

EIR

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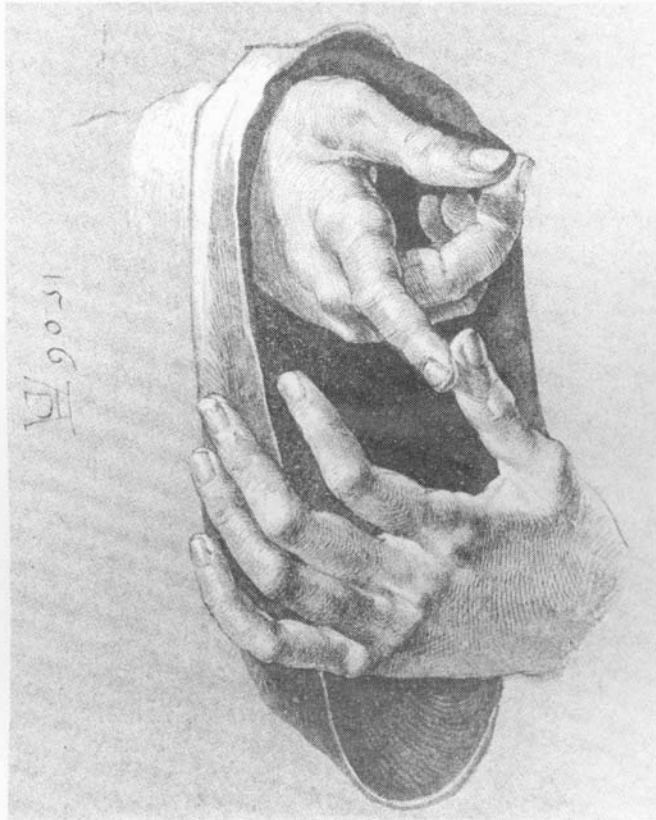
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From the Editor

As we go to press the U.S. stock market is plunging—reportedly under rumors of a Russian debt default—and George Bush's political stock is going down as well. The respected German political leader Helga Zepp-LaRouche called upon her fellow Europeans to take advantage of Bush's personal defeat in the Nov. 5 senatorial election in Pennsylvania, where his ex-attorney general Thornburgh was clobbered by voters, to stop the GATT policy which Bush is seeking to force on the European Community. Word is out that Bush may put his other 'free trade' deal, NAFTA, which EIR and Lyndon LaRouche's Democratic presidential campaign have helped to make very, very unpopular, on hold until after the 1992 elections.

A Republican congressman is quoted as characterizing Bush's prospects in facing conservative Pat Buchanan in the bellwether New Hampshire primary for the Republican nomination next February—as a "presidential meltdown."

There will be plenty of hungry politicians out there, some with revenge on their mind, to pick over George Bush's political carcass if the economy continues to careen out of control at the present rate. But there is only one man with a solution. That is why we feature Lyndon LaRouche's comments on why it is time to dump the Maggie Thatcher "free trade" policies on our cover. By the way, the photo comes from Pennsylvania, and shows why voters in that state are so fed up with Reagan-Bushonomics.

The *Feature* and the lead section of *International* take us to central and eastern Europe, to two nations which are struggling for their independence from communist dictatorship and indeed from empires which pre-date the recent decades of communist oppression. In an eyewitness report from Ukraine, about to declare independence from the former U.S.S.R. and from Russia, we learn of the challenges which lie ahead for this country which holds the key to a peaceful solution for all of the ex-Soviet lands, through the development path of LaRouche's "Productive Triangle," the only sensible policy for rebuilding the former East bloc. Should Russia default on its debt—LaRouche has already offered it a path out of the depression.

While Croatia struggles to free itself from Serbia, George Bush has again acted as a moral imbecile in his criticism of Croatia's "nationalism." But this too, may soon feed into the "presidential meltdown."

Nora Hamerman

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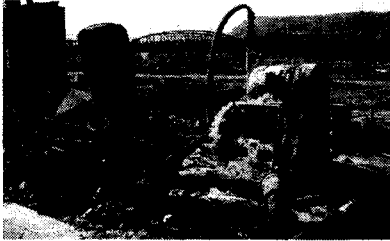
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Have the Feds seized bankrupt Citicorp?

by John Hoefle

Has the U.S. government taken de facto control of the bankrupt Citicorp in a desperate attempt to keep the brain-dead giant afloat until after the presidential elections? Is the U.S. government pumping billions of dollars of taxpayers' money down the Citicorp rathole to keep this zombie alive, to hide the extent of the depression? If so—and there are a number of indications that just such an operation is under way—the savings and loan fiasco pales by comparison.

Late last July, at a hearing of the Telecommunications and Finance Subcommittee, House Energy and Commerce Committee Chairman Rep. John Dingell (D-Mich.) said that Citicorp was “technically insolvent” and “struggling to survive.” Although Citicorp denied the statement as “irresponsible and untrue,” investors around the world thought otherwise, withdrawing billions from Citicorp banks worldwide. That week, the Federal Reserve Bank stepped in with \$3.4 billion in loans to help one or more unnamed banks, nearly all of which is believed to have gone to Citicorp to cover the runs.

It was about this time, European banking sources have told *EIR*, that a major U.S. bank, believed to be Citicorp, was put under de facto U.S. government control.

The House Banking Committee believes it too, judging from what one staff member recently told *EIR*. Citicorp is now operating under effective government control, the staffer conceded, as federal regulators desperately try to stop the hemorrhaging of the bank's loan portfolio and unwind its off-balance-sheet activities. While the government has not formally taken over the bank, the staffer said, there is “a strong federal influence” and “regulators are in there” trying to get “some idea of control of balance sheets.”

Off-balance-sheet problems grow

The situation at Citicorp appears to be similar to that situation at the Bank of New England during 1990, when the

Office of the Comptroller of the Currency and the Federal Reserve effectively seized control of the insolvent bank and began supervising the liquidation of its off-balance-sheet activities.

Off-balance-sheet activities do not show up in a bank's assets and liabilities totals. They include commitments to extend credit at a future time, guarantees that a third party will pay its loans, and market-related transactions such as interest rate and currency swaps. Banks like such transactions, because they do not have to set aside capital against them, and because they hide the full extent of the banks' liabilities from public view.

Off-balance-sheet figures are hard to come by, since many of those activities are not reported to federal regulators. However, according to a March 1988 General Accounting Office study, the amount of off-balance-sheet activities of U.S. commercial banks reported to federal regulators rose from \$1.364 trillion at the end of 1984 to \$3.14 trillion in June 1987, more than doubling in 3.5 years. These activities represented 884% of equity capital for all U.S. commercial banks at the end of 1984, and 1,791% of equity capital by mid-1987. The figures are even worse for banks with assets of \$10 billion or more. At the end of 1984, the big banks had reported off-balance-sheet activities equal to 2,632% of their equity capital, and by mid-1987, that figure had jumped to 6,146%.

These figures reflect only the off-balance-sheet items reported by banks in their call reports to federal regulators. These reports, the GAO said, “do not provide a complete or clear picture since some OBS activities are unreported.” As of the 1988 GAO report, only 11 off-balance-sheet categories were reported to regulators, compared to the 35 categories identified by the Federal Deposit Insurance Corp. (FDIC) in 1985 and 44 identified by Robert Morris Associates in 1983.

The danger of this off-balance-sheet frenzy was demon-

strated with the failure of the Bank of New England during late 1989 and 1990. Although the bank was officially closed in January 1991, it had been effectively dead for more than a year, kept alive by massive federal support. The bank, which had \$30 billion in assets on its balance sheet in 1989, had an even greater amount—\$36 billion—in off-balance-sheet activities. During late 1989, before the bank publicly admitted its \$1 billion loss for the fourth quarter, the bank quietly began to unwind its off-balance-sheet portfolio. By the time the loss was made public, the bank had trimmed \$6 billion off its exposure, but it would take another year of concentrated effort by the bank and regulators to unload the remaining \$30 billion and close the bank.

Since many of the off-balance-sheet transactions are long-term, a high credit rating is the only assurance banks have that their trading partners in the unregulated off-balance-sheet market will still be around when the contracts come due. Once the word began to spread that the Bank of New England was mortally wounded, international banks began to refuse to enter into long-term agreements with the bank, and demanded cash up front in all transactions. Banks began moving to reduce their exposure, fearing that BNE defaults would set off a chain reaction of defaults worldwide. The Bank of New England had become a pariah in the world banking system.

Unable to get credit in the interbank market, the bank turned to the Chicago Mercantile Exchange's International Monetary Market, hiring Shearson Lehman and Prudential Securities to handle its foreign-exchange futures trades. The move caused chaos at the Merc, but without the IMM, BNE treasury operations chief Arthur Meehan would later admit, federal regulators would have been forced to take over BNE's trading positions.

Meltdown scenario threatens

While the crisis at the Bank of New England was ultimately resolved and the bank closed, many observers considered the incident a harbinger of things to come.

"If we had a real problem with one of the larger banks, a meltdown scenario would be a possibility," a senior examiner with the Office of the Comptroller of the Currency told the *Wall Street Journal*.

Is such a meltdown scenario now being played out at Citibank? While the extent of Citibank's off-balance-sheet activities is a closely guarded secret, in 1988, Salomon Brothers estimated the bank's exposure at \$659 billion, over three times the 203.7 billion in assets it had at that time. Given Citibank's propensity to try to speculate its way out of bankruptcy, it is likely that its off-balance-sheet activities now exceed \$1 trillion.

Another indication that the problems at Citicorp are out of control came early in November, when the bank announced its new strategy for dealing with its growing real estate losses. Henceforth, the bank said, it would deal with

them the same way it dealt with its loans to less developed countries (LDCs)—it would ignore them.

Citicorp is notorious among the big U.S. banks for refusing to write down its LDC loans. Even as competitors like J.P. Morgan wrote off billions in such loans, Citicorp held pat, insisting the loans had not lost value. Now it proposes to do the same with its real estate.

"The real estate portfolio has turned out to be an immense problem," Citicorp Chairman John Reed recently admitted. "We would like to get some recovery of the value for our stockholders . . . but we are not in a fire-sale mood. We'd rather hold it. We think it is better for the stockholders to hold it."

The real estate market nationwide continues to collapse, taking the banks with it. Citicorp's non-performing real estate loans rose 120%, to \$2.6 billion, during 1990, and nearly doubled again, to \$4.5 billion, by mid-1991. The New York City real estate market is severely depressed, and vacancy rates are skyrocketing in California, where Citicorp has nearly one-third of its commercial real estate loans. In Los Angeles, where nearly one-quarter of existing office space is vacant and several major office buildings are nearing completion, desperate developers are taking losses on rents to attract tenants.

Credit card business also falters

Citicorp's credit card business is also in trouble. The company is the nation's largest credit card issuer, with some 29 million cards outstanding, and it also processes credit card sales for some 97,000 businesses. However, the bank recently fired a dozen upper-level executives in its credit card arm after it was discovered that the bank had overstated its credit card profits for the past two years. The bank portrayed itself as the victim of this activity, lamely blaming the fraud on executives seeking higher bonuses, but it seems more likely that the bank was caught red-handed cooking its books by federal regulators overseeing the restructuring.

Even if the reports of a massive rescue operation at Citicorp are premature, there is no question that such an operation will be necessary in the near future. The bank is hopelessly bankrupt, and will not be able to save itself. A taxpayer bailout is on the agenda. The FDIC itself is bankrupt, and, in a replay of the S&L crisis, has been forced to suspend closing banks due to lack of money—a process which inevitably leads to larger losses.

Citicorp and the other big banks are pushing for the repeal of all restrictions on their activities, to allow them to loot the rest of the economy to keep themselves afloat. The Bush administration is pushing for the same thing, hoping to keep these lemons on the tree until after the elections. But as Representative Dingell recently warned, the big banks ("are just like the reformed drunks with a half a gallon of good hooch. The first thing they'll do will be to take these powers and rush out and build upon the collapse that they've already brought upon themselves.")

Japan's Achilles heel: the IMF

Part 1 by Kathy Wolfe

U.S. Secretary of State James Baker, in a speech to the Japan Institute for International Affairs in Tokyo on Nov. 11, added insult to the injury of George Bush's cancellation Nov. 6 of the presidential trip to Japan. "Your 'checkbook diplomacy,' like our 'dollar diplomacy' earlier, clearly is too narrow," Baker said. He demanded that Japan immediately deregulate its rice and other markets under General Agreement on Tariffs and Trade (GATT), or risk "a serious political problem."

It is certainly true that Japan has now replaced OPEC as banker to the world. "Japan became the Riyadh of the 1980s," as one banker put it, "Anyone selling anything came through Tokyo." Japan sells more than other nations, however, because Japan alone has had the brains to continue industrial production and investment, while the rest of the world has shut down its production under "shock treatment" programs of the International Monetary Fund. From 1982, when the IMF put Argentina and Mexico in bankruptcy and moved to shut down the trade of most industrial nations, Japan's current account surplus rose from \$9 billion, to \$70-90 billion a year in the late 1980s.

During this time, Japan has made a strong effort to use those funds for development. Tokyo, however, has made a fatal blunder, by tying its international financial strategy to the IMF and the "Ditchley cartel" creditors committee of London and New York banks. While aid to the Third World has increased, the IMF forbids bank lending, and thus most private investment, to much of Africa and Ibero-America.

Now Japan is at a crossroads. The IMF and its Washington spokesmen are paper tigers, as the dollar-based banking system is about to crash. If Tokyo continues to follow IMF dictates, out of a foolish desire to "go along" with other industrial nations, that will only help to spread the IMF's "financial AIDS virus."

In this series, we explore what Japan has done to date with its financial might, and possibilities for the future. Japan's basic international profile shows a worldwide investment pattern in every part of the globe.

The American reader should suppress his media-induced racist reaction to these numbers. To the Japanese, this is a matter of national security. Precisely because Japan is under constant attack from the industry-haters in Washington and London, Tokyo is forced to invest heavily in every area of the world. As Sumihito Hirai of the Japan External Trade

TABLE 1

Where Japan put its money, 1951-90

(cumulative; billions of dollars; fiscal years ending March 30)

To:	U.S.A., Canada	W. Europe, Australia, New Zealand	Third World	Global total
From Japanese:				
private investment	136	77	97	311
Ex-Im Bank loans	20	13.6	28.5	62.2
Foreign aid (ODA*)	0	0	40	40
Total	156	91	165.8	413
all sources	(38%)	(22%)	(40%)	(100%)

* ODA = Official Development Assistance

Source: Ministry of Finance, Bank of Japan, Export-Import Bank of Japan, Japan Overseas Economic Cooperation Fund.

Organization (JETRO) told *EIR* in an interview we published last week, "Japan has no natural resources and Japan is a small market. Therefore we had to go everywhere, to secure resources and market share."

Table 1 shows the "bottom line." Funds have been distributed consistently at almost 40% in North America, 22% in the other OECD nations of western Europe, Australia, and New Zealand, and 40% to the Third World. (Japanese investment in eastern Europe has been tiny until now.)

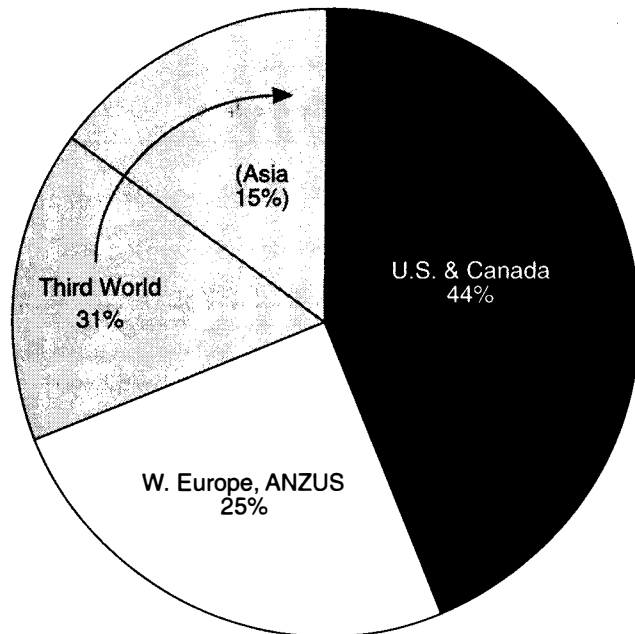
The largest source of funds within Japan is, of course, the private sector, that is, Japanese industrial combines and banks which have generated Japan's own boom. Japanese private sector "non-portfolio" Foreign Direct Investment (FDI) rose from under \$5 billion in 1982 to \$67.5 billion in fiscal year 1989 and \$57 billion in FY 1990. This totaled \$311 billion during the postwar period. "Non-portfolio" means that this figure excludes stocks, bonds, and other purely financial investments made by the Japanese, focusing on business creation. The \$311 billion private investment is 75% of Japan's \$413 billion in total funds abroad.

The U.S. received the lion's share of this direct investment. Further, during this time, the Japanese bought an additional estimated \$200 billion in U.S. government debt, and billions in other American financial markets.

Secretary of State Baker's comment is thus not only insane, but ungrateful. Without a massive Japanese trade surplus, the U.S. Treasury bond market drops dead. From 1985 to 1989 alone, when Japan's current account surplus boomed, Japanese investors bought \$150 billion in U.S. Treasury debt. In 1990, when Japan "successfully" met U.S. demands to cut its surplus in half, Japanese investors sold \$8 billion net in U.S. Treasury debt, crashing the market.

Japan's current account surplus is headed back to the \$70 billion level in 1991. *EIR* suspects that Washington squawks in public, but is privately relieved.

FIGURE 1
Japan's Foreign Direct Investment (FDI) 1951-90



Cumulative global total = \$311 billion

Source: Ministry of Finance, Bank of Japan, Export-Import Bank of Japan, Japan Overseas Economic Cooperation Fund.

IMF uses judo technique

Conversely, however, these figures also show that the IMF has been using the classical judo technique of controlling a large opponent (Japan) by a small fulcrum (Japan's external finances). **Figure 1** shows that of the largest category, private FDI, North America received 44%, other OECD nations 25%, and the Third World only 31%.

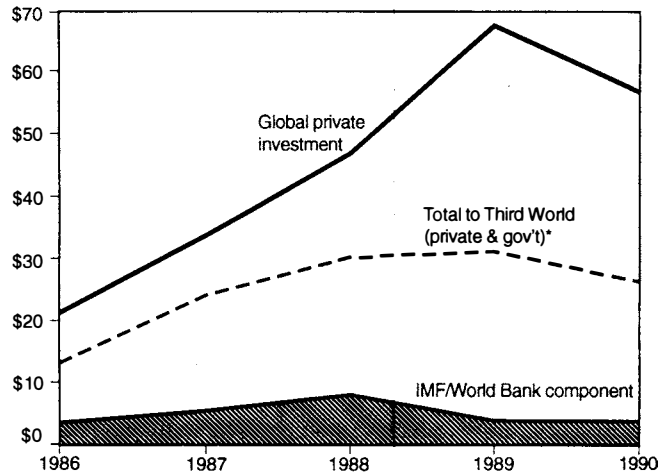
This is because, since 1982, the IMF and the World Bank have blacklisted the credit ratings of the entire continents of Ibero-America and Africa. This was not mere financial pragmatism, but a policy of deliberate genocidal reduction of the world's population by 2 billion people under the State Department's "Global 2000" plan.

