.

The Constituent Assembly also elevated to the status of a constitutional precept the concept of free trade zones along the model of Mexico's infamous *maquiladora* strip, where foreign companies bring semi-manufactured products to be assembled by cheap, virtually slave, labor, and then sold at an enormous margin of profit in its country of origin. This went under the obscure phrase: "the law may establish special economic and social norms for border, land and maritime zones, designed to promote their development."

Privatization, another demand of the multinational com-

panies and of the international creditor banks, was also consecrated as a constitutional norm. "The government will sell or liquidate state companies, and grant to third parties the development of their activity, when they do not comply with efficiency requirements," says Article 336. The sale of such critical state enterprises as Ecopetrol, Carbocol, and Telecom, and their transfer to the creditor banks, thus now has constitutional backing.

The Bank of the Republic, Colombia's central bank, is now codified in the Constitution. The bank was created in 1923, under the colonial designs of the so-called Kerner Mission, as a rough imitation of the U.S. Federal Reserve—that is, as a private bank which controls, in the name of the private banks, the nation's currency, management of international reserves, and credit. During the 1960s, following a battle by the productive sectors which were demanding nationalization of the Bank of the Republic and the development of physical production, the state limited the bank's role to issuing currency, and created the Monetary Council, upon which sat various ministers such as those of development and agriculture, having to do with the productive sector of the economy.

The 1991 Constitution eliminates the Monetary Council as a way of guaranteeing that agriculture and industry have no means of pressuring for credit issuance for productive ends. The board of directors of the Bank of the Republic will again control all credit, just as it was intended in 1923. That board will be made up of the finance minister, the president of the bank as named by the board, and a group of five monetarist experts presumably educated at Harvard or at the London School of Economics, and chosen by the president for a four-year term.

The idea was to give the bank the power to restrict credit and money in circulation for productive ends, Article 373 establishes that the Bank of the Republic "cannot establish credit lines, except when serving as intermediary for foreign credit." To prevent the Congress from changing this norm, Congress is explicitly prohibited from ordering "lines of credit in favor of the state or of individuals."

The Congress, while now endowed with the power to topple ministers as a means of forcing the President to rule by political consensus on everything not dealing with the economy, will have no power to alter the economic programs prepared by the Finance Ministry. The Constitution establishes that the President can impose a National Investment Plan without the prior approval of Congress.

"Congress cannot increase any budget allotments without the government's approval," says Article 351. "Congress can eliminate or reduce expense allotments, with the exception of those required for servicing the public debt and other contractual obligations of the state." The foreign creditor banks couldn't ask for anything more, now that refusal or failure to pay usurious debts is a violation of the national Constitution!

Now, should any Colombian President determine to abandon the murderous strictures of the International Monetary Fund and promote a truly sovereign program of economic development—necessitating suspension of foreign debt service and issuing money for productive purposes—he will have to violate the national Constitution.

Perhaps it is for this reason that Venezuelan President Carlos Andrés Pérez, Bush's leading agent in Ibero-America, told Colombia's Constituent Assembly delegates during an address to that body that they were "an example for Latin America, to accommodate its constitutions to the new political and economic realities."

## **Ecology and racism**

The 1991 Constitution goes much further in its efforts to satisfy the demands of Bush's "new world order," which seeks to eliminate science and technology from the Third World through imposition of "technological apartheid." Colombia's new Constitution practically prohibits the use and development of nuclear energy, and establishes environmentalism as a constitutional norm.

Thus, Article 81 prohibits "the fabrication, import, possession and use of chemical, biological and nuclear weapons, as well as the introduction of nuclear residues and toxic wastes onto the national territory." On its list of articles that could be considered "chemical weapons," the Bush administration includes fertilizers and other chemicals commonly used in agriculture.

At the same time, nuclear energy—especially when complete development of the nuclear cycle has not yet been achieved—necessarily produces nuclear wastes, so the article implies a virtual constitutional prohibition on the development and use of this technology.

Environmentalism, a cult which essentially views the human being as a despoiler of nature, permeates the entire Constitution. "It is the duty of the state to protect the diversity and integrity of the environment, conserving areas of special ecological importance," says Article 79. "Property is a social function. As such, it has an inherent ecological function," says Article 58. The Attorney General's office has the obligation to "defend collective rights, especially, that of the environment," says Article 277. In effect, every government authority is expected to serve an ecological function.

Nearly every Constituent delegate has confessed that the constitutional reform process is far from complete; indeed, the new Constitution declares that the law of the land may be overturned by referendum, plebiscite, or other means. Once the remaining narco-terrorist forces in the country are amnestied and given their political quota, Colombians can expect to be subjected to new outrages, all in the name of "democracy."

Curiously, among the innumerable rights consecrated in the new Colombian Constitution, there is no guaranteed right to rebel against dictatorship.

### Colombians comment on their new Constitution

*The following are excerpts from a July 3 interview with Colombian Foreign Minister Luis Fernando Jaramillo, regarding national policy toward the Vatican and the Catholic Church, in light of the new Constitution which approved divorce and determined that Catholicism was no longer Colombia's official religion.*

**Jaramillo:** First of all, the vote the Evangelicals [Protestant fundamentalists] represented in this [Constituent] Assembly proves that there are other religions in the country, and that it is no longer exclusively Catholic. That reality should be extended to the Holy See. Secondly, the Constituent Assembly did not approve the divorce of Catholic marriages. This is something internal to the Catholic Church, and is the province of the individual. What was approved is that the state legislates the civil aspects of marriage, and thus the civil aspects of its dissolution.

In view of the sovereign decisions of the Assembly, the government will present the Holy See with this new political fact, so that the Holy See can study the necessary reforms of the Concordat. In light of the new Constitution, a new concordat should be signed.

*The following is a brief interview with former Government Minister and Constituent Assembly delegate Carlos Lemos Simmonds, on July 3, 1991.*

**EIR:** What is your evaluation of the new Constitution?

**Lemos Simmonds:** I believe that a good job has been done. A revolutionary constitution is not going to emerge here, nor are the structures of the state going to be fundamentally changed. Improvements were made to some of the public entities. . . .

**EIR:** At one point, when you were government minister, you said that the main political success of your life had been preventing a linkage of constitutional reform, which was being promoted before the congress, with a ban on extradition. In this case, the Constitution consecrates no extradition. Do you consider this your failure?

**Lemos Simmonds:** My failure? No: a failure of the country.

A serious error was committed here, because extradition is a necessary juridical instrument for fighting international crime. When a country does not fight crime, it suffers the consequences of the criminals.

*Alfonso Palacio Rudas, former finance minister under Julio César Turbay Ayala, a radical liberal, and columnist for the daily El Tiempo, granted this interview on July 4, 1991. He was elected delegate to the Constituent Assembly on the slate of the Liberal Alternative movement, headed by drug legalization advocate Alberto Santofimio Botero. Because of his renowned radical liberalism, Palacio Rudas was named by the Quintín Lamé and People's Liberation Army guerrilla groups, "commander in chief of the demobilized guerrilla forces."*

**EIR:** How do you historically analyze the new Constitution?

**Palacio Rudas:** What I would say is that this is the first liberal constitution the country has had in over a century.

**EIR:** So you don't think [Rafael] Nuñez [author of the 1886 Constitution] was a liberal?

**Palacio Rudas:** No, no way that he could be a liberal.

**EIR:** But he belonged to, and was educated in, the liberal radicalism of the past century.

**Palacio Rudas:** Ah, well, but that doesn't mean anything. In Colombia, for example, there are many who call themselves conservatives who are the most important liberals.

**EIR:** What is the most important change that has been made that makes this a liberal constitution?

**Palacio Rudas:** The institutions have been fundamentally changed. Excessive presidentialism has been weakened. Congress's authority has been returned to it. . . .

*The following comments were made to EIR on July 4, by Constituent Assembly co-president Antonio Navarro Wolf, the amnestied former head of the M-19 guerrillas.*

**EIR:** Which of the Constitution's articles do you consider most important?

**Navarro Wolf:** Article 397 ["The 1886 Constitution and all its reforms has ceased to exist"], because it closes one constitutional era and opens a new one.

**EIR:** Which do you think is next in importance?

**Navarro Wolf:** The bill of rights, the reform of Congress, the anti-corruption norms for Congress.

**EIR:** What percentage of the M-19's proposals was accepted in the Assembly?

**Navarro Wolf:** Eighty percent of what we proposed was approved.

# U.S.-Rome axis plan is no longer secret

by Paolo Raimondi

On July 15, in an interview with the Italian daily *Corriere della Sera*, U.S. ambassador to Rome Peter Secchia announced publicly for the first time what has been an open secret for some time now: U.S. geopolitical strategy calls for Italy to be put into line as a key player in enforcing the New World Order in the Middle East and the Balkan regions. "The borders of the West have been moved; the center of gravity of NATO is moved from Berlin to Italy. The Arab world begins on the other side of Sicily and you will see greater attention toward [Italian] cooperation with the American military organizations due to Italy's proximity to points of potential ferment," Secchia stated.