Instead of bucking this trend, Japan has allowed the IMF to lead it by the nose. As a Japanese diplomat told a Mexican journalist, Japan's attitude has been *wei tan-zi*: "wait and see" whether the IMF will allow any investment. On IMF command, Japanese investors have stayed out of Ibero-America and Africa. Of the 31% of Japanese FDI investment which is in the Third World, 15% is in Asia.

The *type* of Japanese investment (not shown) is also heavily influenced by the IMF's preference for service sector, real estate, and other non-productive "post-industrial" waste. In North America, 64% of Japanese FDI is in the Anglophile

FIGURE 2
Japan's investment booms, but not to Third World

(billions of dollars, fiscal years ending March 30, at constant conversion rate of Yen 130 = \$1.00)



*Includes all Japanese private sector capital investment, Japan Ex-Im Bank loans, and Japanese government aid (ODA).

Source: Ministry of Finance, Bank of Japan, Export-Import Bank of Japan, Japan Overseas Economic Cooperation Fund.

banking, service, and real estate sectors. In Asia, 25% of investments are in those non-productive areas, primarily in the British-dominated financial centers of Hong Kong and Singapore. Out of that 12% of Japanese FDI which is in Ibero-America, more than half is in the Cayman Islands and other banking havens.

What has increased dramatically to the Third World is Japanese *government* funds. Japan's Foreign Ministry earmarked \$65 billion for a "giving drive" to the Third World during 1987-91, to include \$23.5 billion in Japan Export-Import Bank loans and \$12.5 billion in foreign aid through Official Development Assistance (ODA). Japan exceeded its targets. ODA totaled almost \$40 billion for the five years, making Japan the largest donor of foreign aid in the world. Japan Ex-Im loans to lesser developed countries reached \$38 billion.

Figure 2, however, shows the IMF again poisoning the well. Japan's five-year plan also included \$29 billion for the IMF and related agencies, giving the IMF a critical margin of control (bottom) in many Third World development plans. Japan's global private investment, the largest chunk of Japanese funds (top), tripled from 1986 to 1990. Since, however, the IMF bars Japanese private investors from much of the Third World, private Third World investment fell. Thus, despite Japanese government efforts, total funds to the Third World stagnated.

To be continued.

Free-market madness sinks Colombia's industrial economy

by Javier Almarío

As a direct result of Colombia's adoption of the free-market policy demanded by George Bush and the international banks, the country's productive economy is grinding to a halt. "What we have achieved in 70 years of continuous efforts is beginning to evaporate with the rise of a dangerous and harmful theory," that of the opening to the free market, wrote the well-known Colombian economist Antonio Alvarez Restrepo in an Oct. 9 column in the daily *La Prensa*. Alvarez Restrepo's assessment reflects the growing, if still private, consensus among Colombia's producers that the so-called *apertura* ("opening"), that is, the total freeing of foreign trade, and accompanying adjustment program to "control" inflation—copied to the letter from the International Monetary Fund's recipes—are destroying Colombian industry and agriculture.

At the very beginning of his administration in August 1990, President César Gaviria announced that he would take all necessary measures to free imports, with the supposed purpose of "modernizing the economy and making it more competitive." Although the government had initially spoken of a "gradual opening," the plan they had pledged to complete by the end of Gaviria's four-year term was rammed through during 1991.

Contrary to what the government has proposed, the *apertura* has caused "the productive sectors to lose dynamism. The coefficient of investment has fallen, difficulties in exporting goods other than primary ones have increased, and the economy has gained neither in productivity nor in international competitiveness," said Jorge Méndez Munevar, president of the National Federation of Metallurgical Industries, in an Oct. 28 article in the daily *El Espectador*.

What the Gaviria government now plans is to implement a "green agenda" that will eliminate what remains of the country's productive sectors. Keep in mind that Colombia is the only nation in the world whose Constitution—drafted earlier this year by a Constituent Assembly of New Age fanatics and "former" narco-terrorists—formally incorporates the anti-growth concept of "sustainable development." On that assembly's recommendations, an Ecology Ministry is being readied, along with coercive legislation which could, for example, send farmers to jail for using fertilizers and insecticides.

In a late October presentation at Santa Fe de Bogotá's National University, Manuel Rodríguez, the head of the National Institute for Natural Resources and the Environment, elaborated what these eco-fascist guidelines will look like, when he lamented that, as yet, "no one has been imprisoned for cutting down trees, nor for having killed a member of an endangered species, nor for having contaminated rivers with industrial wastes. . . . Ecological education isn't enough. Coercive measures are required, along with effective means for making sure that ecological crimes do not go unpunished."

Wrecking industry: an IMF 'success story'

Gaviria, a former International Monetary Fund official, promised at the start of his presidency to "shake up" the nation, and in that he has certainly succeeded. The small industrial base of the country, which was nurtured through administrative and customs protection, is now on the verge of collapse. This truth was reflected in the fears privately expressed to this author by industrialists gathered at the 47th assembly of affiliates of the National Industrialists Association, held in early November. However, in public, the industrialists still advocate "understanding these changes, and adapting to them."

The Gaviria government is fully aware that its economic policies are going to wreck national industry in Colombia. Not accidentally, the first sector affected is the steel and metal-working industry.

Colombia's flagship steel company Acerías Paz del Río, the country's only integrated steel plant, has had to undertake vast and complicated financial and diplomatic maneuvers with its creditor banks this year to avoid going into formal bankruptcy. The creation of Acerías Paz del Río in the 1950s was a national event. The government fully supported the project and mobilized Colombia's citizenry to buy stock in the company. Even today, it is one of the companies with the greatest number of stockholders in Colombia.

Paz del Río was also created *against* the will of the World Bank. Lauchlin Currie, who was the World Bank's delegate on his first mission to Colombia, writes in his memoirs that he was unable to prevent the company's creation, "but I succeeded in getting the original project reduced, and instead

of buying new blast furnaces, they bought second-hand ones which were already obsolete when they arrived in the country." Despite his efforts, Paz del Río went on to become a symbol of national pride and of the country's industrialization commitment.

Currie, a Canadian "economist" who has lived in Colombia for decades, is undoubtedly laughing up his sleeve today. Paz del Río waits in vain for investors to increase their investment in the company and for the government to give it promised credit for "modernizing the productive apparatus" and buying new equipment to keep it in business. Neither national nor international private banks are giving any more credit to the steel company, because they consider the steel sector too high-risk, now that tariff protection has been eliminated.

Other steel companies, which are semi-integrated and produce steel from scrap iron by recasting with voltaic arcs, are desperately demanding a reduction in electricity rates to cheapen their production costs and enable them to withstand the anticipated avalanche of imported steel. Electricity rates in Colombia are higher than elsewhere, despite the fact that the electrical companies are state-owned. Even should they win their demands, the lowered rates wouldn't last long, since the government's plan is to privatize electricity production as quickly as possible. It would take a tripling of present electricity rates to yield profits for a privatized electrical company.

The steel sector is by no means the only hard-hit sector. In fact, the first major bankruptcy of the year occurred on July 25 when Icasa, producer of home appliances, and J. Glotman, its sales firm, went into bankruptcy. Both companies had suffered drastic sales reductions as potential customers awaited an influx of cheaper products from abroad. At the same time, credit availability was sharply curtailed on orders of Finance Minister Hommes. Given the lack of credit, the two companies were forced to offer public stocks at high interest rates, which they were later unable to pay.

Avianca, Colombia's leading airline and one of the first commercial aviation companies in the world, is turning financial somersaults like Acerías Paz del Río, to win a reprieve from its creditors. The company was forced to sell one of its airplanes to pay off \$67 million in debts. The company will be especially hard hit by Gaviria's announced "open skies" policy, an extension of the *apertura* involving the granting of complete freedom to foreign companies to ply the Colombian airspace. Avianca today is facing serious difficulties in collecting sufficient funds to meet its semi-monthly payroll.

The Grancolombiano Merchant Fleet, the country's only important shipping fleet, is also facing serious problems. The government has just eliminated cargo reserve, according to which 50% of all cargo that enters or leaves the country must do so on Colombian ships.

The situation is so serious that the National Administrative Statistics Department has had to admit that the national

economy is in a severe recession. Industrial sectors which have shown the worst production declines include: transport equipment and material, 20.38%; non-machine metallic products, 13.54%; electrical machinery and appliances, 11.45%; wooden furniture, 9.75%; coal and oil derivatives, 7.36%; and food processing, 6.29%.

Capital goods production overall fell 15.3%; intermediate goods processing, 3.94%; and consumer goods processing, 3.77%. As can be seen, the worst-affected sectors are those which the country most needs to achieve genuine industrialization, and to resolve its problems of poverty, through development.

Agriculture is also bankrupt

The agricultural sector should have seen the handwriting on the wall last year, when the Gaviria government announced that it would not increase price supports for farm products. At the same time, it announced that the *apertura* would also be extended to the countryside. The result? The first harvest of 1991 declined by 13%, while area under cultivation fell by 10.5%, equaling some 100,000 hectares, according to figures from the Colombian Growers Society (SAC).

SAC is demanding that the government maintain the old tariff rates as protection for agriculture. However, just like the industrialists, the leaders of SAC still believe that their demands will be negotiated—and met—over a few cocktails with government officials, without need for a mobilization of the nation's producers. The government, meanwhile, has lulled the SAC leadership with the promise that the United States will manage to defeat the Europeans and force them to eliminate agricultural subsidies, after which the European market would presumably "be filled up with Colombian agricultural products."

The Gaviria government's cynical assurances to Colombia's producers are ultimately based on the theory that any vacuum produced by national industrial or agricultural bankruptcies will be filled by foreign investors. During October, the government sweetened the pot by authorizing the lifting of all limits on the amount of foreign exchange that foreign investors can send out of the country as profits made on national territory. Previously, foreigners were only permitted to remit 100% of the value of their investment.

The policy of the government was well summarized by economist Alvarez Restrepo, in his *La Prensa* column: "No more industries at all cost. No more smokestacks nor vibrating machines. Open ports, free for all, active commerce, even if this means that broad sectors of the economy will be paralyzed which only yesterday were expressions of active work and full employment."

He concludes: "The *apertura* is the result of an international policy, vigorously imposed by the rich countries which dream of finding the port customs of the Third World wide open to the surpluses of their own industries."

Public health expert warns of disease danger from wetlands

by Marcia Merry

Dr. William E. Hazeltine, an entomologist and head of the Butte County Mosquito Abatement District in California, charged in testimony to Congress on Oct. 31 that the current policy of the Bush administration on "preserving the wetlands" carries the risk of triggering epidemics of viral encephalitis, malaria, and other diseases among men and animals. "We respectfully submit," said Dr. Hazeltine, "that production of mosquitoes and the attendant risks of disease transmission have been largely overlooked in the present effort to save or remake wetlands."

Dr. Hazeltine presented a paper on "Wetlands and Disease." He has long been a critic of the "save the wetlands" craze, warning that the approach of the Environmental Protection Agency (EPA) to wetlands management hamstring local authorities and landowners' ability to eradicate disease-carrying mosquitoes.

A national debate is now under way involving reconsideration of the 20-year-long radical environmentalist campaign to define, preserve, and revere "wetlands" in the United States. Just as the swelling ranks of jobless, homeless, and impoverished give the lie to President George Bush's assertion that "recovery is just over the horizon," so, too, the instances of disease outbreaks and distress to farming and residential areas give the lie to Bush's environmentalist policies.

A Nov. 13 hearing is planned for a House Science Committee subcommittee on the issue of how to define a wetland, which was occasioned because of the near-universal criticism of the administration's policies.

With more wetlands, combined with the federal bans or restrictions on pesticide applications, the conditions are guaranteed for numerous outbreaks of deadly diseases. In past reports, Hazeltine has reviewed the most recent epidemics: In 1975, an epidemic of Western and St. Louis viral encephalitis spread up the Mississippi River Basin into the upper Midwest, and eventually caused more than 4,000 confirmed cases, and 95 confirmed deaths. Ohio experts alone reported 419 cases, and estimated another 1,100 unreported cases. In one Ohio city, it was found that one mosquito out of every 120 carried the infection. The worst recorded

epidemic of encephalitis in the United States occurred in California in 1952, where there were 415 human cases and 10 deaths, predominantly of Western Encephalitis.

In an interview last year, Hazeltine said, "The consequences of wetland preservation are seldom considered in the political stampede to preserve nature. The truth is that humans are animals that are subject to the same harsh consequences of natural laws, unless natural conditions are altered to benefit humans over the other animals. Protection from disease is one of the ways society has tried to help people survive longer and avoid these harsh consequences."

The opposite, unscientific approach to wetlands holds that since about 54% of the bogs and marshland present in the 1600s in what is today the United States have been "lost" to development for human use, then these "wetlands" must today be re-created, and the remaining ones preserved. There were an estimated 200 million acres of such lands in the 1600s, and today there are about 100 million. As President-elect, George Bush had pledged "no net loss of wetlands."

In 1989, federal regulations were adopted whose implementation would greatly expand the acreage characterized as wetlands. Criteria were set for designating and controlling the use of wetlands, defined as being any land under water for at least seven consecutive days each year during the growing season. The regulations were a joint effort by the Departments of the Interior and Agriculture, the Army Corps of Engineers, and the Environmental Protection Agency to formulate a uniform manual for defining and regulating wetlands. Very little time for public comment was entertained, and the new regulations went into effect on a trial basis. Bush's appointee to head EPA, William K. Reilly, is a fanatic, the former head of the Conservation Foundation, a sister organization of Prince Phillip's World Wildlife Fund, now the World Wide Fund for Nature.

The immediate effect of the new regulations was a flurry of court suits, imprisonment for federal "wetlands offenders," and financial ruin of farmers and landowners. For close to 300 years, the approach to marshland and bogs has been to improve the landscape and physical resources base through draining and channeling the water; today the approach is the

opposite. It is estimated that since the 1600s, some 87% of the improvements causing wetlands loss has been for agriculture and human habitation. However, the Bush administration ordered this to cease.

When the incompetence of Bush's policy was attacked, he tried to back off. In August, the administration announced a new set of proposed regulations that would ease wetlands qualifications, and hence decrease the regulations. Whereas the previous regulations specified that a wetland is an area of mucky or peat-based soils that remains saturated with water at or within 18 inches of the surface for at least seven days in the growing season, these criteria were altered. The proposed new definition says that such an area must have saturated surface soil for 15 consecutive days of standing water annually, or for 21 consecutive days in the growing season.

The radical environmentalists responded predictably. The National Wildlife Federation countered that seven consecutive days of water saturation is all it takes for soil to lose enough oxygen for water plant life to flourish. The 21-day requirement is too long, they say, because it would exclude prairie potholes and vernal pools. The latter are shallow depressions in Oregon and California that fill during the rainy months and dry out the rest of the year, and host an interesting array of plant and animal life. In October, the National Wildlife Federation, National Audubon Society, and others held a press briefing in Washington, D.C. calling for Congress, or a federal agency, to enlist the National Academy of Sciences to review the weakened regulations before they were effected.

Documentation

Mosquito control is urgent in wetlands

The following is excerpted from the statement of William Hazeltine, Ph.D., R.P.E., representing the American Mosquito Control Association, at the Hearings on Wetland Protection, before the Water Resources Subcommittee of the House Public Works and Transportation Committee. He testified on Oct. 31, 1991.

In summary, my testimony points out the competing interests of wetlands preservation and public health, as demonstrated by the recent outbreaks of encephalitis. This tension between

preservation and public health is unfortunately exacerbated by EPA's pesticide relabeling program which prohibits the application of many safe and effective mosquito control products to wetlands and adjacent property. While finding 6 of H.R. 1330 reminds us that wetlands present health risks, we suggest that this bill be amended to 1) require the regulator to consider public health when acting on wetland permit requests, and 2) exempt wetland activities whose principal purpose is to reduce the public health threat from mosquitoes. We believe that these changes would improve H.R. 1330 and are consistent with the letter and spirit of the National Environmental Policy Act (NEPA). That act, which was the genesis of most current environmental regulatory programs, specifically requires that federal agencies consider the human health and welfare consequences of their acts. . . .

We generally view wetlands as a high risk environment for mosquito production. However, we are *not* opposed to wetlands as long as they are managed so they do not create an unacceptable threat to public health. At times, reducing the size or character of a particular wetland may be the most reasonable management practice.

We respectfully submit that production of mosquitoes and the attendant risks of disease transmission have been largely overlooked in the present effort to save or remake wetlands.

Good mosquito control looks at the possibility of reducing the breeding area by water management or water elimination. This is where dredging, filling, and draining are important health protection tools. . . .

Finding 6 of H.R. 1330 underscores the fact that wetlands can present a health risk. As demonstrated with the recent outbreaks of encephalitis, these risks are not theoretical, but real. While we are pleased that finding 6 is included in H.R. 1330, we believe that the bill should be amended to give this finding some practical regulatory effect by requiring the secretary to consider the net public health impact of wetland activities and to exempt mosquito control activities.

I am submitting for the record, a paper titled "Wetlands and Disease." This paper provides detailed technical background for our testimony and our concerns. Mosquitoes, birds (particularly migratory birds) and humans are the major components for serious risks of an encephalitis disease cycle. Other kinds of mosquitoes and humans can create a malaria disease cycle. . . .

Specific examples of problems with enforcement of Section 404 of the Clean Water Act. The two examples below illustrate the need for revisions to Section 404 of the Clean Water Act.

1) In our district, there is an area from which fill dirt was obtained about 30 years ago to build a freeway. This area was an almond orchard before the surface dirt was removed. This area is now about 8 acres and covered with shallow water during most of the year. The cottonwood, willow, blackberry, and other vegetation has grown up to create a

dense, swamp-like area, and beavers continually block the culvert which is supposed to drain this area. A new mall and housing development is now within about 800 feet of this wetland.

This area is an ideal breeding source for the vectors of malaria and encephalitis, diseases which we, by law, are responsible for controlling. Until EPA substantially reduced our arsenal of insecticides used in mosquito control programs, we were able to use predatory fish and pesticides in an integrated control program to control the mosquitoes produced in this swamp. We also used oil and cleared vegetation as part of our program.

About two years ago, fill dirt was available from a nearby development, and under our state law, we directed the property owner to abate this public nuisance, by filling this wetland. The landowner, however, was stopped by the Corps of Engineers after about a quarter-acre was filled. The Corps now says it will forgo penalties if the landowner will remove the fill and return the swamp to its "original" unnatural wetland condition. Unfortunately, a new Corps opinion also lists cuttings or prunings as fill, so we cannot even cut the vegetation in this area unless we remove it. Burning is out of the question.

2) Another example of conflict between wetland preservation and public health is found in a proposed "negotiated" consent decree by EPA and the owners of a turf farm in Hartford County, Connecticut. . . . One of the conditions "agreed to" prohibited the use of pesticides on this 14.8 acre "wetland." The "wetland" which was the subject of this action was predominantly "oak and red maple," before it was cleared. Our concern is that the agreement could potentially be cited to frustrate mosquito control, particularly when a portion of the cleared forested area was to be returned to a "wetland." . . .

The EPA's efforts to restrict and eliminate pesticide use on any wetland is another issue which is indirectly related to the "Wetland Dilemma." . . .

Mosquito larvicides must be applied directly to water. Mosquito adulticides must frequently be applied to areas adjacent to wetlands. It should be noted that mosquito control pesticides have historically been applied without serious incident to aquatic invertebrates and fish. Unfortunately, EPA's required label warning is generally triggered by the agency's calculation of theoretical risks to aquatic organisms that are often not supported by real life fish kills. For most mosquito control products which are applied at very low rates (frequently much lower than agricultural uses), this warning is not warranted. We even find this restrictive language on labels which give directions for direct water application for control of mosquito larvae. While we are trying to work with EPA's Office of Pesticide Programs to obtain some measure of common sense in the above language, this example shows the extent of the agency's disregard for the need to control disease-vectoring mosquitoes on wetlands. . . .

Good mosquito control relies on 1) physical control to reduce or eliminate the water which is the breeding source, 2) biological control such as fish predators and parasites, and 3) pesticides when necessary. Use of all three components in a balanced program is called integrated pest management (IPM). It is also common to preferentially practice larval control in many areas of the country, instead of depending only on control of the adults after they have emerged from the water and are seeking a blood meal. In some areas of the country, larval control is not practical, but in others it is.

As a consequence of EPA's apparent prejudice against pesticide use near people and in wetlands, and restrictions on physical control of breeding places, we are fearful that we will be faced with the prospect of more mosquitoes and increased risks of human disease transmission.

Besides restricting the practice of integrated mosquito control programs by health agencies, the prejudice and prohibitions on pesticide use will also eliminate a very important mitigation tool for federal and state wetland managers. An adopted mitigation to control mosquitoes as part of an Environmental Impact Statement usually is not specific as to methods to be used by a refuge or wetland manager. The choice of control is usually left to the individual manager, with the test of compliance being the absence of any significant numbers of mosquitoes flying away from the federal or state land. As pesticide use restrictions increase and as cost-effective products are eliminated, the costs for refuge or wetland managers to provide mitigation will go up significantly. . . .

Another obvious beneficial change is to amend the definition of wetlands to include only traditional natural wetlands, to consider artificial wetlands as artificial, and to adopt different criteria for allowed mosquito control activities on each kind of wetland. . . .

Under many state laws, water which is a breeding place for mosquitoes is a public nuisance, and yet most wetland impact assessments do not consider state mosquito control laws, but instead cavalierly disregard this requirement. The Corps appears to operate on the premise that the preservation of wetlands, at all costs, is the environmental "high ground," with mitigations considered only to offset wetland loss. We suggest that public health be included in the wetland preservation equation. Any environmental review should specifically consider the impact of wetland preservation on human health.

Enforcement of NEPA policy is considered by the [Council on Environmental Quality] to be the responsibility of the "the President, the federal agencies, and the courts." We suggest that the Congress has some responsibility to assist the federal agencies in complying with the established policies on the Environment and the Comprehensive Wetlands Conservation and Management Act is an excellent place to *require* consideration of the human health and welfare consequences of wetland regulations. . . .

'Debt-for-nature' swaps: usury disguised as ecology

by Lorenzo Carrasco

In August of this year, after this author presented detailed evidence to the Brazilian Congress on the Anglo-American plan to grab the resources of the Amazon—by force if necessary—under the guise of “protecting” the environment, one of the first individuals to publicly and hysterically attack the testimony was greenie Brazilian congressman Fabio Feldmann. This is not surprising, given Feldmann’s active involvement and defense of the “debt-for-nature” and other environmental schemes heavily financed by U.S. and other international interests.

But Feldmann is not just your local environmental activist. He is intimately tied to the leading Anglo-American environmentalist groups, such as World Wide Fund for Nature (WWF), Amnesty International, Conservation International, World Resources Institute, Smithsonian Institution, and Friends of the Earth, whose boards of directors are all inter-linked. Feldmann is active in Brazil, which is high on the Anglo-American target list of nations to be destroyed. But the interests he represents are working in other Ibero-American and developing nations to use the debt-for-nature hoax as a vehicle for taking control of enormous tracts of land and natural resources, limiting national sovereignty, and demanding the destruction of institutions, such as the armed forces, which might oppose these policies. No government should be fooled by talk of “debt reduction” or “environmental protection.” As the information below documents, these organizations have only one goal in mind: maintaining usury to prop up the Anglo-American banking system, and destroying whatever nationalist resistance gets in their way.

According to Feldmann, his first contact with the ecology movement occurred in 1975, around discussions of Club of Rome theories. From that moment onward, he says, he became a fervent malthusian environmentalist, founding various organizations such as OIKOS and SOS Mata Atlantica, through which he would receive substantial financial contributions from, especially, U.S. organizations, which in turn passed on funds from the major financial institutions and foundations of the Anglo-American Establishment. His envi-

ronmentalist faith—inspired and renewed thanks to abundant and continuous financing—enabled Feldmann to have a hand in virtually every environmentalist campaign in Brazil, especially targeting the country’s nuclear energy development programs.

Bankers dominate conservation groups

Especially noteworthy are Feldmann’s relations with the twin institutions Conservation International—whose efforts are dedicated to promoting debt-for-nature swaps—and the World Resources Institute. WRI not only encourages debt-nature exchanges, but is also a key force behind efforts to establish a world system for monitoring the natural resources chosen as targets of the environmentalists. Feldmann is a member of CI’s board of directors, along with other environmentalists such as Maria Tereza Jorge Padua of the Funatura Foundation, Roberto Klabin of the SOS Mata Atlantica Foundation (both endowed with abundant foreign funds), and Pablo Nogueira Neto. CI’s board of directors includes, of course, important figures from the international creditor banks who hold the bulk of developing nations’ debt. Such is the case, for example, with Francis X. Stankard, executive vice president of New York’s Chase Manhattan Bank, and William D. Rogers, executive of the law firm Arnold and Porter—the same law firm that was hired by the former Brazilian government to advise it in debt negotiations with its international creditors.

Brazilian Sen. Fernando Henrique Cardoso joined with Feldmann, Nogueira Neto, and Jorge Padua in the WRI’s most recent activities, endorsing its *Compact for a New World*, which links the preservation of the environment to demands for dismantling the armed forces of Ibero-America. Senator Cardoso is also a member of the Inter-American Dialogue, together with Victor Civita of the Abril publishing house and former U.S. Defense Secretary Robert McNamara. McNamara, whose latest policy recommendations include the conditioning of Third World loans to military budget cutbacks, is also a member of the board of WRI, along

with José Goldemberg, Brazil's education secretary and another strong advocate of debt-for-nature swaps.

Among the financial supporters of CI and WRI are a large number of the Anglo-American Establishment's premier companies, foundations, and banks. Chase Manhattan Bank, Exxon Corp., Ford Motor Co., Hewlett Packard Co., Arco Foundation, Chemical Bank, Citicorp, IBM, J.P. Morgan Guaranty Trust Co., Shearson Lehman, and Hutton, Inc., are some of them. Particularly noteworthy is the John D. and Catherine T. MacArthur Foundation of Chicago, which between 1987 and 1988 gave nearly \$3 million to CI and \$25 million to WRI, according to the Foundation Grants Index of 1990-91, which reports on the contributions of major U.S. foundations. The MacArthur Foundation, which has become a leading financier of environmental causes, also recently financed the study *The Military and Democracy: The Future of Civil Military Relations in Latin America* (see *EIR*, Jan. 11 and March 1, 1991), whose primary thesis is that the end of the Cold War has paved the way for dismantling the armed forces.

Bank would hold territory as collateral

The banks' "ecological" interests lie in the fact that, if debt-for-nature exchanges were to be implemented on a large scale, it would permit the swapping of devalued and unpayable debt holdings—"rotted paper," as they are known in Brazil—for set-aside, "preserved" territory rich in natural resources. Although the oligarchical financial interests would not—at least, initially—have direct access to such resources, the "preserved" land would nonetheless practically serve as a guarantee for bank stock- and title-holders. Thus, WRI president Gus Speth advocates the creation of a World Conservation Bank (WCB) as a kind of centralized compensatory agency for all debt-for-nature transactions.

This scheme of the banks—using conservationist causes to shore up their bad credit ratings—stood exposed during the deliberations of the Fourth World Wilderness Congress held Sept. 13-18, 1987, in Denver, Colorado. There, 2,000 ecologists of every stripe rubbed shoulders with the elite of the Anglo-American Establishment. Participants included then-U.S. Treasury Secretary James Baker III, bankers David Rockefeller and Baron Edmund Rothschild, and Gro Harlem Brundtland, prime minister of Norway and president of the World Commission on the Environment, whose study *Our Common Future* is serving as the basis for the preparations of the Eco-92 conference in Brazil next year. Brazil's delegates included environmentalist José Pedro de Oliveira Costa, then a government official and an intimate of the bankers' schemes plotted at this meeting (see *Documentation*).

Rockefeller, Rothschild call the shots

In an interview published in the December 1987 edition of the financial magazine *Moneychanger*, the host of the

Fourth World Wilderness Congress, businessman George W. Hunt, revealed some of the hidden goings-on of the Congress. "London banker Baron Edmund de Rothschild was personally conducting the monetary matters and creation of this World Conservation Bank, in the company of I. Michael Sweatmann of the Royal Bank of Canada. These two were like Siamese twins, and that's why I say that it appears they were running the monetary side of this conference. . . . David Rockefeller was also there and gave a speech on Sunday." Hunt continues: "On Sunday afternoon, I had lunch with Michael Sweatman and with Mr. and Mrs. Rothschild, and I was able to ask them how this [WCB] was going to continue to operate. . . . They're planning on refinancing, debt swapping (for assets) one trillion dollars of Third World debt into this new World Conservation Bank."

To achieve this, it becomes equally necessary to establish a world monitoring system for potentially "conservable" natural resources. Hunt reveals that governments "would offer land titles to a World Wilderness Land Inventory Trust." In fact, creating an inventory of "conservable" natural resources

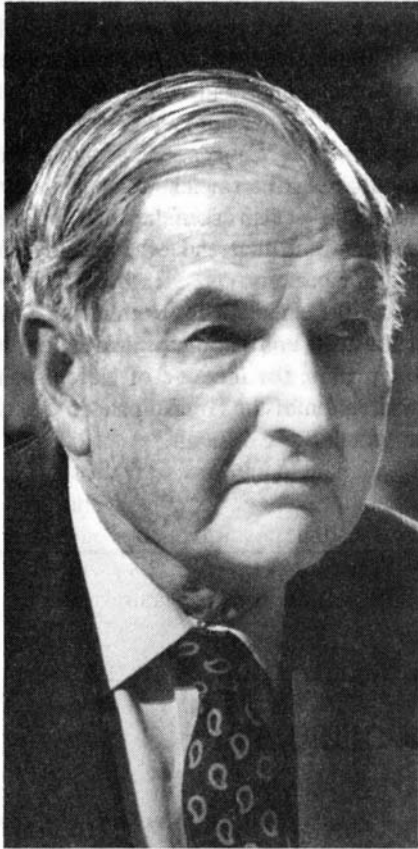
Eco-fascists propose world conservation bank

The following are excerpts from a document entitled "World Conservation Bank," published by the secretariat of the Fourth World Wilderness Congress.

The World Conservation Bank would finance, either directly, or through co-financing, projects to:

- 1) prepare, develop, and implement national conservation strategies by developing sector countries;
- 2) acquire/rent environmentally important lands for preservation of biological diversity and river basins;
- 3) management and conservation of selected areas.

Plans were proposed for the WCB to act as an intermediary between certain developing countries and multilateral or private banks, to transfer specific debts to the WCB, substituting "doubtful" loans on the banks' books for a new loan to the WCB. And, in exchange for the reduction of its credit obligations (debts), the debtor country would transfer to the WCB the "equivalent value" of assets in natural resources. Or else the debts of the developing countries under foreign assistance programs, which have little hope of being paid, could be retained inside the country and applied to conservation, reforestation, or rural agricultural projects through the intermediation of the WCB.



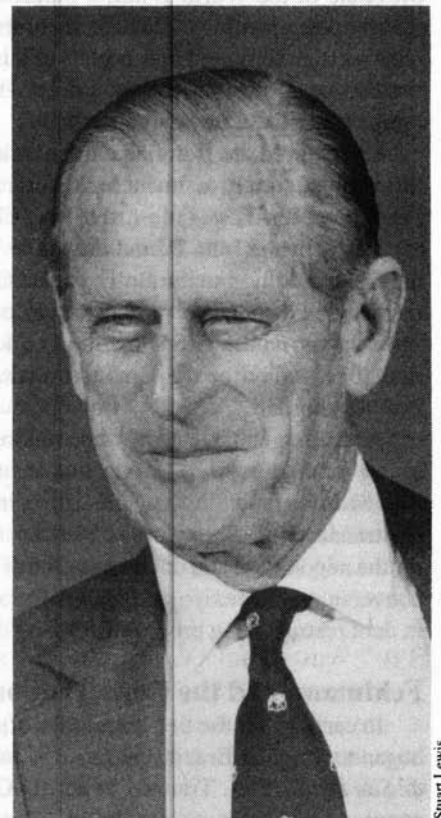
David Rockefeller: called the shots at 1987 World Wilderness Congress where debt-for-resources scam was planned.

Stuart Lewis



James Baker III: in on the plot to force Third World nations to swap land for debt from the outset.

Stuart Lewis



Prince Philip: The Queen of England's consort invited Feldmann to London to "study ways of expanding" the WWF's activities in Brazil.

Stuart Lewis

is one of the express functions of WRI, to which Canadian banker Michael Sweatman belongs. The *Financial Times* of Sept. 19, 1987 also reported on the Denver ecology summit: "One of the major objectives of the Congress was the creation of a program and a World Conservation Bank, presented by Michael Sweatman, executive committee member of the Congress. The international banking program would establish large conservation projects in developing countries where the environment is threatened. Mr. Sweatman's program is intended to help the developing countries to obtain financing to establish national conservation strategies and to facilitate massive Third World debt swaps for conservation projects in those countries."

Clearly, implementation of this neo-colonial scheme to save the banks from ruin, by handing them control over the natural resources in broad regions of the planet, requires establishment of a system of limited sovereignties. Thus, the dismantling of military institutions in those Third World countries targeted for "conservation" is urged, as in the WRI's *Compact for a New World* proposal to link the environment to the dismantling of the Ibero-American militaries,

a campaign launched in 1987 by the Inter-American Dialogue and coinciding with the Fourth World Wilderness Congress.

U.S. Congress jumps on the bandwagon

One month after the Denver meeting ended, U.S. Sen. John Chaffee (R-R.I.), a member of the Senate Finance Committee, introduced bill S. 1781 (corresponding to H.R. 3466 in the House), which granted a tax deduction to banks which would "donate" Third World debt to a conservationist group. In his presentation to the Senate, Chaffee reported that "Conservation International has agreed to buy \$650,000 of Bolivian debt from the banks, at a discount price of \$100,000. In exchange for amortizing the debt, Bolivia agreed to preserve 3.7 million acres of jungle and prairie as an animal reserve." Chaffee also mentioned the arrangement by the World Wildlife Fund, predecessor to the World Wide Fund for Nature, to buy \$270,000 worth of Costa Rican foreign debt, on the government's pledge to buy 40,000 acres for a national park. Senator Chaffee said that "such debt-for-nature exchanges won support through a June 25, 1987 letter by Treasury Secretary James Baker to Thomas Lovejoy, executive vice

president of the World Wildlife Fund. Secretary Baker said that the agreements would encourage the debt-equity swaps which his government was urging as a means for alleviating the burden of the Third World debt. He estimated that the public cost would be 'insignificant.'

CI acquired the Bolivian debt in an operation carried out through Citicorp Investment bank, with funds donated by the Frank Weeden Foundation, the Pew Charitable Trust, and especially by the John D. and Catherine T. MacArthur Foundation. In addition to the Bolivian and Costa Rican projects, members of the CI have publicly revealed that they are studying debt-for-nature swaps involving a \$100 million transaction for a region of the Brazilian Pantanal adjacent to the Bolivian border.

According to CI, the debt-conversion program is headed by Deborah Burand, a lawyer linked to the New York law firm Sherman and Sterling, specialists in international financial transactions. Sherman and Sterling is already responsible for the negotiation and documentation of some 20 debt-equity conversions in Mexico and Chile. Burand also participated in debt restructuring programs for Brazil and Argentina.

Feldmann and the Conservation Foundation

In early 1988, the first emissaries of debt-nature schemes began to arrive in Brazil. On Jan. 13, according to *O Estado de São Paulo*, Sen. Timothy Wirth (D-Colo.) headed a U.S. congressional delegation to Brazil. "Senator Wirth's proposal coincided with one presented by Funatura president Maria Tereza Padua, to the congressmen. . . . 'The creditor banks of the country could form a pool and buy 30% of the Amazon . . . through debt conversion,' proposed Maria Tereza Padua."

O Estado de São Paulo reported March 4 on the visit of "Thomas Lovejoy, of the Smithsonian Institution . . . author of the idea of converting the foreign debt of underdeveloped countries into programs to defend the environment." Lovejoy explained that he was in search of "a Brazilian foundation that could, according to him, redistribute the money to non-governmental conservationist organizations." On April 13, *Jornal de Brasil* reported that "American ecological organizations like Conservation International and The Nature Conservancy are seeking interlocutors in Brazil . . . to negotiate a swap arrangement of Brazilian foreign debt for Brazilian environmental patrimony."

Fear of nationalist backlash

The U.S. environmental organizations did not take long in finding Congressman Feldmann, with his nose ever alert to the smell of foreign funds. In March 1989, Feldmann addressed a Washington press conference organized by WWF, at which he presented the idea of forming a multinational "green bloc" of congressmen for "defense of the environment." During this trip, according to the March 17, 1989 *Jornal de Brasil*, the congressman appealed to American

congressmen to moderate their pressure tactics against Brazil, initiated in response to the unfortunate assassination of ecology activist Chico Mendes. Feldmann was well aware that such pressures were beginning to provoke a nationalist reaction.

During the press conference, WWF's vice president for international programs Russel Mittermeier—also president of Conservation International—"also asked the journalists to tone down their criticisms of Brazil and of the Brazilian government on the ecology question. . . . 'If the criticisms continue in the same tone, the Brazilian government is going to be put up against the wall and nationalism is going to worsen.' . . . For Mittermeier, the increase of nationalism will tend to make preservation of the Amazon and contacts with environmentalist groups more difficult."

WCB will 'sweeten' banks' balance sheets

The following are excerpts from an interview with the official host of the Fourth World Wilderness Congress, George W. Hunt, published originally in the December 1987 edition of the magazine Moneychanger, under the title: "Fourth World Wilderness Congress: International Banking Cartel to Collateralize 30% Earth's Land Surface."