Just to ensure that the more independent-minded Italian political forces understand the message, the U.S. ambassador added that the details of "Operation Gladio," in which the CIA maintained terrorist capabilities in Italy and throughout Western Europe, as well as the pact signed between Italy and the United States in the 1950s known as "Stay Behind," will remain secret unless Italy wants to bear the full consequences of violating a pact. In other words, the United States is saying that a secret agreement is still operating which gives Washington the right to intervene into Italian internal affairs in the context of strategic NATO interests.

Over the past few months, the fight over the dismantling of the terrorist Gladio networks, which were supposed to intervene with the support of the CIA in order to rebuff an external or internal communist threat, became the political instrument in an attempt by some political forces in Italy to establish a sovereign national policy oriented more toward continental Europe than toward the Anglo-American axis. But such a political direction runs directly contrary to the new U.S. strategy, first elaborated by the Bush administration in February, which shifts the focus from Central Europe to Southern Europe. While U.S. military presence in Europe is slated to be slashed to one-third of the present levels by 1994, large new U.S. military bases are being built in Italy and in Turkey. In Italy, the Crotona air base in Calabria is supposed to become the main coordination center for the East Mediterranean and the Balkan region for rapid deployment operations.

The Munich daily *Süddeutsche Zeitung* reported from the NATO headquarters at Mons, Belgium on July 16, that NATO will transfer tanks and artillery stocks from Central Europe mainly to NATO's southern flanks. The Turkish bas-



Italian Prime Minister Giulio Andreotti

es will receive 1,050 main battle tanks of the U.S. M-60 and German Leopard I types, and an additional 600 armored vehicles. The Greek bases will receive 700 tanks of both types, plus 150 armored vehicles. Other tanks and matériel will be transferred to Portugal, Spain, and Italy.

## New coverup of the Ustica 'crash'

In tandem with this, a major intelligence reorganization has been just completed within the Italian military establishment, with the appointment of Gen. Luigi Ramponi to be the new head of the Italian Military Intelligence (SISMI). Ramponi's immediate predecessor, Adm. Fulvio Martini, had consistently opposed Bush's strategy of a quantitatively and qualitatively upgraded U.S. role in the Mediterranean theater. General Ramponi, who commanded Italy's Guardia di Finanza, the border and financial police, was formerly Italy's military attaché in Washington, where he received an American Legion of Honor award for his work.

Ramponi's appointment is expected to be critical in efforts to quash investigation into the mysterious crash of an Italian DC-9 aircraft near the Italian island of Ustica in 1980. New proof has emerged that the plane had been shot by a U.S. missile, and a number of Italian military officers who knew the true circumstances of the Ustica incident have died mysteriously.

There are also indications that the bizarre collision of three Italian jets at the Ramstein air show in Germany in 1988, where 70 people were killed, may fit into the Ustica picture. Two of the three Italian pilots killed at Ramstein had been on flying duty in the vicinity of Ustica at the time of the 1980 crash.

## Bolivia seeks to expel U.S. agents

*The U.S. military presence in Bolivia, under the guise of "fighting drugs," creates a volatile situation.*

**T**he July 5 call by Bolivian Army chief Gen. Jorge Moreira for the expulsion of U.S. Drug Enforcement Administration (DEA) agents from the country, reflects the explosive situation which has developed in that country as a result of U.S. military and other "advisory" presence, to train police and military personnel in combatting drug trafficking.

Under Bush administration policy, deployment of U.S. military personnel to Bolivia, and involving the country's armed forces in "fighting drugs," actually has nothing to do with eradicating the drug trade. Combined with the application of the International Monetary Fund's economic policies, which have impoverished the region's people and in many cases forced them into coca cultivation as a livelihood, "fighting drugs" is merely the pretext for the U.S. to deploy troops to Ibero-American countries, limit their sovereignty, and transform their armed forces into domestic police forces to be deployed as Washington sees fit—certainly not to defend their national interests.

Under these conditions, U.S. military involvement in Bolivia, which has been going on for two years, is opposed by many in the country who fear it will lead to a domestic backlash and outbreaks of violence and social upheaval approximating a civil war.

General Moreira requested the DEA's expulsion after outgoing U.S. Ambassador Robert Gelbard accused members of the armed forces of providing information to drug kingpins which allowed them to escape a recent

Army raid on the town of Santa Ana del Yacuma. Gelbard maintained that there is vast corruption among the armed forces.

General Moreira responded that Gelbard's comments were an "affront to the armed forces," while *Presencia*, a Catholic newspaper, editorialized that Gelbard's period as ambassador left "a bitter taste of such recalcitrant interventionism that at times it took us back to the policies of the 'Big Stick.'"

Bolivia is now the number-two cocaine producer in the world after Colombia; an estimated 30% of its coca leaf output is processed into cocaine within the country. UPI reported on June 22 that the narcotics trade injects \$300 million into the country's financial system, equivalent to one-third of Bolivia's official 1990 exports.

The United States has used this fact to bludgeon the country into accepting Bush's phony "anti-drug" strategy for the Andean region. DEA chief Robert Bonner, who recently warned that Bolivia may be approaching the same type of violence which has afflicted neighboring Colombia, explained that the Paz Zamora government's decision to accept U.S. military personnel to train the Bolivian Army "was a sovereign decision. . . . We did not threaten to suspend aid. We did not pressure them in any way."

But Bolivian officials have admitted privately that if the government refuses to go along with U.S. policy, it would cease to receive \$600 million annually in foreign aid. Miguel Urioste, a leader of a small left-wing politi-

cal party, told UPI that Paz Zamora has signed so many agreements with George Bush, relating to drug policy, that he has left the American President "with the key to any decision on bilateral aid, assistance, or financing."

U.S. authorities insist that DEA personnel are only in the country as advisers to the elite Umopar police units, which carry out most drug raids. But General Moreira accuses the DEA of participating directly in raids and abusing Bolivian military personnel. After the June raid on Santa Ana del Yacuma, a program broadcast on Radio Fides in La Paz charged that the "special forces [Umopar] are becoming a military and police force at the service of the U.S. embassy." Numerous speakers charged that the country had been invaded by a "gringo" force which had abused citizens and trampled on their rights.

Further Army involvement in anti-drug actions is under discussion. Defense Minister Hector Ormachea stated that "if this [police] force is overwhelmed by narcotics traffickers, the Army would participate in a more open fight."

U.S. promotion of militarizing the drug war has created a dangerous backlash. Peasant farmers who cultivate coca have repeatedly blocked roads to protest the policy, and threaten to respond violently. Coca grower José Sánchez told a *Wall St. Journal* reporter, "We have arms and machetes and we are ready to use them."

Another potential point of friction between Bolivia and the United States is the fact that some drug kingpins are following the route of their Colombian counterparts and surrendering to authorities, on the condition that they be tried in Bolivia, and not extradited. The U.S. and Bolivia do not currently have an extradition treaty, and the Paz Zamora government has resisted U.S. pressure to sign one.

# International Intelligence

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## **Israel vows to remain in Lebanon**

"As long as there are foreign forces and a foreign presence in Lebanon—and certainly not those sympathetic to Israel—Israel has to do everything to defend its citizens and towns," said Israeli Foreign Minister David Levy on July 7, justifying the continuing occupation of Lebanon. Israel controls a 20-mile-wide strip inside Lebanon, extending along the Israeli-Lebanese and Israeli-Golan Heights border.

Syria will not leave Lebanon, having been guaranteed control of most of the country by its patrons in the United States.

Israeli Defense Minister Moshe Arens emphasized that the Israelis would not permit the Lebanese Army to take control of Jezzín, a town midway between Beirut and the Israeli border which is currently controlled by the Israeli puppet "South Lebanese Army."

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## **Formigoni calls for end to U.N. embargo**

"There is a political and moral urgency to put an end to the embargo" against Iraq, said European Parliament Vice President Roberto Formigoni, a Christian Democrat, speaking on July 5 in Milan, Italy. Formigoni was just back from his third trip to Iraq since the end of the war, and spoke on the occasion of the presentation to the press of a book on the Iraqi war coauthored by him.

Formigoni stressed that the war and the postwar situation have been managed by the Western mass media as a question of pure propaganda. "They presented the Iraqi Army to us as the fourth largest army in the world," in order to justify the massive bombardments. After the war, said Formigoni, the issue of the Kurds was used to break the opposition to the war, as the media showed airplanes throwing boxes of food to the Kurds.

Formigoni said that "anyone who knows anything about military strategy or civil defense knows that aid cannot be managed in

that way, unless you want to create turmoil and destabilization." Formigoni referenced a U.N. report which indicated that hundreds or possibly thousands of people were killed by the heavy crates that were parachuted by airplanes to the Kurds in the mountains. "The hungry people were fighting each other to get to the food."

Formigoni contrasted this with the way in which two Italian Catholic movements, Movimento Popolare and Associazione Cattolica dei Lavoratori Italiani (ACLI), organized relief shipments. Volunteers went to Iraq several months ago and directly supervised the distribution of the relief to the families in need, in Kurdish areas and elsewhere. The volunteers remained there and are still distributing relief. "This represents a violation of the embargo, and I call, I implore that there be hundreds, thousands of such violations" said Formigoni. "Baghdad is starving; many people are begging in the streets."