Moneychanger: Let me see if I understand. A World Conservation Bank will be set up and into a trust will be vested title to 30% of the world's land surface. . . . Against this the WCB will issue loans to various countries to buy—

Hunt: No, no, no. they could issue loans, but I'm just talking specifically about currencies. They can create currencies for in-country use.

Moneychanger: Well, that's issuing loans. It's the same thing. They will loan money for certain specified purposes to these countries. Now am I to assume that say, for example, Brazil puts up the Amazon Basin, and they get credited a certain amount? Then there's a certain amount of loans they can draw down against that "deposit," so to speak?

Hunt: How it will work I'm not sure. . . . *But*, there could be a gradual loan swap for Brazil, taking them out of their old loans and putting them into a new WCB loan,

On March 31, 1989, Feldmann again presented a visiting delegation of U.S. senators with "the idea of an international green front and of a planetary policy for the environment." The delegation was made up of Sens. John Chafee, Steve Symms (R-Id.), Arlen Specter (R-Penn.), and Dale Bumpers (D-Ark.). Their visit was for the explicit purpose of convincing the Brazilian government of the "advantages" of swapping debt for nature.

On April 7, 1990, *Gazeta Mercantil* reported that "non-governmental American institutions MacArthur Foundation and Conservation International . . . are present in Brazil, financing the conservation projects of SOS Mata Atlantica, in São Paulo." And on June 15, *Gazeta Mercantil* published an article under the headline, "\$80 Million to Conserve the Forests." The article read in part:

which will then sweeten the loan on Chase Manhattan's balance sheet, and will take it out of non-accrual and put it back into the healthy loan column once again. . . .

Moneychanger: But what's really happened is that the Brazilians will have given up title to millions of acres of land and in exchange Chase Manhattan will get its loan to Brazil paid off by the WCB.

Hunt: You got it.

Moneychanger: I got it.

Hunt: I believe that World Bank loans, as they stand now, are not collateralized. Now they're entering into a new era of loan collateralization. They're saying, okay, the next step is that we want collateral, so that when we loan-swap this debt, and we're going to own the Amazon if you default. Remember, as the Brazilian [José Pedro de] Oliveira-Costa said, they're not going to be able to pay that off. That's why he couldn't sleep that night, because he knew that they were going to lose the Amazon (or whatever they put up as collateral).

Moneychanger: These are debt for equity swaps, which they've been talking about for several years. They're going to make their bad loans good by collateralizing them after the fact with all of this land, and somebody, somebody, *somebody*, is going to end up with title to *twelve and a half billion acres*. Is that right?

Hunt: That's right. The collateral behind whatever loans are in the WCB at the time, if the WCB goes belly up. There's a whole see-saw of things that are going to happen. They have multi-, multi-trillions of dollars upon which they can create currencies and loans, and they're going to begin to barter and countertrade and loan-swap. . . .

"A major portion of these funds will be destined to preservation of the Amazon jungle, says Peter Seligman, Conservation International's chairman of the board. We are going to seek out the funds, motivating individuals and institutions to back the project. In Brazil, coordination of the effort will be in the hands of federal congressman Fabio Feldmann and of Environment Secretary Pablo Nogueira Neto, in addition to the representatives of Conservation International in Belo Horizonte and the cooperation of businessman Roberto Klabin."

Finally, on Aug. 8, 1990, *Jornal de Brasil* reported that "the environmental groups are joined in a consortium . . . in search of foreign funds to get their projects off the ground. . . . 'We already have the guarantee of a \$5 million donation from American Express Bank,' said the president of Funatura Foundation, who returned last week from the United States."

Moneychanger: Are you familiar with the French hyperinflation during the French Revolution, 1792-1798?

Hunt: Oh, yeah, when they issued assignats!

Moneychanger: Do you know what the assignats were? They were the *assignments* of a mortgage on what were called the "national domains," and these were confiscated (mostly church) lands and properties. In other words, it was a scheme to *monetize* land. Now, what you have just described to me as the World Conservation Bank is a scheme to monetize land. . . .

[John Law] came up with a land monetization scheme and presented it to the Scottish parliament in about 1694. . . . But this is the same crooked scheme, and moreover it will function as a world central bank, and out of that world central bank there will grow a one-world fiat currency system at the same time. How will this project be put into effect? Will it be installed under the auspices of the United Nations?

Hunt: I think so. There was a United Nations World Commission on Environment and Development created in 1982 that published what's called the Brundtland Report, actually entitled *Our Common Future*. [Gro-Harlem Brundtland] was at the conference . . . and said the conditions are terrible. The U.N. then said, What do you recommend? And she said, I recommend a conservation bank. . . .

So not only do we have a bank forming as a result of the Brundtland Report, we also have a proposal for very harsh, quasi-spiritual ecological laws for "Mother Earth." You're going to have a "Mother Earth Comes First" mentality arising throughout the world as a result of this legislation. . . . It is already turning into a Mother Earth cult. The Brundtland Report is the precipitating event for putting the entire scheme into effect. . . .

According to *Jornal*, "the Brazilian environmentalist consortium is made up of the Institute of Amazon Studies, SOS Mata Atlantica, the Brazilian Foundation for the Conservation of Nature, the Pro-Nature Institute, Oikos . . . Biodiversitas, and others."

Feldmann judges the Brazilian nation

During this same period in 1990, *Jornal de Brasil* reported that "the only Brazilian especially invited to Washington to attend the launching of the action program of Conservation International was São Paulo congressman Fabio Feldmann, who expressed support for the work of the institution. When a journalist asked him a question about the Yanomamis [an Indian tribe living in the Amazon], Feldmann answered that he held the Brazilian government responsible for true genocide. He went so far as to say that Brazil should be brought before an International Court of Justice to answer for what has happened to the Roraima Indians."

Indeed, in October 1990, Feldmann served as a "prosecutor" against Brazil before the Permanent People's Court, presided over by Belgian Francis Rigaux, for supposed crimes of genocide against indigenous peoples. At Feldmann's side in the accusations against Brazil was Danielle Mitterrand, wife of the French President and one of the most active promoters, during the recent holocaust in Iraq, of the French call for creating a Kurdish enclave in northern Iraq, alleging "humanitarian reasons" in arguing for the limitation of sovereignty of that nation.

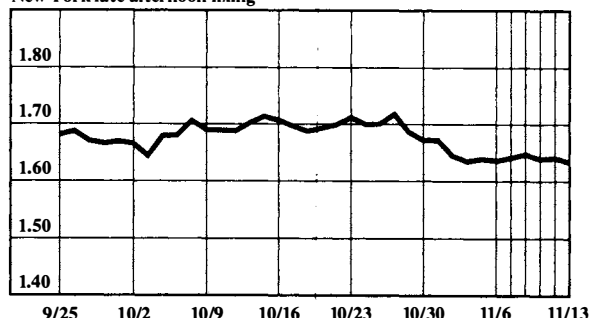
The May 23 *Gazeta Mercantil* reproduced an article from the London *Financial Times* which is an example of the implications for national sovereignty of these kinds of schemes. Entitled "Indians Propose Debt Conversion to Take Control of Their Lands," the article reports on a three-day meeting held in Iquitos, Peru, "called by the Coordinating Body of the Indigenous Peoples of the Amazon Basin (Coai-ca), which incorporates representative organizations of 220 indigenous nations from the five Amazon countries. The conference included the participation of such ecological groups as Greenpeace, World Wide Fund for Nature, National Wildlife Federation, Conservation International, and Friends of the Earth."

Such service to the international financial elites is not without its rewards. Congressman Feldmann's fight for Anglo-American environmentalist causes has won him a promotion in the world environmentalist hierarchy, as indicated by the fact that Britain's royal consort and head of the World Wide Fund for Nature, Prince Philip, has invited Feldmann, together with José Pedro de Oliveira Costa—the same who attended the 1987 Denver, Colorado summit which raised the idea of a World Conservation Bank—to Kew Gardens, London. The purpose of the invitation will be to allow him "to study ways of expanding the activities [of the WWF] in Brazil," according to the June 18 edition of *Correio Brasiliense*.

Currency Rates

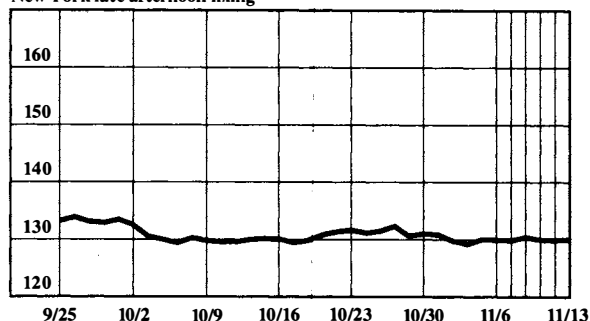
The dollar in deutschmarks

New York late afternoon fixing



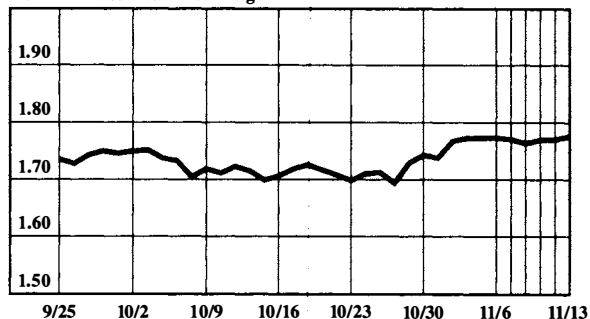
The dollar in yen

New York late afternoon fixing



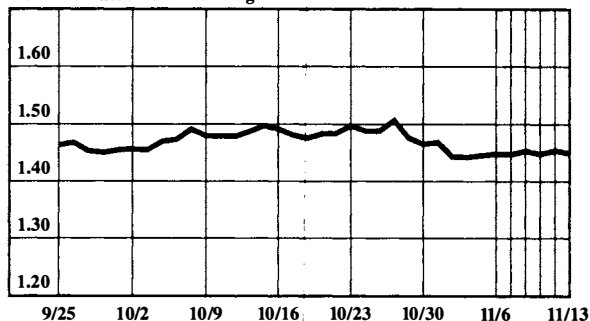
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Zaire, Zambia: IMF moves in for the kill

by Dana S. Scanlon

It is a much repeated phrase that a wind of democratic change is blowing through Africa. But behind the laudable goal of enabling African citizens to take part in shaping their own future, lurks another agenda. The cases of Zaire and Zambia illustrate the point. Both countries, in which radically different paths toward "democracy" have been pursued, are on the brink of impending and tightened dictatorship by the International Monetary Fund.

As many opposition movements in Africa have noted, coopting the opposition into government to enforce severe and unpalatable austerity shock therapies is a well-known tactic. When Zaire's longtime President, Mobutu Sese Seko, first named opposition member Etienne Tshisekedi as prime minister in July, his house was surrounded by angry mobs threatening to kill him if he took the post. This co-habitation agreement was originally mediated between the two parties by U.S. Ambassador in Kinshasa Melissa Wells. It wasn't until the Sept. 23-24 looting spree by soldiers that Mobutu reappointed Tshisekedi, who accepted. Shortly thereafter, he was dumped by Mobutu. He now claims to be the "people's" chosen one—although a more realistic claim is that the U.S., French, and Belgium ambassadors in Zaire's capital chose him. The September looting spree that unleashed the chaos and potential civil war that threatens to engulf Zaire was carried out by a special military unit that comes under direct French government supervision and pay. According to the Paris daily *Le Quotidien de Paris*, it was the French government's actions (or, lack of action in paying the soldiers) that sparked the riots and looting.

Despite some apparent differences, France, Belgium (the former colonial power), and the United States agree on one thing: With or without Mobutu in a "transitional" government arrangement, whatever government finally emerges must accept an IMF dictatorship.

On Nov. 6, speaking before the U.S. Senate Subcommittee on Africa, Assistant Secretary of State for African Affairs Herman Cohen pulled the rug out from under U.S. ally Mobutu, saying he "has lost the legitimacy to govern." He ridiculed the current situation, claiming that there were "three governments and none of them is governing" (meaning President Mobutu, his new cabinet, and a shadow cabinet formed by Tshisekedi). Cohen, like the French and Belgians, demanded the formation of a transitional government, adding: "Such a government will have to act immediately to place

Zaire's financial institutions under independent, transparent control acceptable to the World Bank and the International Monetary Fund." Within moments of the speech's delivery, thousands of copies of Cohen's remarks appeared in leaflets in the streets of Kinshasa. Were there protests against this arrogant demand by the U.S. government? No. Tshisekedi immediately announced a campaign of strikes and civil disobedience to back up Cohen's demands.

What are Tshisekedi's credentials as an opposition leader? He helped form and run the Popular Movement for the Revolution, the single party with which Mobutu has ruled Zaire for 26 years. While castigating his former ally Mobutu for getting rich at the expense of the country's poor, he himself drives a Jaguar.

Mobutu's biggest crime, according to the European and American powers that run the world's financial system, is not that he oppressed his people and kept them poor, but that he would not put the screws on them enough (what Cohen called "economic indiscipline") on behalf of the IMF's structural adjustment programs.

Zambia gets the message

Longtime Zambian President Kenneth Kaunda got the message that Mobutu stubbornly refuses to hear. Rather than let himself be strung up from a lamp-post, Kaunda organized the elections that the IMF and other "donor" countries have been demanding. After struggling for years to keep up with the IMF's structural adjustment program, on Sept. 13, Zambia announced it just could not suck another ounce of blood out of its people to make a \$20 million debt payment. The IMF and international donors announced they were cutting Kaunda off, weeks before the country's first multi-party elections in nearly 20 years.

Kaunda's opponent, Frederick Chiluba, won by an apparent landslide. Chiluba, a trade union leader who campaigned on a platform of free enterprise and human rights, has sworn to sell off 80% of the public sector (mines, etc.) to private hands. After being sworn in, he sent police to raid the executive offices of the national copper company, looking for evidence of corruption.

Chiluba has pledged hard times and hard work ahead. Immediately, prices on food staples such as maize are going to be raised. It was riots and deep discontent over such IMF-dictated measures that prompted Kaunda last year to call for the elections in the first place. The Zambian elections saw teams of international human rights observers, and experts on vote fraud such as former U.S. President Jimmy Carter, swarming the country.

Not one voice was raised in the name of the fundamental right of Africans to development, beginning with the need to cancel Africa's nearly \$300 billion foreign debt. Nearly 50% of its export earnings go to pay debt service alone. What kind of democracy can Africa have as long as this question is not addressed?

Study team says Iraq's water treatment system near collapse

An International Study Team organized by the Harvard University School of Public Health, Oxford University, and the London School of Economics has provided new evidence on the genocide being imposed on Iraq by continuing U.N.-imposed sanctions. The team, which was composed of 87 physicians, engineers, and other researchers, visited Iraq from Aug. 23 to Sept. 5. On Oct. 22, the team released a report, titled "Health and Welfare in Iraq after the Gulf Crisis." This is Part II in a series of EIR excerpts from the report.

Electrical facility survey

The project surveyed the conditions of most major electrical facilities in Iraq. The sites were selected by team members to gain a comprehensive picture of conditions throughout the country. The study was comprised of site inspections and interviews at 24 facilities over a ten-day period.

During the Gulf crisis, enormous damage was inflicted upon the electrical generation infrastructure of Iraq. Since the cease-fire, electrical generation has been restored to about 68% of the 1990 peak load (5,162 megawatts, MW) but, to only 37% of the installed capacity (35 MW). The study estimates 75% of electrical transmission lines are operable. All repairs have been done using salvaged parts and improvised methods.

Much of this repair, especially in the switchyards and first-span connections to transmission, does not meet normal standards of construction, poses increased safety risks, and is likely to break down. Without spare parts, replacement and further repair will not be possible. The store of salvageable parts is depleted. Iraq does not have the capability to manufacture the necessary items. Many are specific to foreign companies from Europe, Japan, and North America that built or supplied all the power stations.

Finally, the study team documented the profoundly negative impact that the damaged and ill-repaired power generation system has had on, and will continue to have on, water purification and wastewater treatment and public health infrastructure generally.

Water and wastewater systems survey

Civil and chemical engineers, inspected water and wastewater treatment plants, distribution systems, and collection systems in all parts of Iraq. Twenty-eight facilities, including

18 water treatment plants, eight wastewater treatment plants, one water supply and one aluminum sulfate plant were visited in 13 cities.

Much of Iraq's water and water purification facilities function at only a fraction of pre-Gulf crisis levels or not at all. Only one of 18 water treatment plants inspected operated at 100% capacity. Water distribution and purification suffer from minimal flow and lack of chlorine, which is being rationed at all plants. The primary factors impairing water treatment and purification do not result from damage caused by the war and civil uprisings, but from a lack of spare parts and chlorine. Wastewater treatment, water delivery, and purification are also substantially limited by the lack of electrical power.

Reduced water flows and insufficient levels of chlorine in the distribution system promote the incidence of water-borne diseases. The lack of electrical power has eliminated wastewater treatment in Baghdad and southern Iraq, and raw sewage is being discharged into waterways. Sewage treatment is also dramatically reduced because of a lack of chlorine, spare parts, and reliable electrical power. The study team estimates that if current trends continue, the entire water treatment and delivery system will deteriorate to the point of collapse. Within a matter of months, those critical public services are expected to be operating at only 5-10% capacity.

Environment and agricultural survey

Environmental and chemical engineers investigated and interviewed public health officials, environmental regulators, and local residents concerning the environmental and public health consequences of the Gulf crisis.

Team members collected drinking water samples at 158 randomly selected households in all 18 governorates in Iraq. The sampling framework of the public health survey team was used to collect drinking water samples.

Most of Iraq's population of 18 million is directly exposed to water-borne disease in their potable water supply. Each sample was tested for coliform or fecal contamination. The results were 106 positive for gross coliform contamination, 25 confirmed negative, and 27 unconfirmed negative. Roughly half the areas tested, weighted according to population density, showed positive evidence of gross fecal contamination. Only in Baghdad, where coliform media sampling

was used, did over half the samples test negative. Team members documented unsanitary water source and waste disposal conditions in all cities surveyed. Common conditions observed included: 1) solid waste accumulation in the streets due to the lack of collection and landfilling equipment, 2) raw sewage overflows in the streets and around homes, 3) raw sewage being dumped directly into the rivers due to impaired or inoperable wastewater treatment plants, 4) children bathing and playing in these rivers, 5) people with little to no tap water supply because impaired or inoperable water treatment and distribution plants cannot generate adequate line pressure, 6) people drawing drinking water directly from the rivers, and 7) people drinking water from holes dug in water mains, which are often contaminated by cross-connections from adjacent sewage pipes.

The team found that direct sewage contamination of water supplies results from two primary causes: inadequate chlorination of discharges or bypassing treatment entirely; and contamination through breaks in the water mains.

Over 60% of the population in five of the seven governorates surveyed no longer have tap water available in their homes because of low water supply system pressure. The low pressure is caused by lack of spare parts to maintain pumps, power outages, and breaks in the water mains.

Income and economic survey

Two economist members of the team studied the impact of the Gulf crisis on economic activity, private incomes, public distribution, and household consumption.

More than a year of war and internal conflicts have had a disastrous impact on the economy. The destruction of the economic infrastructure and an acute shortage of imported inputs have caused a considerable decline of output and wage employment (especially in the private sector). The reduction of formal employment opportunities, and the general impoverishment of the population, have led to a large-scale expansion of "informal" self-employment (e.g., street-vending).

Overall, money earnings have remained more or less unchanged for the majority of the population since August 1990. Over the same period, consumer prices have sharply increased, due to trade restriction, exchange-rate depreciation and reductions in subsidies. The food price index has risen by 1,500 to 2,000% (see table).

Correspondingly, real earnings have fallen to less than 7% of their pre-crisis level, in terms of purchasing power over food. In terms of private incomes, the incidence of poverty is now greater in Iraq than in, say, India. The collapse of private incomes has been further aggravated by the deterioration of many basic public services.

These adverse developments have been partly compensated by the expansion of public food distribution. Iraq's public distribution system, which covers all residents (except in areas not currently administered by the government, particularly the north), is equitable and efficient. However, food

Food price increases in Iraq since sanctions began

Food item per kg*	Price per unit (Iraqi dinars)		Increase over 1 year
	Aug. 90	Aug. 91	
Wheat flour	0.05	2.42	4,531%
Milk (powdered)	0.75	27.33	3,661%
Bread (per piece)	0.01	0.33	2,857%
Baby milk (tin of 450g)	0.45	10.00	2,222%
Sugar	0.20	4.42	2,208%
Cooking oil	0.48	10.33	2,138%
Rice	0.23	4.08	1,801%
Tea	1.70	23.67	1,392%
Tomatoes	0.27	1.25	469%
Chickpeas	0.65	2.92	449%
Potatoes	0.45	1.92	426%
Eggs (carton of 30)	3.83	12.50	350%
Onions	0.37	1.25	341%
Dates	0.52	1.75	339%
Meat (lamb)	7.00	16.33	233%
Meat (beef)	6.83	16.90	247%
All items (high case)			2,004%
All items (low case)			1,546%
Cost (at current prices) of the average 1990 basket for a family of six ("low case" assumptions)	66.00	1,010.00	1,546%

*unless otherwise indicated

distribution covers at best one-half of the nutritional needs of the population. Many households have to sell their assets to complement food rations with market purchases.

The paralysis of economic activity and basic public services, inadequately compensated by food rationing, has been one of the major causes of nutritional deprivation and enhanced mortality.

Child psychology survey

On the basis of in-depth interviews of 214 Iraqi children of primary school age, two professional child psychologists report levels of anxiety, stress, and pathological behavior unprecedented in their 15-year experience in this field. For example, nearly two-thirds of children interviewed believe that they will not survive to become adults. Nearly 80% are afraid of losing her/his family through death or separation. Eighty percent experienced shelling at close distance. The researchers conclude that "the high proportion of affected children clearly calls for a substantial national and international response to provide the necessary technical, professional, and educational means . . . to help these affected children."

Germany: a step ahead of the IMF. . .

While IMF chief Camdessus was looking to impose defense cuts on India and Pakistan, Germany upped the ante.

The Indian subcontinent was subjected to a spectacle in the last week of October, when International Monetary Fund Managing Director Michel Camdessus took a tour of India and Pakistan, pushing various reform packages he would like these countries to adopt as part of the deal which would bring them IMF money. While Camdessus was knocking on doors, soliciting support within the subcontinent for the imposition of defense cuts, Germany—a member of the Group of Seven so-called industrial nations, the muscle behind the IMF—jumped the gun, so to speak. Germany announced on Nov. 8 that its development aid to India will be cut back by 25% because of India's "excessive armament."

"We want to cut back from \$240 million to \$182 million," said Carl Dieter Spranger, the German minister for economic cooperation.

The aid cut by the German minister because India spends too much on defense has surprised a few. India's defense expenditure is about 3.2% of its Gross National Product, well below the 4.5% limit generally imposed by the IMF on borrowing Third World countries. And compared to both the People's Republic of China and Pakistan, India spends very little.

Moreover, from time to time, India has reminded the German leaders as well as the IMF's Camdessus and others, that it does not figure on the list of countries whose defense expenditures exceed allocations for education and health care. When the German delegation, attending the IMF-World Bank meetings in Bangkok re-

cently, made disapproving noises, and the German minister for economic cooperation made defense expenditures an issue, Indian Finance Minister Dr. Manmohan Singh met with him to explain the facts about India's defense spending.

According to reports available, the meeting did not go well. The Indian government has always insisted that now and in the future, India's defense spending will depend upon the security environment in the subcontinent.

The real cause of surprise, however, is that Spranger's statement came only two months after the "historic" Sept. 5-7 visit to Germany) by the newly elected Indian prime minister, P.V. Narasimha Rao. Prime Minister Rao had broken the tradition according to which the Indian premier's first overseas trip was invariably either to Washington or Moscow. It was assumed then that in choosing Bonn over both Moscow and Washington, the Indian prime minister was responding to a positive signal coming from the German government.

There were reasons for such optimism. The earlier visit by German President Richard von Weizsäcker to India in the midst of the Gulf war, and the statements issued during his visit, had indicated that in the present global situation, Germany would like to establish a stronger political and economic bond with India. Moreover, Chancellor Helmut Kohl, according to Prime Minister Rao, had assured him that Germany would "remain fully committed to our development cooperation with India."

Some in the South Block in Delhi,

where both the prime minister's office and the External Affairs Ministry are located, summarily dismiss the German charges of India's "excessive armaments" as a mere ruse. It is simply an excuse, they say, to hide the fact that in the list of priorities of German financial commitments, eastern Europe and the former East Germany come first. They point out that this is an old trick, often used by U.S. officials when they are afraid to approach the House of Representatives to argue for additional foreign aid.

Nonetheless, it was evident, at least since last August, when Minister Spranger told the *New York Times* that Germany would be "looking closely at the level of spending on arms and also look at factors such as human rights and economic freedom," that India, Pakistan, and many other nations would have to bite the bullet and listen to the new world order "Newspeak."

Sometime back, the outburst of the Germany deputy consul general in Bombay, Georg Jürgens, caught the attention of some here. Jürgens had accused India of scaring away its neighbors by its "hegemonial regional policy of over-armament."

Sensing interference in the nation's foreign and defense policy, the Indian government lodged a strong protest with Bonn, asking for an explanation. The Kohl government had to admit that Jürgens's evaluation was entirely personal and not that of the German government.

Still, talk that Indo-German trade relations are about to reach new heights continues. German Minister of Economics Jürgen Möllemann will be in New Delhi on Nov. 17, leading a team of high-ranking German industrialists, to co-chair the ninth meeting of the Indo-German Joint Economic Commission with Indian Finance Minister Dr. Manmohan Singh.

Nazi economics used to back free trade

Hubert Humphrey Institute director Ed Schuh rationalizes support for the North American Free Trade Agreement.

The keynote speech at the annual "Agriculture at the Crossroads" conference, held in Lincoln, Nebraska on Nov. 8, was a defense of free trade in terms of Nazi slave-labor economics. The speaker was Dr. G. Edwin Schuh, dean of the Hubert Humphrey Institute of Public Affairs, based at the University of Minnesota, which agency was founded and funded in the 1970s by the cartel food companies to spin out strategies in their own interests.

Schuh's performance was a study in the use of warmed-over 1930s fascist arguments for why today you should be happy to allow cartel food companies to control the world's food through "free trade" and other means of domination. At the same time that Schuh was spinning theories in Nebraska, George Bush, Agriculture Secretary Edward Madigan, and Trade Representative Carla Hills were in Europe to insist that the European Community knuckle under to the cartel companies' demands for free trade in agriculture under the General Agreement on Tariffs and Trade (GATT). In this light, it is instructive to review the arguments given by Schuh, the ideologue for the cartel.

Schuh's topic was "The North American Free Trade Agreement and Its Impact on Farmers and Ranchers." To defend NAFTA, Schuh used a jumbled economic theory harking back to the discredited works of the 19th-century British East India Company economist David Ricardo. Otherwise, Schuh just advanced assertions about the utility of increased productivity based on cheap labor, in the tradition of Hitler's "Arbeit macht

frei" ("Work makes you free").

Schuh acknowledges that under NAFTA, the overall national output of food may decline. But, he says, what will increase is output in subsectors most appropriate to that economy. "The hallmark of freer trade is an increased division of labor within the international economy and international specialization. This division of labor and specialization comes about because with free trade, goods and services tend to be produced where they have a comparative advantage. Implicit in this proposition is the notion that as barriers to trade decline, a country may produce a smaller range of goods and services, but produce more of those it does produce."

Under the theories of Ricardo and his mentor Adam Smith, the United States would have remained a pastoral nation, exporting raw materials to colonial headquarters in Britain.

Schuh also maintains that cheap labor is a comparative advantage. "The potential benefits from a fuller realization of comparative advantage are greater as the resource endowments of the countries being integrated are more diverse. Certainly, Mexico and the United States have quite diverse resource endowments, especially if one includes among the resource endowments the investments in education, knowledge, and technology, as one should."

In other words, it is appropriate for Mexicans to remain in poverty because their "resource endowments" in education, knowledge, and technology are disadvantaged relative to the United States. Schuh makes it clear that NAFTA is about exploiting the

weaker Mexican economy when he says, "Contrary to EC-92 [the European Community's integration plan] the goal [of NAFTA] is not to establish a broader social contract embracing labor rights, social programs, and development aid for poorer regions, although some of those issues may enter into a final agreement."

From its inception, the Hubert Humphrey Institute functioned as a think-tank for rationalizations of this type for cartel food control policies. Formed in 1977, it was backed by the Minneapolis-based Cargill Corp., and by Archer Daniels Midland, whose chairman, Dwayne Andreas, was one of Humphrey's closest friends. ADM, along with the Nebraska cartel company ConAgra, sponsored the Nov. 8 conference.

Schuh is an associate of Orville Freeman, former U.S. secretary of agriculture and adviser to the Humphrey Institute. They collaborated on the Humphrey Institute "Future of the North American Granary" project. This was a blueprint for the cartel takeover of the North American grain belt. The project had its origins with another Humphrey Institute sponsor, Henry Kissinger, who, in 1974, at the U.N. World Food Conference in Rome, called for developing a world strategic food reserve. The idea was to use food, either in the hands of U.N. relief agencies or in the hands of the cartels, to undercut the aspirations of developing nations for food self-sufficiency, and make them dependent on outside sources.

Schuh played a leading role in this policy as director of agriculture for the World Bank from 1984-87. The bank's policy has been to deny Third World countries the means for food self-sufficiency through large-scale development projects, and instead, to promote labor-intensive subsistence agriculture.

Business Briefs

Communications

Newspaper industry facing hard times

The American newspaper publishing industry appears on the brink of collapse, the London *Independent* reported Nov. 6.

The *New York Times*'s profits are down by 75%, hit by the worst advertising "recession" in living memory. Newspapers depend on advertising for 80% of their profits.

Other New York papers, including the late Robert Maxwell's *Daily News*, are in bad trouble. The *Daily News* is losing about \$1 million a week, and is fighting with the *New York Post* and *New York Newsday* for the tightest advertising market in 30 years. Profits at the *Wall Street Journal* have fallen by 66% this year.

Meanwhile, hundreds of journalists are being laid off across the country, and newspapers have sharply reduced their budgets for news-gathering.

Help-wanted advertising has remained stagnant, indicating little expansion of U.S. job markets ahead.

Mexico

Labor pact slams wages, again

The administration of Carlos Salinas de Gortari in Mexico has succeeded in forcing another renewal of the "Solidarity Pact," a tripartite agreement signed by government, labor, and business leaders by which inflation has been brought down over the last four years by keeping wage increases well below inflation.

The latest extension of the pact will increase worker's wages a meagre 12%, to be held constant for the next 14 months, against inflation of 13% already in the first 10 months of this year. This would imply another 20% rise in prices before the next wage increase in January 1993, if inflation doesn't accelerate.

The previous renewal of the pact raised wages only 18%, against 30% inflation. It is estimated that the average worker now earns

less than 40% in real terms of what he earned in 1982. This 60% reduction in buying power is what has permitted a reduction in inflation and the government budget deficit.

Interestingly, no top labor leaders, not even octogenarian head of the largest federation, the CTM, Fidel Velázquez, attended the ballyhooed ceremony at the President's residence to sign the pact. According to press reports, it is not clear who authorized anyone to sign on behalf of labor.

The government also announced a 55% hike in leaded gasoline prices and a 25% increase in unleaded gas prices—a move intended to reduce consumption of gasoline and force off the road older cars that require leaded gasoline, while at the same time leading to more inflation. As their part of the pact, businesses were supposed to "absorb" the gasoline price increases, but business leaders say they can't force most businesses to do that, and most can't afford to if they wanted to.

Labor

AFL-CIO department calls for industrial policy

The president of the AFL-CIO's Metals Trade Department, Paul J. Burnsky, told a recent MTD convention that the U.S. Congress must adopt an industrial policy for the United States in order to reverse the economic damage sustained during the Reagan and Bush administrations, the *AFL-CIO News* reported.

AFL-CIO Secretary Treasurer Thomas R. Donahue noted, "Although a lot of blame belongs squarely on the administrations of Ronald Reagan and George Bush," U.S. economic woes actually began more than 20 years ago, when the "government simply refused to do its job." Donahue cited the failure to plan for public education and job training, civilian research and development, and management of foreign trade and investment.

The convention adopted resolutions calling for Congress to impose penalties for the purchase of foreign-built ships; to uphold the Jones Act, which mandates the use of U.S.-built and U.S.-manned ships in all trade be-

tween U.S. ports (and which the Bush regime now wants to jettison in the General Agreement on Tariffs and Trade talks); to impose duties on repairs on U.S.-flag ships performed in foreign shipyards; to assist the more than 800,000 defense workers who are losing their jobs; and to strengthen "Buy American" provisions.

Trade

Russia seeks long-term partnership with Germany

A long-term agreement for Soviet natural gas deliveries to Germany over the next 20 years was signed in Moscow on Nov. 6 between the German Wintershall corporation and the Soyuzgasexport, which marks the output of Gazprom, the world's largest producer of natural gas.

The agreement includes a commitment to joint investments to increase Soviet supplies from the 5.9 billion cubic meters to Germany this year, to 13.5 billion cubic meters every year from the mid-1990s on. More than one-third of Germany's natural gas supply is already imported from the former U.S.S.R.

Meanwhile, at a Russian-German panel in Moscow the first week of November, Russian Republic Vice President Aleksander Rutskoi stated that in spite of the chaos in the former U.S.S.R., which is admittedly discouraging to German investors, investments made now would yield multiple profits after initial problems. The Russians, Rutskoi said, will never forget those who come to their aid now, at a time of deep crisis—as they have not forgotten those who came to their help during the difficulties last winter.

His statement was only one of many recent overtures from the Russians to the Germans, seeking not just aid, but long-term economic partnership.

Sergei Karaganov of the Moscow Academy of Sciences, said at the same panel, "In former times, when we had gotten through the winter, we thanked the party. Today, we thank the Germans." He likened the present situation in Russia to the situation 290 years ago when

Briefly

● **TEXTILE** and apparel quotas' elimination, as proposed at the GATT talks in Geneva, would result in a drop of as much as 60% in U.S. production, and losses of nearly 1 million jobs, according to TRA, a Maryland-based trade consulting firm.

● **FAST TRAINS** make Cologne, Germany an ideal place for foreign investors to locate, says an ad taken out by the city in the Nov. 8 *Washington Post*. "Before the decade is out, traveling times between Cologne, Brussels, and Paris will be slashed by new, advanced high-speed trains," the ad read.

● **BARTER TRADE** will be the key to economic relations with the East, said Jacques Cresson, chairman of the French Association of Barter Trades, in Paris Nov. 7. He said that about 20% of all western trade with the former East bloc was on a barter basis, and the 18% margin barter had in Soviet trade with the West in the past two years would increase.

● **'TECHNOLOGICAL** apartheid" is a "form of colonialism more serious than that of the last century," malaria vaccine inventor Manuel Elkin Patarroyo told *EIR* in an interview Nov. 5. He said that the Centers for Disease Control in Atlanta, Georgia, pharmaceutical companies, and others that believe science shouldn't exist in Third World countries, have tried to sidetrack his work.

● **POLAND** faces 3.5 million jobless if the policy of "shock therapy" remains, Jerzy Eysymontt, the chief of the Polish Planning Agency, warned in an interview in the German press Nov. 10. He called for a funneling of low-interest credit to companies to maintain industry.

● **THE BABY BOOM** in the former East Germany has collapsed in the economic crisis after reunification, the Nov. 3 London *Sunday Times* reported. Hospitals in cities are reporting a 50% drop in births since 1989.

"Peter the Great had foreign experts, many of them Germans, come to help build up modern Russia."

In early November, *Nesavisimaya Gazeta* called on the Russian government and Parliament to "drop old ideologies and invite the Germans to settle again in Kaliningrad." Having German farmers there and improving the food supply, it said, was more important for the population today than wasting bureaucratic thoughts about "the dangers of returning Prussia to the former wartime enemy."

'Environmentalism'

ASEAN forms mission defend tropical forestry

The anti-tropical forestry campaign launched by the nations of the West dominated the agenda of the 13th meeting of the Ministers of Agriculture and Forestry of the Association of Southeast Asian Nations (ASEAN), held in Chiang Mai, Thailand in early November.

At the gathering, Indonesian Forestry Minister Hasrul Harahap was named the leader of an ASEAN mission to counter the West's campaign against harvesting tropical timber. Speaking Nov. 1, Harahap urged industrialized countries to stop calling on ASEAN, particularly Indonesia, Malaysia, and the Philippines, to shoulder the burden of maintaining an ecological balance by keeping their forest intact, the Bangkok daily *The Nation* reported. These developing countries, he said, need to develop their economies and feed their huge populations.

The European Community, which has recently insisted on tying development assistance to human rights, was one of Harahap's prime targets of criticism.

Meanwhile, the huge "Earth Summit" scheduled for Brazil in 1992, is in danger of collapsing before it begins—largely because of Third World repudiation of the anti-development nature of the agenda. The London *Financial Times* has warned that the failure of the negotiations on bio-diversity and forest protection in the preparatory meetings held so far signal that "less than eight months to go to the

Rio conference, the chances of an agreement to save the planet are not looking good. . . . All hopes now rest on the last preparatory meeting in New York next March."

According to the *Times*, many environmentalists fear that the summit will degenerate into a circus, with rich and poor nations hurling insults over who has destroyed more forest, killed off more Indians, or emitted more noxious gases. They fear that if no meaningful agreements are reached, the summit could actually set back the environmentalist movement. Some are now suggesting that it should be canceled to avert this risk.

AIDS

House panel hears of disease in Uganda

Janet Museveni, the wife of Ugandan President Yoweri Museveni, told a hearing of the House Subcommittee on Africa Nov. 6 that up to 1.5 million Ugandans, almost 10% of the population, have contracted the AIDS virus. "The impact of AIDS on many aspects of life in Uganda is devastating. On the children, it is particularly harsh," she said.