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## **Moscow wants deal with U.S. over El Salvador**

Moscow is eager to cooperate with Washington in forcing the government of El Salvador to capitulate to the FMLN guerrillas, in hopes of freeing the Soviet Union to dump the too-expensive costs of maintaining Cuba, the Soviet Communist Party daily *Pravda* explained in a June 24 article.

*Pravda* criticizes "the mistaken idea . . . current in some of our publications" that foreigners should stay out of Salvadoran conflict. "Has that country's tragedy not acquired also a nationwide and, what is more, a global dimension? . . . With the ending of the Salvadoran conflict, the chances of gradual normalization of U.S.-Cuban relations . . . will be sure to increase. The point is that the White House has declared Havana's traditional solidarity with Salvadoran partisans one of the chief obstacles in the way of setting up an official dialogue between the U.S. and Cuba. And we believe that the entire world community would benefit from such a dialogue. Including the Soviet Union, on which falls, to a considerable

degree, the very great cost of the anti-Cuban trade and economic blockade."

"There are virtually no disagreements between Moscow and Washington over the fact that it is time for opposing sides in El Salvador to end the armed struggle," *Pravda* concludes. "Indeed, all who are interested in ending 'local wars' . . . ought to heed the authoritative opinion of the leaders of Soviet and U.S. diplomacy."

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## **Iran, Pakistan reject U.N. plan for Mideast**

The Army chiefs of Iran and Pakistan rejected the Mideast arms control plan of the "Permanent Five" U.N. Security Council members, in a joint statement reported by Radio Teheran on July 11.

Pakistan's Gen. Mirza Aslam Beg, a fierce critic of the Gulf War and of George Bush's "new world order," and Mohsen Rezaei of the Iranian Revolutionary Guards, repudiated the Paris proposal of the "Perm Five" (United States, Great Britain, France, Soviet Union, and China), on the grounds that it would interfere with the military programs of Muslim countries, but help Israel to emerge as the leading military power in the region.

This, they said, was entirely unacceptable to Muslim governments. A Pakistani military spokesman was also quoted on European media, declaring that his country's nuclear facilities are receiving special protection against foreign air attacks.

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## **Kurds storm Turkish embassies in Europe**

Some 40 Kurdish demonstrators stormed and seized control of the Turkish embassy in London on July 12, forcing the ambassador and staff to escape from the back of the building. The demonstrators, who held and ransacked the embassy for two hours, are members of diverse Kurdish organizations known to be funded by the CIA, among other intelligence agencies. The police, who claimed to have been overpowered, later re-

took control of the building through the deployment of helicopters and hundreds of police.

That same day, Kurdish demonstrators clashed with police outside the Turkish consulate in Deventer, Netherlands, while in Brussels, 50 Kurds occupied the offices of Amnesty International.

The demonstrations follow the murder of a Kurdish member of the Turkish parliament the week before by unknown assailants, and killings of Kurdish demonstrators by police at the funeral the next day. Turkish sources call the developments part of plan by foreign governments to destabilize Turkey.

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## China moves in on Cambodian peace process

The People's Republic of China is taking over the peace process in Indochina, according to sources in Bangkok, Thailand. Although the Japanese are paying for the peace process, they are being shoved out. All parties to the Cambodian civil war are converging on Beijing this month, for a continuation of discussions of the Supreme National Council of Cambodia. This includes Phnom Penh Prime Minister Hun Sen, and is the first time that someone from the Cambodian communist regime has ever gone to Beijing.

Also holding talks in Beijing will be representatives of the Permanent Five members of the U.N. Security Council, whose pro-P.R.C. plan is the basis of discussions. The issue for debate now is what functions the United Nations will take over, and to what extent the Phnom Penh government will dismantle itself, as called for in the "Perm Five" plan.

According to diplomats cited by Reuters, China has given its full backing to the Supreme National Council, chaired by Prince Sihanouk, which will meet again formally in August in Thailand. Evidently, this also means that China backs the cease-fire. It has also been agreed that the Supreme Council will be moving its headquarters to Phnom Penh.

The *Bangkok Nation* reports that the peace process has been made possible by the desire of Vietnam and the P.R.C. to get along, in a mutual defense of communism in Asia, in the context of the breakdown of communism in Europe.

What is not mentioned is the Japanese diplomacy and promise of money to rebuild Cambodia and invest in Vietnam, if peace were to be attained. Jacques Beckaert writes in the *Bangkok Post* that Japan will not be investing large amounts in Vietnam as of yet, agreeing with the United States that Vietnam must first find a political settlement to the Cambodia conflict.

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## U.N. envoy Aga Khan: Ease sanctions on Iraq

U.N. High Commissioner for Refugees Sadruddin Aga Khan, just back from a trip to Iraq, called for the U.N. Security Council to relax sanctions so that Iraq can obtain food, medicine, and other essential supplies, in a statement released on July 12. "Iraqi funds must be used soon," he said, or otherwise Iraq faces a "major catastrophe."

"The bottom line is that sanctions were never designed to make the people of Iraq suffer in the way that we noted that they are suffering," the Aga Khan said. He reported that his team's consensus was that "some kind of method" must be found to supply Iraq's needs, either through allowing Iraq to sell some of its oil, or unfreezing the \$5 billion in overseas accounts that the Iraqi government had maintained.

Sir John Moberly, who traveled to Iraq with the Aga Khan, warned of signs of "impending famine." He noted that Iraq had been spending some \$2 billion a year on food imports prior to the sanctions and war, an amount which accounted for 70% of its needs, and \$500 million on medicine. All of this, with the exception of minor amounts of food and medicine allowed in through private agencies, has been cut off since August 1990.

Also on July 12, the International Committee of the Red Cross renewed its appeal for easing the sanctions.

● **THE EAST GERMAN** intelligence agency, the Stasi, most likely played a role in the 1987 assassination of Schleswig-Holstein governor Uwe Barschel; according to new documents reported in the German daily *Die Welt* on July 13. In 1985, a Stasi report referred to "political-operational measures set in motion" against Barschel.

● **TWENTY-SIX** mostly hitherto unpublished sermons of St. Augustine have been discovered in an archive in Mainz, Germany, among a set of 63 sermons dating from the years 397 to 408. The French scientist François Dolbeau, who found the documents, will edit them for publication by no later than 1995.

● **ITALIAN** authorities foiled an assassination plan against President Francesco Cossiga while he was in Budapest, Hungary recently, Radio Moscow reported on July 11. The Italian Interior Ministry has made it known that the Hungarian authorities informed Cossiga's bodyguards about the assassination threat, and action was taken to thwart it.

● **HOODED GUNMEN** of Peru's Shining Path terrorist gang attacked an agricultural research station in the north of Peru in mid-July, assassinated the three Japanese staff members who ran the center, dynamited many of its buildings, destroyed the library containing the results of years of research, and left the place devastated.

● **THE SEA SHEPHERDS** environmentalist group, an offshoot of the ecological terrorist Greenpeace, is turning to violence, warned U.S. environmental columnist Alston Chase on July 6. The group is now allowing its members to carry high-powered assault rifles, after an incident in the seas northeast of Trinidad in which a ship belonging to the group, which was harassing a Taiwanese fishing vessel, was allegedly rammed and damaged by the fishing boat.

## The ghost of Irangate stalks the Bush presidency

by Jeffrey Steinberg

When most people think about George Bush's role during the Reagan administration, they invariably recall the South Florida Anti-Drug Task Force, formally known as the National Narcotics Border Interdiction Service (NNBIS). Few among even the best-informed Irangate specialists in the media and Congress have focused much attention on the vice president's most important role during the Reagan years: his chairmanship of the Special Situation Group (SSG) and its subsidiary Crisis Pre-Planning Group (CPPG).

This oversight has so far allowed President Bush to sidestep some of the most important questions about his role in Irangate and in other Reagan-Bush regime covert operations-gone-foul.

With the Senate Select Committee on Intelligence now postponing until at least Sept. 16 the confirmation hearings of CIA director-designate Robert Gates, and with Irangate special prosecutor Lawrence Walsh apparently moving rapidly toward perjury indictments of prominent CIA and White House officials, George Bush's fortunes may be turning. Despite the President's whirlwind summer schedule of summits and international goodwill tours, the Bush presidency could wind up in deep trouble by Labor Day.

### NSDD 3

It was early in his first administration that Ronald Reagan signed a pair of National Security Decision Directives, which in effect placed his vice president in charge of all covert operations—through the SSG and CPPG. NSDD 2, which is still classified, spelled out the administration's policy toward Central America—i.e., the Nicaraguan and El Salvadoran situations, where expensive counterinsurgency programs would be mounted against Soviet- and Cuban-backed movements. NSDD 3, which created the SSG and CPPG, specifically assigned Bush to oversee the implementation of NSDD 2.

It was a natural decision for a President with little experi-

ence in foreign affairs and less experience in the shadow world of CIA and Pentagon clandestine activities. Bush, the ex-United Nations ambassador and ex-CIA director, was the logical choice to oversee all the administration intelligence operations. While Bush was director of Central Intelligence during the Gerald Ford presidency, William Casey and Leo Cherne both sat on the President's Foreign Intelligence Advisory Board, Cherne serving as its chairman. Under Reagan, Casey ran the CIA and Cherne returned to the PFIAB, this time as its vice chairman.