Museveni said the spread of AIDS in Uganda was caused in part by violence and political unrest which had weakened the country's health care system, and the spread of western culture which encouraged sexual permissiveness.

Richard Cobb of the Agency for International Development was quoted by Reuters saying that over 6 million Africans are now infected with the AIDS virus, about one in every 40 adults, and that 500,000 African infants have been born infected with AIDS. "By the end of the 1990s, an additional 10 million or more infants may be stricken," he said.

Cobb said the United States would provide funds to African nations as part of a coordinated AIDS prevention plan that included technical assistance, increased condom use, diagnosis and treatment of sexually transmitted diseases, and programs to encourage a decrease in the number of sexual partners.

It's time to get rid of British economic policies

Democratic presidential candidate Lyndon LaRouche released this statement Nov. 11.

I wish to address now, for those of you who still have the concentration span to follow me, some of the crucial pieces of evidence which ought to be considered by all of us in our efforts to decide what is the most crucial policy, the most crucial program, which we ought to put forward at this time, to get the United States and the world out of the deepest economic depression of the century, and, possibly, if we don't stop it, the deepest depression since the so-called New Dark Age in Europe during the middle of the 14th century. There is, in point of fact, no bottom to this depression, if we continue to follow the free trade and related policies which are presently in force and supported by, for example, the Bush administration.

'Thatcherism,' or free trade

Let me begin by referencing a phenomenon called "Thatcherism," which is not simply broomstick-riding by night, but refers to a so-called economic and social philosophy long associated with the prime ministership of the United Kingdom's Margaret Thatcher.

We see the most brutal exhibition of Thatcherism, not only in the utter collapse of the physical economy of the United Kingdom, but in the atrocities which are wreaked upon Poland by that Harvard nit-wit Prof. Jeffrey Sachs—or, should we say, that old Dracula, Prof. Jeffrey Sucks.

This orgy of free trade, this mis-use of the term freedom as a name for usury, will probably mark the 20th century, in the minds of our descendants, as being an age of insanity. Free-trade insanity is comparable overall to the lunacy of a movement of the 14th century called the Flagellants, a horde

of people violently enthusiastic in their beliefs, as violently enthusiastic as the followers of Mrs. Thatcher or of Milton Friedman, or any other professed opponents of so-called command economy. This insanity should be abhorred as one abhors a mob of carriers of a deadly plague, as the people of the cities of the 14th century abhorred and feared and drove away the Flagellants from their gates.

Let me point out something of significance on this point, and then go to the broader set of facts, which bear upon the leading point I wish to make here.

Systems analysis and the collapse of the economies of the Warsaw Pact

It is said, and it is true, that the Warsaw Pact and the Soviet Union were brought down by Marxist economics. That is essentially true. The failure of the communist form of economy was inevitable, if one adhered strictly to a Marxist form—which the Russians and others did not always do, I should emphasize. On occasion they violated the Marxist form, and that's the reason why, until 1972 approximately, there were periods of successful development in the Soviet Union and in the eastern European communist states.

But when the collapse of the eastern European and Soviet economy really began about 1970, it was not merely because of the Marxist process, but because of the introduction of something else, called systems analysis, to the philosophy of management and planning in the eastern European sector. This can be documented most easily from the standpoint of East Germany, where we now have access to people who were formerly managers, scientists, and so forth, working in that milieu, who can relate in some great detail, with material proof to support it, exactly how this happened in that part of the communist world. We can extrapolate from that, by

looking at comparable facts in other parts of the Soviet empire and its Warsaw Pact satellites, to see the same process.

I want to focus on how this happened, and what this distinction is. Therefore, let's separate the period from approximately 1968 to 1985-86, and examine it. The year 1985 is an end-point, because Gorbachov did introduce certain policies that year, and in 1986, which brought about the accelerated collapse through chaos of the eastern European and Soviet communist sectors. So, let's take the Gorbachov insanity factor out of this, and stick strictly on the insanity under Brezhnev, and Gorbachov's immediate successors.

What happened?

Well, it happened to the United States, too, and in Britain, and, to a lesser degree, in Japan, and western continental Europe. It was called *systems analysis*. It was called the post-industrial society. It was called by Zbigniew Brzezinski the technetronic age. All meant essentially the same thing.

The ideological center of this planning for systems analysis, was Cambridge University in Britain, around the group which came to be known as the systems analysis group. The group was dominated by a former Hungarian communist, Lord Kaldor, up there at Cambridge, and his daughter, Mary Kaldor. And from there this brew, which mixed up what Norbert Wiener called information theory, or cybernetics, with systems analysis, spread throughout the world, largely through institutions such as business schools, such as the Harvard Business School, the Wharton Institute, and so forth and so on. It spread to the extent that today in the United States we have virtually no competent industrial managers. Corporate managers of the type who used to be in charge of corporations in the 1960s and the middle of the 1970s, have been replaced by utterly incompetent people in the mold of Robert S. McNamara—Robert Strange McNamara—to give his full name correctly. Robert Strange McNamara is the first prominent example of this New Age-type of bureaucrat who took over corporations and ruined agro-industrial America, and who have ruined not only America, but much of the economy of western Europe as well as the communist world.

I want to make the connection between systems analysis and mental disease called free trade, or the insanity called hysterical fear of the words "command economy."

There are many things that can be said about systems analysis. I'm going to focus on the simplest aspect, without getting to the more profound implications of why it's as bad as it is.

This disease was spread—how? It was spread by a process which begins to become public about 1963, about the same year that President Kennedy was assassinated. It was centered in places such as the OECD office in Paris which was then headed by a fellow called Dr. Alexander King. Dr. Alexander King was very close to the British royal family, and, in particular, to a friend of the British royal family, originally of South African origin, Lord Solly Zuckerman. This group worked closely with the systems analysis group



Margaret Thatcher in the earlier years of her prime ministry. She unleashed in Britain and helped impose on Poland a free-trade insanity that can only be compared to the 14th-century Flagellants.

at Cambridge around people such as Lord Kaldor.

These people concentrated both on the West and on the East at the same time. They set up two institutions over a period of time, one known as the Club of Rome, established in the late 1960s, and a companion organization established with collaboration with the Soviet government, collaboration directly with Premier Alexei Kosygin's son-in-law, Dzhermen Gvishiani. The second institution was the Laxenberg, Austria, International Institute for Applied Systems Analysis.

Through these institutions and related ones, the ideology of applied systems analysis was spread into the communist world, as well as throughout the so-called industrial capitalist sector.

In the communist world, you had a fellow emerge, who is now a prominent adviser of Gorbachov—or was—who was head of the Global Systems Analysis group in Moscow, and this spread there. This was imbedded in the all-powerful Soviet Academy of Sciences, which became the vehicle which spread this virus of insanity throughout the Soviet system into eastern Europe. You'll find today, for example, in the Soviet Academy of Sciences, cybernetics fanatics dominating the discussion and ruining what used to be a very respectable quality of fundamental research in Soviet science.

Metaphor

The essential thing is this, is that systems analysis denies the assumption that the individual human being has a creative-mental potential which places mankind above the

beasts; that this potential is a sovereign individual potential.

For example, just to make the point clear: Let's suppose you study the Pythagorean theorem in school. The teacher makes certain statements in the context of a course in elementary geometry. And the teacher works at the blackboard—if he's a good teacher who does not use the modern new math, but uses the old-fashioned blackboard methods—and you sit at the desk. You make drawings and something goes on in your head. At the end of this process, if you're successful, you understand a concept which is called the Pythagorean theorem.

Now, we can put down on paper the list of statements, statements of description and construction, which are the steps by which the Pythagorean theorem is supposedly proven; and you will observe that there is no real proof of the concept in your head in those statements; and yet, those statements, as communications between you and the teacher (and back and forth) are essential for your discussion of the Pythagorean theorem.

All serious communication is of that type. A teacher, in this case, has an idea, in his head. The teacher uses certain steps of communication to trigger the student's mind to set up the same kind of process in the student's own head. So the student, by following this process, comes to a construction in his or her own mind of the same theorem which is in the professor's mind. But if we look at the steps which the teacher uses to communicate this to the student, we will not find the Pythagorean theorem itself. We will find only a description of it.

The same thing is true of all communication in principle. The communication medium is what we call a linear medium. It's part of a discrete manifold, which is incapable of communicating any ideas which are of a negentropic or higher order. And yet, by aid of the communication medium, one person is able to communicate ideas of a higher order to another. Because he is not communicating the ideas within the medium, but is communicating instructions which cause the other person to set into motion *processes* by which these ideas are generated.

Let's think of the communications medium as one of signals. You send a signal to another person; it sets a negentropic process in his mind to work, based on that signal. Like a switch. But the switch does not describe the motor; it describes only the switch. The signals can be thought of as a very simple illustration of a set of switches.

The negentropic motor is in the mind of the hearer, as well as in the mind of the sender. Thus we are able to communicate to one another ideas which are not explicitly, literally represented in the medium which we use for communication.

In poetry, this is called *metaphor*; and all communication is *metaphorical*. This process means that the way society works, especially in science, in advanced industrial management, or in farming, is that we develop a person's mind to high potentials by developing through processes such as the

geometry lesson in the Pythagorean theorem. We develop all minds we can to these same high potentials, by referring to signals which identify these lessons, such as the word "Pythagorean theorem." "Pythagorean theorem" is only a word; it can be reduced to particles within a discrete manifold; it can be given statistical analysis. But to the mind that hears it, it represents the process by which that person learned the Pythagorean theorem.

Thus, by this richness of development and interplay among this richness, which is what we use in communication, we are able to communicate to a developed mind, the basis for generating ideas, and that person is capable of signaling back to us, proof that they have understood what we have communicated. This is called, in poetry, metaphor, and the communication of metaphor. All good poetry is based not on rhyme, not on symbolism, but on metaphor. All great art is based on metaphor. If it's not metaphorical, it's not art. If it's not metaphorical also, it's not science.

What information theory did, was to say, "No, we don't need the individual; we don't need to create the sovereign creative mental capability of the developed individual. We do not need reason. We merely need to distribute information through a communications medium to people; and people will make up their own minds." Bunk. It doesn't work.

What systems analysis did was to set up, through information theory, a theory of management which is based on the non-existence of the human mind, except as an emitter and receiver of nothing but information—and ideas which are reduced to only information. "Don't try to change my mind; give me the information," they say. In that case, nothing is communicated of any importance.

In that process, we have created a group of people who have been educated to believe in information theory, who are stupid. Many people are stupid; not because they were born stupid, but because they were educated to be stupid—because they became stupid as a matter of chosen profession. The more educated they became, the more stupid they became, because the more professional they became, the more ignorant they became. We destroyed that potential which they had as students, as people who were born.

We did this also with television, with television entertainment most particularly. We destroyed the minds of whole generations by allowing our children to sit in front of that one-eyed babysitter called the television tube, out of which nothing but idiocy and degeneracy was pouring in very short bursts, probably 5-10 second bursts, of so-called information images which formed a montage, which was called a television program. And the students or the children sat there in front of the one-eyed babysitter, the monster, Moloch, and we destroyed them. When they grew up, and they weren't good for much.

We say, "What happened to our children? We spent a lot of money in raising them; we sent them to good schools, we provided them with the best homes, we fed them, we gave



Children study constructive geometry at a New York daycare center. All serious communication is of the nature of metaphor. In this way, a teacher uses certain steps of communication to trigger the student's mind to "follow the teacher's train of thought," and arrive at a higher understanding of the idea the teacher has in mind.

them clothes. We gave them freedom, we read Dr. Spock and obeyed him."

You see the results. And that's what happened in economy.

The ozone hole hoax and other frauds

This leads to certain things. Let's take an example: the so-called ozone hole. What is called the ozone hole, insofar as it exists, was discovered in 1956-57 by a fellow from Oxford University working as a part of the International Geophysical Year activities in Antarctica. His name was Gordon Dobson. Today, we measure the ozone ratio in the atmosphere, which is a handful of parts per million parts in the atmosphere at most, in Dobson units.

Now, a fellow comes along from Cambridge University later on, and he claims to have discovered an ozone hole over Antarctica! He does not admit that 30 years before, the phenomenon was discovered by Dobson, but says, suddenly this developed in a recent development, and it developed because of the development of chlorofluorocarbons (CFCs). If he had said that the ozone hole had existed back in 1956, before CFCs were generally used, then he wouldn't have been able to make his connection between "ozone depletion" and CFCs. Therefore he says it developed between 1956 and 1986, during the period of the proliferation of use of chlorofluorocarbons.

See the fraud? The whole thing is a fraud. Yet, the governments of the world, including the United States, have agreed to ban chlorofluorocarbons! They have agreed, solemnly; agreed to an absurdity.

What's the effect? The world's refrigeration systems depend now on cheap refrigeration, and cheap refrigeration

is dependent on chlorofluorocarbons, that's their economic significance. All substitutes for chlorofluorocarbons are caustic, more costly, etc., etc.—less desirable. And chlorofluorocarbons have nothing to do with ozone holes. They don't cause ozone depletion. As a matter of fact, the amount of chlorine coming out of chlorofluorocarbons as a result of the activities of the entire world's population, is less than that of one good-sized volcano, which is pouring masses of chlorine into the air—including the big one in Antarctica called Mount Erebus.

If we cut out CFCs, what happens? We have developed the food chain on the basis of cheap refrigeration; we have been able to move the food supplier a great distance from the food consumer by virtue of refrigeration. We have saved many lives by virtue of refrigeration, by reducing food poisoning, resulting from lack of refrigeration. If today, we cut off the CFCs, we are condemning many people to death, because of this factor: lack of refrigeration. We are committing mass murder.

Who's committing it? First of all, the governments, who have made the agreement that George Bush subscribed to, to ban CFCs. And the people who tolerate such governments, who are stupid enough to believe that there is an ozone hole problem, or who don't believe that volcanoes are the major chemical factor in these kinds of things, and that the real factor is the Sun, that Antarctica has a diminution of ozone during its winter months, precisely because it gets no sunlight, and that when the Sun begins to hit in October, you can begin to see that over the winter, the ozone has gone down. By December every year, the ozone over Antarctica is back to normal; because the Sun has done its job. The removal of sunlight is the cause of a diminution of ozone

over Antarctica every year! Plus some other factors, but they all center, essentially, on the sunlight factor, which is the major determinant.

Let's now consider the so-called greenhouse effect. People allege we are experiencing global warming. There is no global warming. Well, how was the global warming determined? They said, well, there's a lot of CO₂ coming out of industry and it's increasing CO₂ in the atmosphere. You say, "Wait a minute, what's going on here?" Then we find out that the station which is used to measure CO₂ increase for the globe, is Mauna Loa, Hawaii. Right next to a volcano—pumping out all kinds of CO₂. Global warming is a hoax! And yet, we base national policy on this hoax.

So, here we have it. We have systems analysis, a general phenomenon; absolute insanity. We have the ozone hole phenomenon; insanity. We have the global warming fraud: insanity. We have all of these other fads, often in the name of environmentalism or ecology. Absolute lies. Unscientific nonsense. They are destroying us. And this is all deliberate.

Why we can't balance the budget

Let's come back to the economy as such.

What we have now, across the United States and across the world, is people saying that we must cut, we must cut, we must cut, we must cut budgets. We must throw people to starvation, into the cold of winter, off general welfare, as in the state of Michigan, where 83,000 people have been thrown out to freeze, to die of freezing in the dead of winter, because they've been thrown off general assistance—as an economy measure. Hard-nosed politicians are killing people to prove that they've got the guts to balance the budget—and they can't balance the budget; it just gets worse and worse and worse and worse.

Someone ought to admit, that these cutting measures are not the solution. Of course, there are things for which we should not spend money. That's true. But that money shouldn't be spent anyway, regardless of the situation. There are some things that are indeed optional; well, maybe we can cut those out. But you cannot put people out to die in order to balance figures on a piece of paper. That's immoral; it's inhuman; it's Hitler style. We can't tolerate that nonsense.

Why are we doing this? We're doing this in order to try to continue things like Gramm-Rudman, a piece of insanity. It never could work; never did any good; only did harm. What's the problem? The problem is, our monetary and financial system is wrong. People are willing to destroy masses of human lives, in order to maintain a monetary and financial system that cannot be maintained. It's collapsing. Isn't that insanity?

Why don't we change the financial and monetary system? Why don't we get rid of this blasted British system, this British central banking system, which is the root of our problem, and go back to the American System on which this nation was built—the American System established by George Washington, of national banking? Why don't we get

Volcanic eruption will disrupt global climate

The eruption of a volcano in the Philippines on June 15 will have a major impact on the world's climate and agriculture in the next two to three years, according to renowned volcanologist and physicist Dr. Paul Handler of the University of Illinois, in a paper just issued. The eruption of Mount Pinatubo was the largest volcanic eruption ever measured, and perhaps the largest since the 1815 eruption of the Tambora volcano, Handler states. Pinatubo injected fully 40 to 50 million tons of sulfur dioxide into the stratosphere. "In 20-30 days this aerosol spread around the world decreasing the sunlight somewhere between 7% and 15% in the tropics. This decrease in solar energy will have an impact on every crop grown throughout the world," Handler insists.

Handler has correlated the major droughts and crop failures of recent history with the earlier eruption of such large volcanoes and found that a volcanic eruption, depending on the time of the year it occurs, can lead to either a dramatic increase in rainfall or a dramatic decrease. In any event, it leads to a global impact on world climate patterns which normally lasts two to three years. Handler has correlated the severe 1988 drought and harvest failure in the North American central plains to the November

rid of this blasted deregulation, and go back to regulation, on which this nation was based? Why do we privatize things that cannot be privatized, in infrastructure? Why don't we take our responsibility for developing it? Why do we allow people to be unemployed in great numbers, when we have an urgent need to employ them in building national water systems, national power systems, national rail systems, and so forth and so on, when there is so much physical need, which can only be satisfied as the fruit of human labor? Why do we leave people unemployed? Isn't that insanity, too?

Are we fit to survive?

Now, let us ask: Is it not the case in history, history taken as a large sweep, that nations and empires have vanished many times, and that anthropology and archaeology are chiefly matters of examining the dust left behind by failed nations, failed civilizations, and failed cultures?

Rome did not collapse because of the barbarians. Rome collapsed because of the insanity of the principles upon which the Roman imperial state was based. Rome died because it was not fit to survive. It was not fit to survive because its

1985 eruption of the Nevada del Ruiz volcano, to illustrate the complex nonlinear effect.

Handler says it is still too early to tell, since Pinatubo erupted in the middle of the growing year, whether it will lead to abnormally high or low amounts of rainfall in North America. He says that California rainfall levels the next nine or so months will give the first indications of how this might affect North American crop conditions.

He debunks the idea that the Kuwaiti oil field fires have disrupted global climate. He cites measurements made from Mauna Loa observatory in Hawaii, which show that Pinatubo is emitting 1,000 times more than the fires of Kuwait. The soot from Kuwait, unlike volcanoes, which erupt with enormous force, shooting sulfur dioxide far up into the stratosphere, was localized. "It never got up into the stratosphere. It stayed in the troposphere and got rained out in Pakistan and northern India and the Himalayas. It never made it around the world."