All of this well-documented history has been buried with the passage of time. Among the most buried aspects of the Contra fiasco and Bush's role, is the frequent use by the CIA and Lt. Col. Oliver North's "Enterprise" of Ibero-American narcotics traffickers in providing logistics and cash for the Contras.

All this could, however, become very public once again, particularly if Irangate prosecutor Walsh does go forward with an anticipated indictment of Donald Gregg, Vice President Bush's chief national security adviser during the Reagan presidency and his current ambassador to South Korea. According to records in the possession of both Walsh and the Senate Intelligence Committee, Gregg was Bush's frequent representative at the CPPG meetings. North was at most of those meetings too.

### 'Quail under the Bush'

President Bush is thus more aware than anyone else about the trouble now brewing at the special prosecutor's office and at the Senate Intelligence panel. At a July 12 press conference at Kennebunkport, Maine, prior to his departure for Europe, Bush went into a tirade over the fact that his nominee as CIA director, Robert Gates, had not yet been confirmed. Linking the Gates nomination to the ongoing Walsh probe, Bush ranted:

"What is this system where we hear through some leak



in some newspaper that behind closed doors somebody has said something, and thus a lot of people run for cover? I have confidence in Gates. And if somebody wants to accuse him of something, the Senate is absolutely right in getting that determination made and asking for the evidence, but they ought not to have it obscured by some testimony that's been going on for four years. . . . They ought not to panic and run like a covey of quail under a bush."

Reportedly, Bush's anger was particularly directed at Senate Intelligence chairman David Boren (D-Okla.), who is a fellow member with Bush of the Yale University secret society, "The Order of Skull and Bones." According to sources close to the panel, Boren had given Bush his word as a fellow Bonesman that the Gates nomination, announced in April, would breeze through the Senate before July.

The three-month or more delay in the Gates hearing has strategic implications for the administration, particularly in light of contingency plans for a new military onslaught against Iraq, perhaps as early as July 26. New allegations, beyond the Gates role in Irangate, have been surfacing on an almost daily basis, and some of these could directly affect the Iraq crisis.

For the past few weeks, Senate Foreign Relations Committee chairman Claiborne Pell (D-R.I.) has been calling for the Bush administration to clarify what he sees as "very great variance" between former U.S. Ambassador to Iraq April Glaspie's congressional testimony last spring, and official diplomatic cables on Glaspie's July 1990 meeting with Saddam Hussein. Pell is charging that Glaspie "misled Congress," and is holding hearings to determine what role the Bush administration might have played in encouraging Saddam Hussein to invade Kuwait.

The *Financial Times* of London and ABC-TV's "Nightline" have both charged that Gates was involved in covert arms transfers to Saddam Hussein during the Reagan administration, and that he was the head of an administration task force overseeing that program. According to "Nightline" on July 10, Gates's role in that effort was perfectly legal because, in 1982, President Reagan had signed a Presidential Intelligence Finding authorizing the covert transfer of half a billion dollars in high-tech arms to Iraq.

While Gates may not have been guilty of wrongdoing in that particular effort, further exposés would likely reveal that the Reagan-Bush administration was engaged in a criminal policy of secretly arming both Iran and Iraq through much of the Persian Gulf war.

In yet another Gates-related scandal, the *Financial Times* charged July 15 that the CIA had covert dealings with the renegade Bank of Credit and Commerce International (BCCI), and that Gates had covered up this information. The story was based on a recent interview with former U.S. Customs Service Commissioner William Von Raab, who singled out Gates as the man who had covered up for BCCI after Customs had made a drug money-laundering case

against the bank's Tampa, Florida branch.

The Senate Intelligence panel has already announced that it will subpoena former CIA officials Clair George, Allan Fiers, and Jerry Gruner to testify at the Gates hearings. Fiers early in July pled guilty to two perjury counts in a plea agreement with special prosecutor Walsh which is predicated upon his "telling all he knows" about the role of top CIA officials—including Gates and George—and the White House in the Iran-Contra mess.

And House Speaker Tom Foley (D-Wash.) is edging closer to an official probe of allegations that the 1980 Reagan-Bush campaign organization, led by William Casey, schemed to delay the release of American hostages in Teheran to prevent Jimmy Carter from winning reelection via an "October Surprise."

### The 'health thing'

With all of these allegations clearly getting under Bush's skin, the July 16 *Chicago Sun Times* took a stab at another sore spot: "the health thing." The story, headlined "Hectic Pace Seen Taking Toll on Bush," featured two photographs, one showing Bush in August 1988 and a second showing him in mid-July of this year. In the three-year period, Bush looks like he aged 20 years.

The text was no more flattering: "Still fighting the debilitating effects of his thyroid medication, President Bush has begun to show physical signs of the strain imposed by the burdens of his office and the non-stop pace he has made a hallmark of his presidency. . . . He appeared tired and drawn as he arrived Sunday in London. . . . The mountain of business on his plate is daunting enough, but Bush continually adds to the burden. On the eve of the trip that will take him from France and Britain to Greece and Turkey in nine days, he was on the golf course in Kennebunkport, Maine by 6:10 a.m. Saturday, proudly racing through 18 holes in one hour, 24 minutes, 37 seconds. . . . 'He is compulsive about it,' said a Washington associate who has watched Bush for a decade."

The story cited White House officials acknowledging that the Gates flap had further strained the President's nerves and aggravated his thyroid condition. "Bush has become extremely angry about the issue."

There are no signs that the pressures on Bush will diminish. By fall, he will be ducking the scandals, trying to administer a new world order that has fallen into disrepute, and launching a reelection campaign. Those are heady tasks for someone with nothing to hide and in perfect health.

If Walsh and the Senate Intelligence panel decide to begin inquiring about the Special Situation Group and Crisis Pre-Planning Group, among other sensitive issues untouched in the original Irangate probes, things could get rough for George Bush. It is perhaps premature to be talking about Watergate analogies, but it is impossible to ignore the fact that the last time the Democratic Party won the presidency, it was over the political corpse of a sitting President, Richard Nixon.

# Bush nominee Kimmitt tied to Iran-Contra

by Scott Thompson

President Bush has insulted Germany by nominating Robert M. Kimmitt to replace Vernon Walters as U.S. ambassador. Evidence is surfacing that Kimmitt was a principal figure in the Iran-Contra scandal, and in secret arms-trafficking deals with Iran. According to staff members of the Senate Foreign Relations Committee, which will oversee Kimmitt's confirmation hearings, a dossier is being prepared by the general counsel. One staffer told *EIR* that the Kimmitt hearings might attain the same notoriety as the ill-fated attempt by Bush to push through National Security Council (NSC) deputy director Robert Gates as Director of Central Intelligence, which, despite Bush's tantrums, has been placed on hold.

Like Gates, Robert M. Kimmitt, who served on the NSC during the Ford, Carter, and Reagan administrations, has been a witting party to the Iran-Contra coverup. During 1989 hearings on his nomination to become Undersecretary of State for Policy, Senate Foreign Relations Committee chairman Claiborne Pell (D-R.I.) asked Kimmitt if it was not true that he was implicated in Iran-Contra crimes. On page 27 of the transcript, Kimmitt responds:

"I am aware of some of the documentation that was going through the system, certainly up until June of 1985, when I left. In terms of the Iran part of it, however, it appears to me that was initiated after I left. On the Contra side, I was certainly aware of the policy that was being pursued, but only of very few of the specifics that came out later in subsequent investigations."

There are big holes in this story. During June 1985 Senate Finance Committee hearings on his nomination as general counsel of the Treasury, Kimmitt submitted a *curriculum vitae* where he listed himself during 1983-85 as "Deputy Assistant to the President for National Security Affairs and Executive Secretary and General Counsel of the National Security Council." According to his NSC colleague Constantine Menges, in his book *Inside the National Security Council*, all NSC staff paperwork and assignments flowed through Kimmitt while he was executive secretary.

Second, NSC documents declassified under the Executive Order 12356, show Kimmitt did know. He worked directly with Oliver North to plan "public diplomacy" campaigns to convince Europe and Congress that it was a vital U.S. interest to back the Contras. For example, North, in a Feb. 20, 1985 memorandum (formerly classified "secret") to National Security Adviser Robert McFarlane, refers to "we" (himself and Kim-

mitt) as planning a "public diplomacy" effort to get around the congressional ban on military aid to the Contras.

## Bashing the allies

Bush has also chosen a man who has run vicious propaganda against U.S. allies. In his 1989 confirmation hearings, Kimmitt talked about how German industries (using money laundered through Switzerland) were, along with the Japanese, most responsible for the chemical warfare plant being built in Rabta, Libya. Kimmitt thus foreshadowed a Bush black propaganda campaign against those two industrialized nations that CIA head William Webster later said must be targeted for economic warfare.