Handler has done studies on volcanic eruptions and their creation of "El Niño" ocean current warming effects. "After you have a low-latitude volcanic eruption, you get an El Niño, which is a warming of the equatorial current in the Pacific Ocean that changes weather patterns around the world in a dramatic way. A volcano like Pinatubo is the cause of El Niño."

Volcanoes, and agriculture policy

Lyndon LaRouche, when informed of Handler's results, commented on Nov. 10 that they show "how insane

the present policies of the Bush administration, in both U.S. domestic agricultural policy and in the GATT negotiations, are."

"Here we face a weather-caused collapse in food production at a time of global shortage of food, at a time of, in fact, *food shortages in the United States itself*, in terms of production as against consumption," LaRouche said. "And yet, the Bush administration in full-blown insanity, is insisting on cutting agriculture and cutting agricultural prices, to the advantages of grain cartels' interests. . . ."

"This insanity is coupled with the insanity of the so-called ecologists, or so-called environmentalists, who blame industry again and again, for effects which industry does not cause, but which volcanoes do. The major cause of adverse precipitation, the major cause of weather pattern problems, is not industry, which has been collapsing over the past 20 years—and emissions from industry are very much reduced over the past 20 years—but rather the major cause of our problem is volcanoes. Volcanoes! And what do environmentalists or so-called ecologists intend to do to these volcanoes to render harmless their effects?"

"We're going to have to learn to live with volcanoes, I think, for a while, unless some idiot tries to put a concrete plug in the snout of the volcano, which would cause a Krakatoa-type explosion. But we're going to have to learn to produce enough food and to make enough changes in the environment, through water projects and so forth, so that the human race can live with volcanoes—a natural phenomenon."

principles of government and society were evil, wrong, and destructive.

We now find ourselves, this great Anglo-American power—because that's what it amounts to—also like Rome, with ideas that are stupid, against nature, against the universal laws of nature. Ideas which are destroying us, and will continue to destroy us as long as we continue to serve them. We, too, are on the road to becoming dust for some future archaeologist's inquiries—*unless we change, unless we stop being insane*. Unless we get rid of systems analysis. Unless we get rid of insane versions of environmentalism and ecology. Unless we get rid of a central banking system which is destroying us, and forcing us to mass-murder our own populations, through so-called fascist austerity measures.

You, too, to the extent that you tolerate these ideas of free trade, that you praise them, that you spread the gossip about a nonexistent ozone hole problem, that you spread the gossip about global warming, that you get involved in the cult idiocy of the politically correct, you, too, are destroying this civilization. You're bringing everything down around you, not on your own heads, but your children's, your grand-

children's. You say you're raising your family, you're concerned about family needs. If you tolerate these ideas, you don't give a damn about your family, because you're allowing your family and its descendants to be destroyed. By what? By the insane ideas which you're defending in practice or tolerating in practice—the ideas of George Bush.

You're not going to solve any of the problems by cheap reforms; you're not going to solve the problems by budget-balancing, or any of these other acts. You're going to have to address the cause of the problem, and the cause of the problem is wrong policy, 28 years of insanity since the assassination of President Kennedy. Every economic, financial, and monetary change in policy since the assassination of President Kennedy by the United States has been a piece of insanity. Recognize that fact. You're sitting in the midst of a rubble that proves that fact. What we have to do is get rid of the policies and change the institutions for which the human race now is being sacrificed.

Otherwise, future generations will look back at us with the pity and contempt with which they look at the Flagellants of the 14th century.

Ukraine is at a turning-point in its history

by Jonathan Tennenbaum and Luba George

The authors and German farmer Walter vom Stein recently made a two-week visit to the regions of Kiev and Kharkov in Ukraine, as part of a Schiller Institute delegation which met with economists, agriculture experts, educators, scientists, and politicians to discuss the future of Ukraine in the context of Lyndon LaRouche's "Productive Triangle" proposal for the development of east Europe.

The visit came at a unique moment in the history of the region. On Dec. 1, the people of Ukraine will decide in a referendum whether Ukraine will become an independent, sovereign nation, or remain inside a reformed Soviet Union. An overwhelming "yes" to independence is expected. The establishment of a sovereign Ukraine would mark the end of centuries of enslavement to Moscow, of which the Stalinist terror and misery of 75 years inside the Soviet Union constitute only the most recent chapter. Ukraine has been "officially" a province of the Russian empire since 1709, when the greater part of Ukraine was annexed by Peter the Great following the Battle of Poltava.

Ironically, the development of a free, independent Ukraine offers today one of the principal sources of hope for economic recovery in the Russian Federation itself.

Economic prospects

Of all the republics of the former Soviet Union, Ukraine has by far the best preconditions to rapidly develop a strong national economy. Ukraine has a population of 51.4 million (comparable to Italy) and a land area of 603,700 square kilometers, or about twice the area of united Germany. The country has a fair share of major cities, including the present capital Kiev (2.5 million inhabitants); the industrial cities Kharkov (1.6 million), Dnepropetrovsk (1.2 million), Donetsk (1.1 million), Krivoi Rog (.7 million), Zaporozhe (.9 million), Nikolayev (.5 million); Lvov (.8 million), the port city Odessa (1.1 million), and many smaller cities. It has a large industrial base including the famous Donbass, often called



In Kiev, the capital of Ukraine: Equestrian monument to Bogdan Chymenitsky, the field marshal and Cossack leader who led the freedom fight against Poland here in 1648.

Anno Heinenbroich

“the Ukrainian Ruhr region.” Ukraine produces twice as much hard coal and about as much steel as west Germany, and boasts a large aircraft, aerospace, and electronic industry centered around Kharkov. A significant portion of the high-technology military industrial base of the former Soviet Union was located in Ukraine. Ukraine has rich deposits of important minerals, as well as coal and natural gas.

Ukraine is blessed with the best farmland in Europe—96% of its arable land belongs to the famous “black earth region”—and it enjoys a sunny, relatively mild climate favorable to intensive agriculture. Before 1917, Ukraine was known as the “breadbasket of Europe,” and supplied large surpluses of grain to the world market. Ukraine would today easily be able to feed itself and most of the former U.S.S.R., were it not for the devastation wrought by Stalin’s forced “collectivization” of the 1930s (more than 20 million Ukrainian peasants died), and for the monstrously inefficient socialist agriculture system imposed by Moscow’s rulers up to and including Gorbachov. If an independent Ukraine pursues agriculture reform aimed at establishing modern family farms, and backed up by improvements in infrastructure and a reorientation of industry toward the needs of capital-intensive family farming, food production will increase dramatically.

Besides its black soil, Ukraine is blessed with excellent natural water infrastructure, centering on the Black Sea with the famous port of Odessa, the great Dnieper River system, and the Dniester River. Ukraine lies at the intersection of

major economic axes in Eurasia: the north-south axis from the Baltic to the Black Sea area, and the east-west axis from central Europe through the Caucasus all the way to the Indian subcontinent. Kiev arose at the intersection of east-west/north-south trade routes, where there had been a port for Greek merchant ships in ancient times. A relatively dense railroad grid already exists. Its modernization would greatly improve the overall productivity of the economy.

Today, the Schiller Institute’s plan for an all-European/Eurasian infrastructure features among other things a “middle axis” joining Ukraine to the heartland of central Europe. This axis extends from Paris through the industrial regions centered on Metz/Nancy, Frankfurt/Mannheim/Stuttgart, Leipzig/Halle, Dresden, Wroclaw, Katowice/Krakov in Poland and into the Ukrainian cities Lvov, Kiev, and Kharkov down into the Donbass region. With the magnetic levitation train system proposed by the Schiller Institute, passengers leaving Paris in the early morning would arrive in Kiev in time for lunch, having traversed the entire “middle corridor” of Europe.

Importance of culture

Ukraine’s greatest asset on the road to becoming a prosperous nation is neither its soil nor its raw materials, but its culture. The typical cultural matrix of the Ukrainian is completely different from the Moscow-centered “Great Russian” culture. The contrast is perhaps best demonstrated in music and poetry.

From the very earliest times, Ukrainian folk music has emphasized polyphonic choral singing of poetry; whereas the Russian tradition, particularly as embodied in the musical policy of the Russian Orthodox Church, emphasizes the so-called *znameny* or monophonic, Gregorian chant style of singing. In fact, the Russian Orthodox Church explicitly banned polyphony for 600 years.

Keeping in mind the fact that polyphony is the chief means of *development* in music, the overall cultural implications of favoring either monophonic or polyphonic directions in music should be clear. Monophony would suggest a relatively stagnant, collectivist-feudalist mentality whereas the use of polyphony a more "individualistic," dynamic frame of mind favoring new ideas and frequent changes in the ways of doing things. The implied distinctions between Ukrainian and typical "Great Russian" cultural matrices are real and can be readily observed.

Related to the strong musical tradition is the fact that the Ukrainian language is, of all Slavic languages, the closest in sound structure to Italian. Ukrainian has preserved by and large an emphasis on pure-sounding vowels, whereas in Russian it is the consonants which predominate at the expense of the vowels. In particular, in Russian the non-accented vowels are typically collapsed to relatively "dead" uh, ih, and aw sounds. These differences add up to a much greater ability to sing in Ukrainian compared to Russian. Like Italian, Ukrainian is a language of song and opera *par excellence*. The typical Ukrainian loves to sing, and Ukraine has produced many great singers.

The lively, jovial personality of many of the people we encountered in Ukraine reminded us of southern Italy; nothing of the dark, brooding quality of Dostoevsky's "Russian collective soul"! This difference in cultural matrices is closely interwoven with different economic tendencies. For example, the traditional collectivist form of village organization in Russia, called the *mir*, in which land belonged to the village as a whole, but not to its individual members, did not exist in Ukraine. The Ukrainians are traditionally individualistic in their political and economic activity.

The historical role of religion

Ukrainian independence would have important implications for institutionalized religion in the country. Kiev, of course, was historically a center of the Eastern Church. Tradition has it that Apostle St. Andrew came to the site of Kiev and called for a Christian city to be built there. Following the conversion of Vladimir in 988, Kiev was not only the commercial capital, but also the religious center of the country, the Kiev Rus. In the 11th century, Yaroslav the Wise built up the city into a flourishing European metropolis—at a time when, as the Ukrainians love to say, the Moscow Russians were still living in trees! Following the Moscow Church's rejection of the Council of Florence, part of that Church split off to form the Uniate Church, which continued

to recognize Rome and the Pope. Under Moscow's domination the Uniates were brutally suppressed, and the Ukrainian Orthodox Church was dissolved into the Russian Orthodox Church. On top of this oppression came the persecution under the Bolsheviks, who attempted to wipe out religion altogether.

With Ukrainian independence, we were told, the Uniate Church will be recognized and restored. An autocephalous Ukrainian Orthodox Church will be established, independent of Moscow. Otherwise, freedom of worship will be granted to all churches and religions, including to the ethnic Russians and others who might wish to remain in the Russian Orthodox Church.

While in Kharkov, we had the opportunity to visit a Jewish synagogue which is being refurbished with the help of local authorities and contributions from around the world. We were told at the synagogue that there is no anti-Semitism to speak of in Ukraine. In fact, we repeatedly encountered what one might call "pro-Semitic" feeling: Many people expressed to us that they hoped that Jews who had emigrated to Israel and elsewhere would be interested in coming back to assist in rebuilding the country! Ukraine has suffered greatly from a continuing "brain drain" of scientists, doctors, musicians, teachers and other professionals to the West.

Ukraine's Russian citizens

The issue is often raised, and came up also during our trip, of what will happen to the large Russian minority in Ukraine. We found that all kinds of provocative rumors were circulating, to the effect that "rabid Ukrainian nationalists" intended to outlaw the Russian language, force Russian children in school to learn in Ukrainian, or even launch anti-Russian pogroms! We found no evidence for such intentions at all; in fact, it appears that the majority of Russians support Ukrainian independence and understand themselves as future citizens of Ukraine. Moreover, the "nationalists" we met did not think of the future nation as a pure ethnic entity, but rather as a home for many different peoples—Ukrainians, Russians, Jews, Greeks, Turks, Tatars, and so forth. These nationalists do oppose the policy of "Russification" under Moscow's rule, which aimed at gradually eliminating the Ukrainian language and culture, and favor a renaissance of both.

Interestingly, we often encountered among Russians living in Ukraine the attitude that they feel more at home in the cultural atmosphere of Ukraine than in Russia. Typically, they think that Ukraine would be a much more viable economic proposition than the Russian Federation. The tragic irony of centuries of "successful" imperial domination is that Russia is much less able to develop into a healthy nation-state than the captive nations of its late empire. The building of a strong and prosperous Ukraine, closely connected to Germany and western Europe, can be the key to freeing Russia from the cultural and economic dead-end in which it

finds itself today.

Otherwise it should be noted that many high government officials of Ukraine including the defense minister, are Russians, as are many deputies of the Parliament, where the debates are routinely carried on in a mixture of Russian and Ukrainian. It would seem that the story of ethnic tensions between Russians and Ukrainians originates more from an attempt to destabilize the situation and influence the Dec. 1 referendum, than in real social problems.

No to the 'Polish model'

Everyone we met was acutely aware of the disastrous economic situation in Poland, and of the fact that the disaster was unleashed by the radical reform program authored by Harvard University's Prof. Jeffrey Sachs. Ironically, the Sachs program has become a model to the Ukrainians for what should *not* be done in Ukraine! As much as people are convinced that the command economy must be dismantled and well-functioning markets for goods established, they also insist that the process of transformation be an orderly one, without throwing millions of workers onto the streets.

While we were in Kiev, the Ukrainian government refused to sign the treaty of economic union proposed by Gorbachov. A key issue behind this refusal is the Ukrainian government's intention, which runs counter to the economic union treaty, to set up an independent Ukrainian national bank and a Ukrainian currency. Ukraine's insistence on this point is evidently both a matter of principle—a sovereign nation must be sovereign in monetary policy—and also a matter of urgent necessity in order to protect the country's economy from destabilizing influences from the outside. (Ukraine has, since this report was written, signed the economic union agreement, after its demands were met.)

Waves of Russians, Poles, and others have reportedly come into Ukraine, where foodstuffs and other items are relatively plentiful, and carried away enormous amounts of goods in exchange for rubles. To prevent the stores from being emptied out, Ukraine has had to introduce a system of coupons which are issued to residents only, and must be presented along with money in order to purchase many sorts of goods. This solution, however, can only work for a limited time.

Beyond this immediate concern, there is much worry about the economic future of the Russian Federation. We were repeatedly told that there will be no hunger in Ukraine this winter; not only because there is sufficient food being produced, but also because the producers are committed to the new nation. Hence, Ukraine is largely immune to the methods of sabotage and blackmail, common in Russia, where the old conservative apparatus in control of collective agriculture has in many cases deliberately held back food shipments in order to provoke a political crisis. The Ukrainians are very concerned about the possibility of famine in Russia, and they are already sending large amounts of food

into the Russian Federation in an attempt to defuse the looming winter crisis.

Whatever economic course an independent Ukraine decides upon, it is clear that extremely close economic ties to Russia will be kept into the foreseeable future. The industry and infrastructure of Ukraine and Russia are so closely interwoven, that a policy of autarky on either side is out of the question. On the other hand, Ukraine is not prepared to accept arbitrary dictates from Moscow, and in economic negotiations Ukraine holds far stronger cards than any of the other republics.

A sovereign national bank and monetary system, if set up along the lines of the so-called "American System" of Hamilton, List, Carey and today LaRouche, would be an essential instrument for developing Ukraine into a prosperous, modern industrial nation. At the same time it would provide a certain degree of protection against the monetary insanity rampant in the world today, including the case in which the government of the Russian Federation would stupidly agree to accept an International Monetary Fund-dictated "solution" along the lines of the "Polish model." Absolute protection does not exist, since the implementation of "Polish model" policies in Russia would create an uncontrollable chaos with fatal consequences not only for Ukraine, but for Europe as a whole.

And what chances would Ukraine have, if Germany and the rest of western Europe stupidly insist on IMF policies? The Ukrainians we spoke to were bewildered at the attitude of western politicians who insist on treating Ukraine as a province of Moscow, refusing to recognize that the Soviet Union no longer exists. Particularly disappointing was the performance of Hans-Dietrich Genscher, who was in Ukraine at the same time as we were, for the Ukrainian-German cultural week.

Nevertheless, Germany remains a star of hope on the horizon of Ukraine, despite the unimaginable horrors which the Nazis inflicted on it during World War II. German music, poetry, and scientific traditions were always greatly admired in Ukraine, which naturally oriented toward the West in times of oppression. The part of Ukraine under Austro-Hungarian rule enjoyed vastly greater freedom than under the Russian Empire. Then came Stalin's deliberate murder of more than 20 million people in Ukraine in the 1930s, a holocaust which ought to be remembered alongside the extermination of Jews in Nazi concentration camps. When the Wehrmacht marched into Ukraine, the people hailed them as liberators from Stalin. But what treachery! Hitler was one of a kind with Stalin, and continued the butchery of Ukraine which Stalin had started. Hence the bitter irony that the Nazis drove Ukraine back into Stalin's arms, and made the hated Red Army into an army of liberation. On the basis of this historical background, one would expect Germany to demonstrate a particular sense of responsibility and support toward Ukraine, as it does toward Israel. But this is yet to be forthcoming.

Kharkov deputy discusses outlook for Ukraine on eve of national elections

Mr. Bakumenko is the vice president for the production and trade concern Dvizhene. He is also a leading member of Rukh, the Ukrainian national movement, a member of the recently founded Ukrainian Republican Party, and has been elected as People's Deputy of Kharkov Oblast (regional) Council and to the Kharkov City Council. He was interviewed by Luba George in Kharkov.

EIR: Could you give us your own recollections, as one of the leaders of the anti-coup resistance in Kharkov, of what it was like in your city when the news of the August coup was broadcast?

Bakumenko: On Aug. 18, I returned from the south that night and on the morning of Aug. 19, I heard the announcement on the Ukrainian radio and television that, in Ukraine, the so-called State Committee for the Emergency had seized power. It became immediately obvious that what had been expected for some time—that an armed putsch would try to take power—was now taking place. The junta took power and all of us who had been involved in the democratic process and movements realized it would not be easy to survive under their rule. In the morning, I ran to the city council, together with several other deputies, including Henryk Oganyan, a man not only known here in Ukraine. There, we met with the head of the council, Yevgeni Kushnar. We discussed and planned what to do at this time. When I passed by the Communist Party Oblast Committee (Obkom) building, the people who worked there greeted each other, with smiles and happiness written on their faces. They opened their windows and doors, because, up until this time, they were always being picketed by the residents of Kharkov. Such happiness, congratulating each other. . . .

The city council members proceeded to Feliks Dzerzhinsky Square (that's what it still was called), on the way to the City Council Building, to see if the blue and yellow Ukrainian flag, which was flying before the putsch, were still there. Our flag was still there, but on Aug. 20, an emergency session of the Main Council took place, and when the deputies returned to the building this time, we were prevented from entering. So, we went to the so-called political education building, which belonged to the Obkom. There was a row of militiamen who prevented us from entering, shouting at us

that our time had passed. The militia used all kinds of abusive language, telling us, "We're going to tear out your tongues for using your *** language"—that's what they call our Ukrainian language. . . .