Apparently, Kimmitt thinks he is a "Europe handler." For example, declassified NSC documents show Kimmitt writing frequent memos describing a "public diplomacy" campaign to gain European support for the Contras. One feature, according to Kimmitt, would be sending copies of the Kissinger Commission report to European leaders and having Kissinger interviewed on Euronet.

After graduating from West Point in 1969, serving in Vietnam for over a year, and receiving a law degree from Georgetown University, Kimmitt got a job at the NSC from 1976-77, where he worked as "arms transfer policy officer" under Brent Scowcroft.

After a year as a law clerk, Kimmitt returned to the NSC at the same job (1978-82) through the Carter and Reagan administrations. Kimmitt's criticism of Germany and Japan for technology transfer to the Middle East is especially hypocritical. Could he have been unaware that his boss, Carter National Security Adviser Zbigniew Brzezinski, helped initiate the arms-for-hostages policy to support his "Islamic fundamentalist card"?

Kimmitt, after five years defying the congressional ban on military support for the Contras, was among the first in the Bush administration to call for expanding Cocom to block technology transfer to the Third World before the Senate Foreign Relations Committee at his 1989 confirmation hearings, and also attacked Germany and Japan as chemical-biological weapons (CBW) proliferators.

Documents released under the Freedom of Information Act also show that Kimmitt worked with North to block a reply to a March 6, 1984 letter from Lyndon LaRouche, to President Reagan. LaRouche's letter warned the President that there was an even more insidious side to Kissinger's Central America Commission report, based upon a Rand "Second War of the Pacific Scenario." *EIR* has also learned that Kimmitt, from at least 1985 to 1987, was a member of the American Bar Association's Standing Committee on Law and National Security. Its members, such as John Norton Moore and Morris I. Leibman, provided legal cover to North's Iran-Contra crimes and backed Executive Order 12333 that codified a "project democracy secret government" apparatus, which eventually railroaded statesman LaRouche to jail.

# Cult network attacks LaRouche campaign

by Bruce Director

In early June, state legislators throughout the United States began receiving letters from an obscure West Virginia state delegate containing hate literature defaming 1992 Democratic presidential candidate Lyndon LaRouche. Characteristic of a political "thought police" operation, the letter asks legislators to report any LaRouche campaign activity in their districts to a special anti-LaRouche hotline and to state and local law enforcement authorities.

The mailing is evidently an attempt by the pro-Bush dope lobby to stem the growing influence of LaRouche's 1992 presidential campaign, which is gaining support among state and local officials who see LaRouche as the only real opposition to the lunatic George Bush.

The legislator behind the mailing is one John Overington, a Republican who is a long-time supporter of Bush and Oliver North, the former National Security Council staffer involved in the Iran-Contra scandal. The hate literature is a tract published by the dope lobby-linked Cult Awareness Network (CAN).

## Kidnaping and brainwashing

In a highly publicized case in 1990, Overington and his sisters unleashed CAN, the Anti-Defamation League of B'nai B'rith (ADL), and Virginia State Police agent C.D. Bryant on Overington's own mother, Helen Overington. According to published accounts, when Overington and his sisters found out their mother had been a political supporter of Lyndon LaRouche, they had her moved from her apartment and had her "deprogrammed" by former CAN president Michael Rokos, the ADL's Mira Lansky Boland, and Bryant.

CAN, the people Overington set on his own mother, is a network of sex perverts, brainwashers, and kidnapers. CAN was set up in coordination with the American Family Foundation (AFF). The AFF in turn is an outgrowth of the CIA's notorious MK-Ultra project. The ADL coordinates activities closely with CAN and the AFF, sharing financial backers, information, and personnel.

CAN's ex-president, Michael Rokos, was forced to resign that position shortly after "deprogramming" Helen Overington, when it became publicly known that he had been arrested in Baltimore for soliciting a male police officer for sexual relations. According to the arresting officer, Joseph

G. Wyatt, on July 3, 1982, Rokos solicited him, saying, "I want you to tie me up, put clothespins on my nipples, and let me suck your \_ \_ \_," describing a perversion which, vice squad officer Wyatt said, surprised even him.

It is also reported that Cynthia Kissler, the current executive director of CAN, in earlier years earned her living as a topless dancer.

Meanwhile, Galen Kelly, CAN's so-called "LaRouche expert," has been convicted of assault in connection with a deprogramming-kidnaping incident; and has had his pistol license revoked. Kelly has carried out "deprogrammings" with Harlin Killstein of the terrorist Jewish Defense League, whose associate, Mordechai Levi of the Jewish Defense Organization, was recently convicted of attempted murder in New York City.

Others involved in CAN are:

- John Markham, the former Assistant U.S. Attorney who prosecuted Lyndon LaRouche and associates in a federal case in Boston, Massachusetts and, after that case mistried, helped prosecute LaRouche and six associates in a federal trial in Alexandria, Virginia. That railroad conviction sent LaRouche and the others to prison. Markham was a member of, and the attorney of record for, the Process Church, a satanic cult linked to the "Son of Sam" killings in New York City in the late 1970s. Markham was scheduled to speak at the 1990 CAN national conference.

- Dr. L. Jolyon West, who received the CAN's 1990 Leo J. Ryan Award, is an advisory board member of the American Family Foundation, the mother group of CAN. West was a pioneering member of the MK-Ultra project, which tested LSD and other mind-altering drugs on unsuspecting American GIs in the 1950s and 1960s, and led to the proliferation of LSD among American youth in the late 1960s and 1970s.

- Dr. Margaret Singer, who is also an advisory board member of the American Family Foundation, and is the *grande dame* of CAN. Together with West, she ran a survival and torture resistance study for U.S. Air Force intelligence, and studied the Haight-Ashbury (San Francisco) drug "culture."

## Junking the Constitution

CAN's activities are not limited to brainwashing and kidnapings. The group also wants to suspend the constitutional protections for political movements. In its anti-LaRouche tract, CAN complains that LaRouche is "wrapped in the U.S. Constitution's guarantee of political freedom." And, in his letter to legislators, Overington announces his own plan for removing constitutional protections from political movements, through a legislative campaign to establish police-state control over fundraising. Overington has proposed a bill making it illegal to solicit "elderly" people at night. He also proposes that any contribution over \$1,000 be supervised by a state agency and be subject by law to a three-day waiting period in which the contributor can change his mind.

# Bush, ADL thwarted at NAACP convention

by Harley Schlanger

It is a most profound irony that George Bush, who throughout his public career has promoted racist policies, intends to be the one who recruits minorities to the Republican Party. His most recent target was the national convention of the National Association for the Advancement of Colored People (NAACP), which opened July 7 in Houston, to which he deployed the forces of the Department of Justice and the FBI, along with their collaborators in the Anti-Defamation League (ADL), hoping they could convince members of America's oldest and most prestigious civil rights organization to link their hopes for the future to the White House.

In spite of this heavy deployment by the Bush forces, the result was a miserable failure. As *EIR* has recently documented, Bush has been a long-time supporter of policies promoting discrimination, and even genocide, against non-whites. Some highlights of his record include:

- In his 1964 campaign for the U.S. Senate from Texas, Bush repeatedly denounced the landmark civil rights bill passed that year; his tantrums against current efforts to pass a civil rights bill show that he has not changed.
- Bush, a most enthusiastic adherent of population-reduction policies while a U.S. Representative from Texas in the late 1960s, was known among congressional staffers as "Rubbers" Bush.
- In Congress, he promoted the racist views of the discredited eugenicists Arthur Jensen and William Shockley, who argued that Blacks are genetically inferior to Caucasians.
- By featuring the "Willie Horton" ad in his 1988 presidential campaign, Bush played upon fears among white voters of crimes committed by blacks.

## Bush deploys the FBI

Immediately prior to the NAACP convention, FBI Director William Sessions spoke to the NAACP chapter presidents. Ignoring the long history of FBI activities to discredit and defeat the civil rights movement—which includes J. Edgar Hoover's operations against Dr. Martin Luther King, Jr., and a pattern of assassinations of leaders and subsequent coverups (some of which included the active involvement of ADL officials and ADL-paid provocateurs)—Sessions spoke of the mutual commitment of the NAACP and the FBI to equal rights. He appealed to the members of the NAACP to work with the FBI to monitor and combat "hate crimes."

This cynical ploy was exposed at his press conference

when he was asked by an *EIR* reporter to explain the FBI policy of targeting black elected officials. This policy, known as "Fruhmenschen" ("primitives"), was brought to light in an affidavit released by Rep. Mervyn Dymally (D-Calif.) in 1988, and is based on the assumption that black leaders are incapable of conducting government business and are therefore susceptible to corruption. A study shows that, through application of this policy, more than 60% of black elected officials either have been put under investigation, indicted, or in jail.

Sessions answered that he is unaware of Dymally's charges and said such a program would be "inconsistent" with FBI procedures.

The attempt to gain the support of delegates through the ruse of collaboration against "hate crimes" was ripped apart in a leaflet distributed by supporters of Democratic presidential candidate Lyndon LaRouché. The leaflet described a hate crime as "what the FBI has practiced against the civil rights movement since its inception," further unmasking the hypocrisy in Sessions's and Bush's appeal to the NAACP.

## Amelia Boynton Robinson's autobiography

An additional factor undermining the Bush strategy was the presence at the convention of Amelia Boynton Robinson, one of the legendary figures of the civil rights movement, and a close friend and collaborator of Lyndon and Helga LaRouche. Robinson, whose involvement in civil rights began in the 1930s in Alabama and continues to the present day, was at the conference to release a new edition of her autobiography, *Bridge Across Jordan*. The book has been warmly endorsed by Coretta Scott King, Andrew Young, and Mrs. LaRouche, and was printed by the Schiller Institute, founded by Mrs. LaRouche.

Robinson captured the attention of delegates, old and young, as she epitomized the theme of the convention, "Preparing a New Generation for the Struggle." While ADL and Justice Department operatives were trying to round up delegates to discuss "The FBI and its Civil Rights Program," Robinson was challenging them to address the crises which confront all Americans.

For example, in district caucuses, she demanded action against Bush's intention to continue sanctions against Iraq, which threatens the lives of hundreds of thousands of Iraqi children. She said she had seen such cruelty before, when she saw children hungry and sick from malnutrition in the South in the 1930s. "For a child to be sick like that," she said, "it takes a deliberate act."

There was no support for the Bush-FBI agenda at the convention. Despite a major organizing push by the Justice Department, only 20 people attended their workshop. Instead, delegates focused on reality: the horrors of depression, budget cuts, drugs, gangs, and AIDS. With the exception of the LaRouche forces present, there was no one with answers to these problems.

# Debate on Thomas ignores natural law

by Edward Spannaus

The nomination of Clarence Thomas to the U.S. Supreme Court has provoked a brawling and sometimes interesting debate over what kind of judge Thomas will be. But it has avoided the real issue: whether the William Rehnquist-dominated Court has left us any Constitution to interpret.

Liberals, exemplified by Prof. Lawrence Tribe of Harvard, are climbing the walls. In a July 15 commentary in the *New York Times* entitled “‘Natural Law’ and the Nominee,” Tribe warns that Thomas’s “adherence to ‘natural law’ as a judicial philosophy could take the court in an even more troubling direction than it’s going right now.” Tribe then notes, correctly, that Thomas is the first Supreme Court nominee in 50 years “who believes that natural law should be readily consulted as a guide to constitutional interpretation.”

In reaction, so-called conservatives are praising Thomas in the hope that he will bolster the Rehnquist majority on the Court. Both sides of the “liberal-conservative” debate are characterized by an appalling ignorance of the natural law foundations of the Constitution.

## Rehnquist’s police state

In the name of Rehnquist’s phony “conservatism,” the Supreme Court has been tearing the Constitution to shreds. A “conservative” is allegedly someone who has some respect for our nation’s traditions. But Rehnquist’s judicial philosophy is explicitly hostile to the outlook which gave rise to the Declaration of Independence and the Constitution. He is an avowed Hobbesian, who believes that the government can do no wrong, and that the citizen has no rights that the government is bound to respect. Hobbes’s—and Rehnquist’s—outlook was adamantly rejected by the Founding Fathers and the framers of the Constitution.

From this standpoint, it is clear why Rehnquist has led the charge in virtually writing the Fourth, Fifth, Sixth, and Eighth Amendments, and *habeas corpus*, out of the Constitution. Those amendments were enacted by the generation of the American Revolution because they realized how a tyrannical government could use criminal laws and procedures to suppress the liberties of the people. That generation believed that there is a higher law above all written law, and that the

Constitution reflected the natural and inalienable rights of man which the state was morally and legally bound to respect.

Rehnquist has explicitly and repeatedly denied the existence of natural law and natural rights, expressing the view that law has nothing to do with morality, and that moral notions only have force by virtue of their having been enacted as positive law by the majority. Rehnquist ridicules any notion that the Supreme Court should be the “conscience” of the nation, or that the Court should defend the rights of citizens against the majority as expressed by actions of the Executive or Legislative Branch.

## Thomas versus Rehnquist

Thomas has expressed a fundamentally different philosophical view. Whether this would have any practical effect on Thomas’s rulings as a judge, particularly on police-state issues, remains to be seen.

In articles published in 1987 and 1989, Thomas argued that natural law and natural rights arguments are the best defense of liberty, and that reason, not the passions of the majority, ought to control the actions of the government. In respect to the Fourteenth Amendment, Thomas argued that the rights protected therein—life, liberty, and property—are inalienable rights, given to man by his Creator. (This already puts Thomas on the other side of the fence from Rehnquist.)

Thomas’s arguments on the 1954 *Brown v. Board of Education* desegregation decision have been widely and deliberately distorted. What Thomas contends is not that the decision was wrong, but that the grounds on which it was decided were wrong. The ruling was based on Dr. Kenneth Clark’s notions of the “sense of inferiority” created by segregation. This, argues Thomas, overlooked the real problem of segregation: that it originated with slavery, and that it is at fundamental odds with our nation’s founding principles. “Justice and conformity to the Constitution, not ‘sensitivity,’ should be the object in race relations,” wrote Thomas. He continued:

“Brown was a missed opportunity. . . . Our task is to turn policy toward reason rather than sentiment, toward justice rather than sensitivity, toward freedom rather than dependence . . . in other words, toward the spirit of the founding. These steps would validate the Warren [Court] opinion with one resting on reason and moral and political principles, as established in the Constitution and the Declaration of Independence, rather than feelings.”

To approach the matter this way, says Thomas, “poses a major alternative to the cynical rejection of ‘the laws of nature and nature’s God’ from jurisprudence.”

No one, except maybe Hugo Black, has been more cynical in his rejection of natural law than Rehnquist. But whether Thomas will reject Rehnquist’s outlook and his police-state jurisprudence is an open question. Thomas’s rulings to date on the Court of Appeals show little indication of independent thinking or willingness to buck the majority.

## Conditions placed on MFN status for China

The House of Representatives passed on July 10 a resolution extending Most Favored Nation (MFN) status to China for one year, but conditions future renewal on changes in China's policies on human rights, weapons proliferation, and trade.

The House passed the resolution by a vote of 313-112 with broad bipartisan support, after first approving a resolution denying MFN by a vote of 223-204, short of the two-thirds majority needed to override a threatened presidential veto. President Bush wants the Congress to renew MFN for China without conditions.

To obtain future extension of MFN, the resolution requires that China free political prisoners, prevent proliferation of nuclear or missile technology, and prevent export of products made by prisoners in forced labor camps. It also requires that China provide assurances that it does not support coercive abortion or involuntary sterilization; that it "moderate opposition to Taiwan's formal entry into the international trade community"; and that it make "overall significant progress" in curbing human rights abuses.

In the Senate, two bills have been put forward. One would end China's MFN status outright. The other, similar to the House bill, is supported by Senate Majority Leader George Mitchell (D-Me.) and would attach human rights conditions to granting of MFN status. The Mitchell version is expected to pass and, together with the House bill, be sent to the White House, where it is expected to be vetoed. President Bush would then need 34 votes to sustain his veto.

Many Democrats in the Senate remain undecided, particularly those from farm states who will be directly

affected by the stoppage of wheat sales to China. The Senate is scheduled to take up the bill before the August recess.

## 'October Surprise' probe gains momentum

House Speaker Rep. Thomas Foley (D-Wash.) moved closer to calling for a formal congressional investigation into allegations that the Reagan-Bush campaign negotiated a deal with Iran to delay release of U.S. embassy hostages until after the 1980 elections. "More and more I think I am being persuaded that this matter needs to be put into some sort of conclusive and, I hope, final review, if that is possible," said Foley.

Rep. Lee Hamilton (D-Ind.), a leading Democrat on the House Foreign Affairs Committee, said in a television interview on July 7 that he would favor a bipartisan, low-key official congressional probe of the allegations.

The guilty plea of Alan D. Fiers, former chief of the CIA Central American task force, in the coverup of the Iran-Contra scandal has also led to the postponement of the Senate hearings on the nomination of National Security Council Deputy Director Robert Gates to head the CIA. The Fiers guilty plea revives interest in Gates's knowledge of the scandal, as Gates was Fiers's superior during the period in question.

Sen. Howard Metzenbaum (D-Ohio) expressed skepticism that the Senate Select Committee on Intelligence would be able to get to the Gates nomination until the committee had learned what Fiers, and his immediate superior, Clair George, actually knew. Fiers discovered that George

already had knowledge of the diversion of funds to the Contras when he attempted to inform George at the time he learned about the operation.

Sen. Frank Murkowski (R-Alaska), vice chairman of the Intelligence Committee, indicated on July 15 that the Gates hearing would not be scheduled before special prosecutor Lawrence Walsh has completed his investigation. Murkowski indicated that the committee must hear from Fiers and George "either directly or indirectly, through the special prosecutor" before voting on the nomination.

## Senate panel backs full space station funding

The Senate Appropriations Committee voted up the recommendation of its subcommittee to grant the full administration request of \$2 billion for Space Station Freedom. The total NASA budget, however, at \$14.305 billion, is only \$437 million above this year's budget, and \$1.5 billion less than NASA requested.

The House appropriated the same amount for FY 92 as NASA has this year, which is almost a \$2 billion cut from the administration request. The Appropriations bill will go to the Senate floor before the August recess, but will not go to conference committee until after the summer recess.

On July 11, House Science, Space, and Technology Committee chairman George Brown (D-Calif.) brought a number of space policy experts and the full crew of the last Space Shuttle mission before the committee, to try to get help in the fight for funding for the Space Station. Gen. Tom Stafford, head of the Synthesis group which released a report on the Moon/Mars mission in June, stressed the im-

portance of Space Station Freedom for the Space Exploration Initiative.

The deep cuts in the overall NASA budget will cripple new starts and decrease funding for space science and other programs.

## **New population control initiative introduced**

At a press conference on July 11, the so-called World Population Day, Reps. Peter Kostmayer (D-Penn.) and John Porter (R-Ill.) introduced a resolution expressing the will of the Congress that the United States pursue the goal of making birth control available to everyone on the planet by the year 2000. The resolution is being sponsored by the Sierra Club and the National Wildlife Federation, whose representatives participated in the press conference.

The resolution states that "in order to remedy the imbalance created by the world population crisis, it has become vitally important for the U.S. to advance worldwide voluntary family planning assistance. . . . Too many people consuming too many resources too rapidly is leading to the contamination and depletion of the planet's natural resources in nations both rich and poor. This cycle is exacerbating rampant poverty and slowing gains in the standard of living, particularly in the developing world, where the majority of population growth is taking place."

If passed, the U.S. would become the first of 79 nations which endorsed the "Amsterdam Declaration," the goal of which is to make birth control available to everyone on the planet by 2000, to commit itself to implementing the declaration.

The resolution would also, according to the Sierra Club, give unified policy guidance to the six major committees which must act to implement the recommendations. The declaration includes two key recommendations: giving access to contraception to all people, and identifying an annual funding target of \$9 billion to be devoted to the contraception program.

Aware that the bill could meet opposition in the U.S. from the Right-to-Life movement and others, Porter stressed that the bill was primarily intended for Third World countries, where the "population explosion" was the greatest, rather than for the U.S.

## **Maglev development bill introduced into House**

On July 11, Rep. Leon Panetta (D-Calif.), chairman of the House Budget Committee, introduced the Magnetic Levitation Research, Development, and Construction Act of 1991.

The bill would allow the use of the Highway Trust Fund to provide \$750 million as the federal portion of funding over the next five years for research, development, and construction of a prototype magnetic levitation high-speed rail system which would subsequently be converted to commercial use. The bill provides a timetable to achieve a prototype system within the next six years. It also requires the awarding of a contract for building the prototype to the winner of a design competition within 18 months after enactment of the legislation, and requires a constructed prototype, ready for operational testing, within the following three years.

Federal funding under the bill would be matched up to 25% by eligi-

ble applicants which could include private businesses, and public and private education and research organizations. The same concept has already been endorsed by the Senate as part of the recently passed highway-transit reauthorization.

Panetta noted in comments on the floor that the maglev technology "has a unique potential to significantly reduce our dependence on the automobile. . . . An efficient, integrated transportation network is an essential element in assuring the economic progress of this country."

## **Durenberger attacks death penalty clauses**

In a rare show of sanity, Sen. David Durenberger (R-Minn.) attacked the logic behind the "rush to kill" efforts in the Congress to expand the death penalty.

Noting that studies by both the *American Sociological Review* and the FBI have suggested that the death penalty does not deter violent crime, Durenberger said that he would vote against the present Violent Crime Control Act. "The vast majority of the free world has rejected the death penalty," he said, "while the United States is in the company of the more intolerant and backward regimes of the world in its use of capital punishment. The United States' standing as a proponent of human rights around the world is undermined because we continue to impose the death penalty."

The senator noted that the bills are not about deterrence of crime, but about vengeance, an appetite which, he said, was "unbecoming of a civilized nation and one which we will never be able to satisfy."

# National News

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## Carter calls for environmental 'new order'

Former President Jimmy Carter said that the new world order must include a new security system based on ecology, in a commentary in the July 7 *Los Angeles Times*. Carter argued for the environmentalist lunacy that dominated the policies of his administration and played a major role in his reelection defeat in 1980.

"'Security' must be redefined for the '90s and beyond, taking into account that the safety of a nation's citizenry—literally, its physical health and well-being—can be jeopardized as much by a neighboring country's smokestacks or diversion of water supplies as by its war machines. Today's 'invaders' are as likely to be environmental refugees as armed soldiers," Carter wrote.

"Security policies must be re-grounded with respect to realities like global interdependence, the imperative of sustainable development, the ominous appearance of environmental threats that are global in nature, and conflicts over vital natural resources, as well as a widening, explosive chasm between 'haves' and 'have-nots.' It is likely that the North/South, or rich nation/poor nation gap will replace the struggle between East and West as the engine of violence and conflict for the future. Environmental deterioration and resource depletion in the developing world exacerbate the situation."

Carter says that the key to this new world security will be found in the agenda of the Earth Summit to be held in Brazil next year.

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## Inmates die after unsuccessful lawsuit

The brutal implications of the U.S. Supreme Court's attack on the Eighth Amendment protections of prisoners is illustrated by the deaths of inmates in the Vacaville State Prison in California.

Three men were found dead in their cells July 3 due to hyperthermia (excessive body

heat), said Solano Coroner Jim O'Brien. He said the three, whose body temperatures were at least 108° when they died, had been taking mood-altering drugs that elevate body temperatures—the inmates were in the psychiatric ward of the prison and were given the drugs by the administration. Temperatures at Vacaville have ranged between 107-111° due to a heat wave.

Donald Spector, director of the Prison Law Office, a rights group which had filed suit on behalf of the inmates one week earlier, told the press: "What's going on is the prison system is degenerating into what can be described as a medieval mental asylum situation."

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## End of public education proposed for Chicago

Rep. Miguel Santiago (District 9, Chicago) presented a resolution July 1 before the Illinois House proposing a study for privatizing the public education system of Chicago, according to *La Raza*, a Chicago newspaper.

Santiago couched the proposed abandonment of public education in a populist-style attack on the Chicago Board of Education, but ignored the depression as the key cause of shortage of school funds. He said that the Board "suffers from an incurable hemorrhage of money, because the big interests, the enormous bureaucracy and the fat contracts and salaries of its administrators consume all the funds." He explained that all this occurred while the quality of education and the welfare programs for the student body grow worse every day. Santiago said that the Chicago school system shows a budget imbalance of almost \$300 million.

An educator by profession, Santiago stated that "the privatization of public education, which consists of paying private schools to take charge of public education, would almost eliminate the cost of maintaining a bureaucracy of inept administrators." He also accused the educational bureaucracy of "not having respect for the human condition of the family and the student body, especially those that belong to

minority groups, like Hispanics, Afro-Americans and Asians."

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## Congressman asks probe of sterilization program

Rep. Bill Archer (R-Tex.) has asked the Agency for International Development to conduct an investigation of charges that U.S. government agencies were involved in mass sterilization programs in various nations around the world.

In a letter to constituents dated July 1, Archer said, "Like you, I am alarmed by the allegations made in the publications you provided which assert that United States tax dollars were used for the sterilization of women in Third World countries between 1974 and 1977. I have contacted officials with the U.S. Agency for International Development for an investigation of these allegations. As soon as I receive a response, I will be back in touch with you."

The publications referred to were *EIR's* coverage of Bush's long-time support for population control; Kissinger's National Security Council memo urging population control as a national security concern; and the forced abortion program in China and forced sterilization program in Brazil.

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## Welsh granted right to appeal in Virginia

Attorneys for Richard Welsh learned July 8 that the Virginia Court of Appeals has awarded an appeal on three major issues implicit in Welsh's conviction on concocted securities fraud charges before Judge Clifford Weckstein in Roanoke County. Welsh is an associate of Lyndon LaRouche.

The court agreed to consider whether or not recusal of Weckstein was appropriate because of the appearance of bias. In response to a motion to recuse, Weckstein made a series of disclosures demonstrating his correspondence with the Anti-Defamation League (ADL) and Murray Janus con-



cerning the "LaRouche" cases.

The court will consider whether Welsh's Fifth Amendment rights were violated under *Kastigar v. United States* by the Virginia prosecution. Weckstein had ruled that Virginia had demonstrated it did not directly or indirectly utilize Welsh's voluminous grand jury and trial testimony compelled under a grant of federal immunity from prosecution. But the Commonwealth "mistakenly" received the testimony in its offices, "mistakenly" attended Welsh's Alexandria trial testimony, sat through an exposition of the testimony when co-defendant Michael Billington called Welsh to testify at his trial, and continuously collaborated with federal prosecutors with access to the testimony and evidence from Oct. 6, 1986 forward.

The court also will consider whether Welsh's prosecution violated his right to due process because the Virginia State Corporation Commission did not rule that the political loans at issue were "securities," even for purposes of a cease and desist order, until after the indictments were returned.

## Minnesota court denies right-to-murder request

Hennepin Co. District Court Judge Patricia L. Belois denied a Minneapolis hospital's request to appoint a guardian to terminate all life-support for a comatose patient whose husband refused to abide by their demand to murder her.

The Hennepin County Board of Commissioners had authorized the Hennepin County Medical Center to sue for the "right" to kill Helga Wanglie against the stated wishes of her and her family. In May, the hospital petitioned Belois to have Oliver Wanglie, her husband of 53 years, removed as her legal guardian on the grounds of senility.

Belois stated in her decision that Steven Miles, M.D., the Center's ethicist, "has offered no evidence that Oliver Wanglie is incompetent to discharge the trust as conservator." "The religious beliefs of Helga Wanglie and her husband are congruent, of long standing, firmly held and consistent," she stated.

The Center has announced it will not appeal the decision. However, it continues to attempt to create a public outcry against Mr. Wanglie's convictions by telling the press it is immoral to spend \$800,000 to keep alive someone whose life is not worth living. (Mr. Wanglie has paid health insurance premiums for decades).

A recent study by doctors at the Medical School of Wisconsin found that the overwhelming majority of families with relatives in a so-called "persistent vegetative state" (Mrs. Wanglie's diagnosis) want them to receive most forms of life-saving and life-sustaining care, including food and water. Helga Wanglie has since died of natural causes.

## Food for Peace pressure grows on milk monopoly

The Food for Peace (FFP) campaign targeting the Bronfman family interests for violating federal law in the dairy industry is putting the milk monopoly under pressure.

FFP Pennsylvania representative Phil Valenti received a July 11 letter from Marc G. Schildkraut, from the Bureau of Competition of the Federal Trade Commission, acknowledging that the FTC "is cognizant of the activities of John Labatt Ltd. in the mid-Atlantic states. . . . If Labatt is engaged in any unfair or other illegal activities, we are certainly prepared to take any necessary action."

On June 7, the *Washington Update*, the newsletter of the National Grange, reported that the National Grange, the largest farmer-rural organization in the U.S., was joined by 11 state Granges in requesting the FTC to investigate John Labatt Ltd.'s dairy holdings to determine if the firm is in violation of anti-trust laws. The Grange pointed out that John Labatt Ltd. controls an estimated 40% of the fluid milk markets in New York City, 70% in Philadelphia, and has a dominant position in the Baltimore and Washington, D.C. markets. It charged that Labatt is holding down prices to producers by failing to pay over-order price premiums, and is not passing the savings on to consumers through lower retail prices.

## Briefly

● **JOBS** are more important than spotted owls, representatives of the American Forest Resource Alliance and the United Brotherhood of Carpenters and Joiners of America told the press July 3 in reporting on a recent poll in Oregon and Washington. Only "10% of all respondents said they would support a proposal that would cost more than 10,000 jobs."

● **A PHILADELPHIA** man who has racked up \$89,000 in fines for parking citations is being held in jail on \$80,000 bond. The judge warned him that, if convicted, he could spend more than six years in jail (one day for every \$40 of debt). Is debtors prison coming back?

● **PROTESTANT** evangelicals are planning rallies in support of Israel in the Bible Belt, the *Jerusalem Post* reported July 5. The kick-off on July 4 in Memphis, Tennessee saw 1,000 Evangelical Christians addressed by housing Secretary Jack Kemp, Israeli Ambassador Zalman Shoval, and *Post* publisher Yehuda Levy.

● **GEORGE BUSH** may be changing his position on abortion. Bush said July 10 he was working with Sen. John Chafee (R-R.I.), who has introduced a measure that would eliminate prohibitions on abortion counseling and referrals at federally funded family planning clinics.

● **COL. DAVID HACKWORTH** (ret.) charged that the Gulf war is leading to the deaths of hundreds of thousands of innocent Iraqi civilians, in an interview with NBC News July 10. Hackworth, one of the most decorated veterans in U.S. history, said the war wasn't worth the cost.

● **J. FRED BUCY**, chairman of the Texas National Research Laboratory Commission, said he was resigning so he could "concentrate on this single issue" of saving the supercollider, one of the largest ongoing science projects which is in particle physics, due to a lack of funding from Japan and the U.S. Congress, the July 6 *Dallas Morning News* reported.

## Editorial

# *The U.S. banking system is bankrupt*

Despite the puff pieces from the G-7 summit and other sources with a vested interest in fooling people, the much-vaunted recovery is about as real as the tooth fairy. In fact, many Americans are now so poor that their children no longer benefit from that pleasant conceit.

U.S. debt has reached astronomical proportions, requiring something in the order of \$500 billion for new issues plus refinancing. The estimated budget deficit of the government for next fiscal year—not counting “off-budget” bank bailouts—is in a similar range. This is the context for the announced merger of New York’s Chemical and Manufacturers Hanover banks, and for the failure of the 18th-largest American insurance company, which has asked to be taken over by the State of New Jersey. In this instance, policy-holders are definitely suffering, as cash redemptions and withdrawals are frozen until at least the beginning of next year.

With state and local governments throughout the United States forced to lay off their employees, or ask them to accept payless paydays, the ability of a state such as New Jersey to rescue insolvent insurance companies is questionable. For example in Illinois, 10,000 state employees failed to receive a paycheck due them on July 15.

In 1982, Lyndon LaRouche proposed a financial reorganization which would have saved U.S. banks. Today such a proposal can no longer work. In his opinion, the U.S. banking system is no longer salvageable. What is needed instead is that the American population “bite the bullet” and recognize that they too will have to pay the price of financial insolvency as their pension plans and other savings are frozen or simply disappear, as other financial institutions go under.

We can certainly be sorry for people who have worked their whole lives to guarantee their children’s education or a dignified old age for themselves, but on the other hand, these same people were content to wear blinders year after year, despite our warnings to them. As long as it seemed that it was the other guy who was paying, they were unwilling to make the kind of sacrifices

required to swim against the tide and tell the truth.

These are the sacrifices demanded from those who place a higher value upon serving truth and morality than on pursuing their own and their family’s immediate personal security. Such sacrifices have long been accepted by Lyndon LaRouche and his associates. That spirit of sacrifice also characterized the leaders who built and preserved the United States, such as Benjamin Franklin, George Washington, and Abraham Lincoln.

There is no longer a way to save grandpa’s savings. It’s gone. Ten years of economic malpractice have ruined it all. The failure of grandpa and the rest of the U.S. population to put LaRouche in office in 1980 or 1984, has put their life’s savings in jeopardy. Now they will pay the price, just as LaRouche is still paying the price of political martyrdom, sitting in jail for almost three years.

There’s no solution except a radical one: returning to Hamiltonian national banking, while letting the existing Federal Reserve central banking system collapse, along with everything in it. We cannot bail it out—it’s just too big. Bailouts of the banks are now worse than the collapse. Now, unlike in 1982, to make the United States a viable economic prospect again it is necessary to let the savings be wiped out—personal as well as corporate.

We need to have an alternative in place so that we can rapidly put a viable national banking system in place at the point of collapse, with the central feature being a Third National Bank. U.S. banks want the free market for everyone else and subsidies for themselves; they should be given a taste of their own medicine. Let the free market reign in the financial sector, and the U.S. banking system will be seen to be bankrupt. At the moment the banks are being propped up by a massive, runaway escalation of U.S. debt. This is siphoning off much-needed capital from the rest of the world, to prop a system which is no longer viable. This cannot last forever. The longer we defer returning to the sound principles of Hamiltonian and LaRouchian economics, the greater the price we will end up paying.

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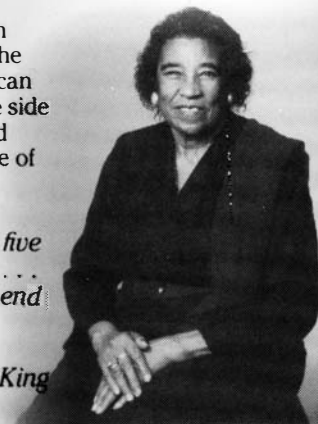
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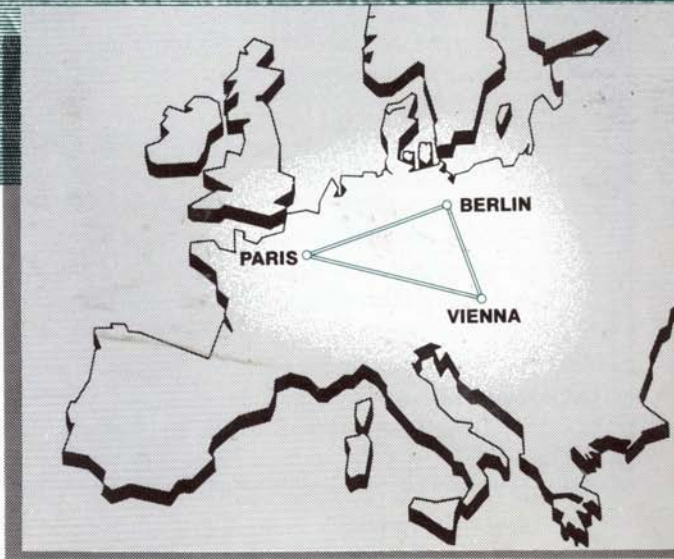
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