More than 50 of us deputies then held our own session. I took the decision to have a meeting of the democratic deputies. We appealed to the people of the city of Kharkov and of Kharkov Oblast (region), and other regions. We printed an appeal, using our, so to speak, underground press, and distributed it throughout Kharkov. Many of us didn't sleep in our homes, thinking arrest could happen any minute. . . .

As early as Aug. 19, we were in the square, talking to people, although such gatherings had been banned by the putschists in Moscow. From Aug. 20-21, no fewer than 15,000 people were on the streets at any time, from morning to night, and through the night, at times tens of thousands. We defied Moscow, and held a session of the city council.

In Ukraine, the Communist Party supported the putsch; not only supported it, they were its organizers. I was on a commission to investigate the putsch. Together with four other men, I opened one of the Communist Party's secret archives, where we found documents which revealed that they had taken part in the organizational plans for the coup, plans which were aimed at a roundup of us "extremists," plans to take "emergency measures" against those who opposed or refused to go along with the coup. . . .

However, we refused to give up, and we continued resisting until the coup had failed. The Russians in Ukraine, by the way, supported us. The people of Ukraine were united. We were victorious.

EIR: Can you describe the political situation in Ukraine since the failed coup?

Bakumenko: As to the political situation in Ukraine, we're waiting for the Dec. 1 referendum. A large majority of the people will vote for independence: Yes, we expect a large majority to vote in favor of the economic and political independence of Ukraine. But, Communist Party forces, their families and friends, have started to agitate very actively—to carry on, as it were—an underground battle against our drive for independence. A very active fight is under way.

We refused to give up, and we continued resisting until the coup had failed. The Russians in Ukraine, by the way, supported us. The people of Ukraine were united. We were victorious.

Political tactics were launched, such as trying to separate from Ukraine the so-called “Russian Republics,” meaning the Donetsk and Kharkov Oblasts [regions of eastern Ukraine], and the Crimean Oblast to the south. So, as a result, our Ukrainian Parliament was forced to pass strict, concrete measures dealing with these activities, to combat separatism and moves to undermine Ukrainian national unity. Our Parliament passed a law with penalties against separatism, which may seem tough, but we have to defend the unity of Ukraine.

The most important thing now is that Ukraine not be allowed to be divided, so that those in Moscow will never again be able to rule over us. Despite the agreements we have signed with Russia, these tendencies to reassert Moscow’s rule still exist, even with the Russian democratic government. For example, from within the Russian democratic government, there have come official statements, citing the well-known chauvinist historian of nineteenth-century czarist Russia, Karamzin, that these are not Ukrainian lands, but purely Russian areas. This type of disinformation has been and continues to be used by Russians to give credibility to their territorial claims against Ukraine. They rely on these tainted, imperial historical sources, even though people know that what was said by Karamzin and others is not true. The main source of separatism in Ukraine is not the people of the Russian minority, but the Communist Party. For example, meetings of the Communist Party go on to this day in Donetsk, with the purpose of trying to truncate Ukraine, even though the Communist Party has been outlawed. But, we are holding out. . . .

What is most important, is that after the referendum, the international community recognize Ukraine, and give us the help needed to rebuild our Ukraine, so it can enter the European community of nations, and work with the Americans as well. As I began by saying, we’re waiting for the referendum. My prognosis is that 75-80% will vote “yes” for independence.

Every day, Russian press and television are carrying articles and disinformation regarding Ukraine, saying that Ukraine cannot survive alone without Russia, and that for Russia it would be difficult. They are pushing the chauvinist Solzhenitsyn, to say that Ukraine is a Russian land, to incite people against each other. But, I must say, I know the mood of the people in many oblasts, and they are paying very little attention to this propaganda. Our people simply turn off

these Russian programs and tune in to our programs and programs from other republics, like Belorussia and Armenia.

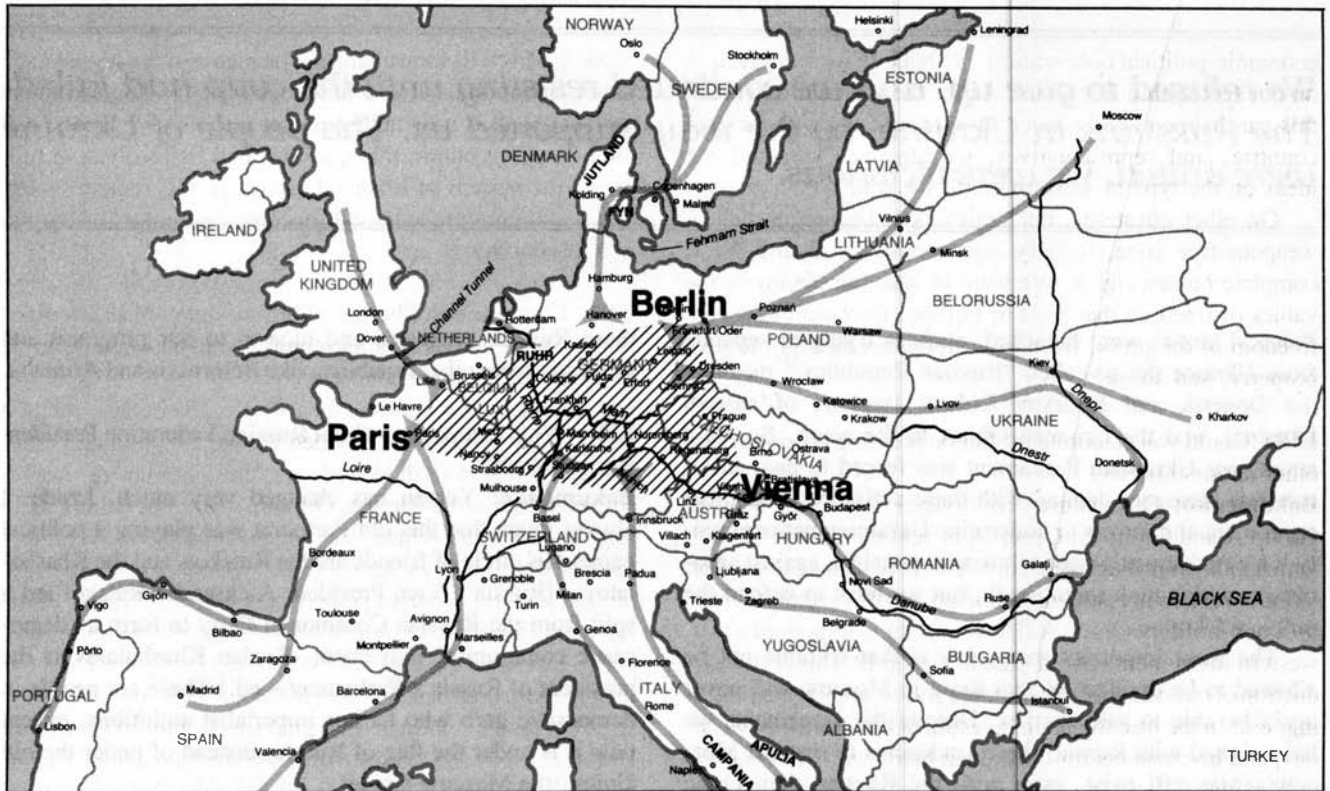
EIR: What can you say about Russian Federation President Boris Yeltsin?

Bakumenko: Yeltsin has changed very much. Inside, I always knew that this old Partocrat was playing a political game. His circle of friends are the Rutskois and the Khasbulatovs. [Russia’s Vice President Aleksander Rutskoii led a split from the Russian Communist Party to form a “democratic communist” movement. Ruslan Khasbulatov is the president of Russia’s Parliament—ed.] These are people in democratic garb who harbor imperialist ambitions, except now it is under the flag of Russia, instead of under the old Union, the Moscow Center.

EIR: How do you envision cooperation with the republics, and could you describe the problems Ukraine is still having with the Moscow Center?

Bakumenko: For Ukraine, economic cooperation with the republics is absolutely necessary. Negotiations regarding what we call horizontal agreements, or bilateral accords between the republics, are under way. Agreements have been reached, and others are being revived, and all this without the Center. Under these agreements, for example, Russia and Ukraine are trading, because each of us has things the other needs. For example, in exchange for the oil and fuel we are getting from Russia, we are shipping them what they need—food, sugar, and other things.

But, there are problems: There are Gorbachov’s policies, and now it’s evident that it’s also a problem with Yeltsin. They want to revive again an imperialist Center, they’re Muscovizing—permit me to coin this word—their position. For example, our Parliament President Leonid Kravchuk and our Prime Minister Vitaly Fokin directly questioned Gorbachov and Yeltsin regarding past West German credits to the U.S.S.R. of up to DM 40 billion [\$23.5 billion], asking them to tell us, please, where all the money went. The response we got was total silence. They didn’t give any answer, but, at the same time, had the nerve to say that Ukraine has to pay “its” share of the U.S.S.R. foreign debt, starting on July 1, 1992. Now, Moscow has gone even further and wants Ukraine to start paying “its” share before Dec. 1. They want us to pay for credits, not one kopek of which ever reached Ukraine, and Ukraine has no idea where



The "Productive Triangle" with part of its "spiral arms" of development, including, rail links to Ukraine.

the money went.

Ukraine was not the recipient of any credit and aid. This Moscow policy is pure robbery against our republic. There are many such examples, such as western aid for victims of the Chernobyl disaster, where most of the aid sent never reached Ukraine.

It is also important to resolve the question of how the U.S.S.R. gold reserves are finally divided up. As I said before, money from western credits is being spent, and we don't know for what. In Moscow, they are not allowing Ukraine any say in this, or giving us any information.

Otherwise, our participation in building the Baikal-Amur railway line (BAM) and in the space program have to be accounted for, and a proportional share of the expenses has to be repaid. Ukraine has never refused, and doesn't intend to refuse, to pay its share of the debts the former Soviet Union incurred, because, if we don't pay, unfortunately, the western powers won't recognize us. This is understood. We have political leaders who are working on these questions. We want to enter the European Community, to cooperate with the Europeans. We have a lot to offer Europe. We have our rich black earth; there's a great potential for agriculture. We have our people, our workers, who are highly qualified.

Our industry, even though by western standards, it is not up to date and lacks modernization, it is important to stress that, compared to industry as a whole through the entire former Soviet Union, we are at the top of the scale, in substance and in terms of potential. Deutsche Bank gave an

evaluation of our industry, including sectors like engine manufacturing, machine building, etc., comparing our potential, productivity, and capabilities on a scale of 1 to 10 with those of other republics. Even compared with the Baltic republics, which scored the next highest, with a range from 3.5 to 5.5., we received a rating of 9 on this scale. This is a very important rating indication, coming from a leading, prestigious bank like Deutsche Bank. From all over the former Soviet Union, we got the highest score, achieving ratings of between 8 and 9 per industrial sector.

EIR: Ukraine is creating its own national bank. Can you describe how it will operate?

Bakumenko: After the referendum, where our people will have voted for economic and political independence, our main goal will be the privatization of enterprises and collective farms. We know it will have to be done gradually. We know that the process of privatization cannot proceed overnight. It will be a gradual de-nationalization, and on this basis the national bank will attempt to assist the entrepreneurs in industry and agriculture. Such programs have been drafted and will continue to be worked out. We don't like the credit policies of the West. I don't think we need this so-called "humanitarian help," as handouts to a beggar. We are not beggars. What we want is: We ourselves want to produce. We need technological aid, we need credits with low interest rates, in order to, ourselves, produce. That's the kind of aid we want from Europe. With such types of

economic-political cooperation, we believe we can get back on our feet within five years. As for the agricultural sector, this can happen even sooner. In our contacts with western countries and representatives, we already expressed our ideas on the type of western credit we want.

On other questions, our policy is to become a nuclear weapons-free zone, to have open borders with the West, complete human rights. We want to base our nation on the values of freedom that exist in Europe, freedom of speech, freedom of the press, freedom of religion, the right to own property, and so on.

EIR: Could you elaborate further on pressing economic and other national needs?

Bakumenko: Our industry is divided into what we call Group A and Group B. Group A is heavy industry, 80% of which today is military related. We have to change this orientation. Western investment should go into this sector, to build up a non-military Group A. However, most important of all, western investment should go into Group B: This is the production of consumer goods, durable goods, appliances, clothing, etc. In the past the main investment has gone into weapons, and investments for the human being were only second or third place. We've reached the point where, in all the republics, there's nothing to be found in the stores. In food, we're better off [in Ukraine]. Our harvest was only 6% lower than last year; but in Russia it was 26% lower.

We urgently need a national currency to protect ourselves against robbery, against the ruble being used to buy up and ship out our goods. We don't mean putting tanks and barbed wire on our borders. No, we will protect ourselves in a civilized manner, with our own customs, with our own Army, which has been voted for by our Parliament. We will keep what we need to defend ourselves. Every country in Europe has its army. Ours will be based on a strictly defensive doctrine, and no atomic weapons whatsoever, not even tactical. After 10 years we will have, in relation to our size as nation, a small Army. Nuclear weapons are still on our soil. They will be scrapped, and in no way transferred back to Russia, which has no need for more nuclear weapons. I'll say it again: We ourselves don't need them either. We don't want them.

EIR: How soon will the Ukrainian national bank be operative?

Bakumenko: The way things stand at this moment, we have decided to create a national bank, but until now the national bank has not been functioning in a financial sense, because our financial obligations continue to go through the Center. That is why, together with a national bank, we need a national currency. Everything we get is still going through the Center, that is, through the central bank in Moscow. The financial transactions it contracts are robbery. Also, from other republics, earnings still go through the Center. The monetary and financial operations this central bank in Moscow conducts are tantamount to robbery, and it is the republics that get

robbed. This will soon change. The idea of our national bank is not just an idea. It is a functioning body. The Ukrainian national bank is now taking power into its own hands, and after the referendum, this question will be resolved in full. Then, the system of financial credits it will issue to enterprises and entrepreneurs will become the motor for our national economy.

EIR: Can you describe the religious situation in Ukraine? Is the situation overall a harmonious one between different religions, or are there conflicts?

Bakumenko: For Ukraine as a whole, the biggest religion is, of course, Orthodox, divided between Ukrainian Orthodox and Russian Orthodox. In eastern Ukraine, the largest single church is the Russian Orthodox Church, belonging to the Moscow Patriarchate. But already a process of returning to our own Ukrainian Autocephalous Orthodox Church, returning to its property and parishes, is under way. In Kharkov, our Ukrainian Orthodox churches are being renovated, and Ukrainian-language services being held. We have our own priests, liturgies, and services.

Concerning conflicts, these have only existed in western Ukraine, where the majority of Ukrainians are Greek Catholic, and otherwise Russian and Ukrainian Orthodox. Here there have been some problems, and even some physical clashes. Vyacheslav Chornovil [the Ukrainian nationalist presidential candidate from Rukh, opposing Leonid Kravchuk in the Dec. 1 election] revealed that documents had been found after the putsch in the office of the Communist Party first secretary of the Lvov Obkom, giving instructions to party cadres on how to pit one church against the other. This is the work of the Communist Party: They've always been involved in poisoning relations between Greek Catholics and Orthodox. They were, I stress *were*, successful, up to a point, because some people, unfortunately, can easily respond without thinking when the flag of religion is raised.

EIR: What is the situation concerning the Jewish citizens of Ukraine?

Bakumenko: As for our Jewish citizens, the emigration has been mostly, but by no means only, economically motivated, with many of these very qualified and talented people seeing no hope for their lives. From Kharkov alone, many Jews have emigrated. One can speak of a "brain drain." Many were part of the scientific-technological and cultural elite. Many of my old friends are among those who left. The motives were different—some economic, some political—but there were also those who were afraid they would be beaten up tomorrow as a result of KGB provocations. For example, one and a half years ago, widespread rumors circulated, spread by the KGB and the Communist Party, that pogroms against Jews would begin. There was a meeting on Feb. 25, 1990 of Jews. Some said, "Don't go on the streets, don't let your children out." Nothing ever happened. It was all a total

KGB disinformation operation. I'll never forget that day. My friends and I decided we would go out to the main square, where, according to the rumors, the pogrom would occur; and, what happened? Nothing happened. Their objective was to poison relations: They were so naive and dumb to think that we couldn't see through this.

The kind of things that happened in Baku, in Vilnius, in Central Asia, all steered or conducted by the KGB, cannot happen here. We are wise to their tricks and methods.

By the way, in my capacity as a democrat, I was present at the reopening of the synagogue in Kharkov. There were more Ukrainian Christians there to celebrate than there were Jews, and there were of course a lot of Jews there. We in the new Kharkov administration relocated the sports club that had been occupying the synagogue building, so that the synagogue could reopen.

I must also say, and this I know from friends, it's very difficult for the Soviet Jews in Israel. My friend Semyon returned to Kharkov, and said that jobs are hard to find there, and to send his daughter to university costs a lot of money. Imagine, there he is down there sweeping the streets, even though he holds a doctorate in science and is a university lecturer. I think, in about five years, they'll start returning to Ukraine. We certainly hope so. Our best assets are our people, Ukrainians, Russians, and other nationalities. We don't go around asking one another, "Are you Ukrainian, are you Russian?" There's no such problem here.

EIR: What about the history of pogroms, and above all, the overall incredible levels of repression and slaughter that Ukraine has suffered under Bolshevism?

Bakumenko: In modern times, pogroms are a product of Bolshevism. It's Bolshevik propaganda that Ukrainians attack Jews. Real history exists to disprove the myths, if people choose to read it. Historically, pogroms have always been provocations organized by the security organs of the Russian or Bolshevik empire. First it was by the czarist secret service, the Okhrana, then by the KGB predecessors, the Cheka and the NKVD, and the NKVD extended this into western Ukraine in 1939, when western Ukraine was united with eastern Ukraine [following the September 1939 Soviet invasion of Poland—ed.]. People in western Ukraine received our soldiers with bread and salt (naively believing that they had been "liberated" from a Polish occupation that had, indeed, not been very pleasant). Then, on the third day, the NKVD came, and with it the arrests and deportations to Siberia. In response, the Ukrainian Insurgent Army (UPA) [which waged a bitter, protracted guerrilla war through the 1940s and early 1950s] was created, to resist the Bolshevik occupation. Our nation handed the Bolshevik plague a major rebuff. The crimes of Bolshevism against our people are immense. Stalin eliminated millions of Ukrainians through famine. But, we have survived, with an incredible will of our people to be free and independent.

EIR: Back to the question of religion and ethnic groups. How do the presidential candidates stand?

Bakumenko: On the religious question, all our candidates agree. It is the program of Chornovil, Kravchuk, and others: We need to build a unity for the Ukrainian nation by all the churches. Look at the situation in western Ukraine since August, when the party and KGB were swept out. All these atrocities suddenly stopped; you see, maybe, an odd outbreak by someone now and then, but ever since the party was ousted—no more conflicts, no more clashes. To give you an example of how multi-religious Ukraine is, here in Kharkov, we have a Jewish synagogue, the Ukrainian Orthodox church, the Russian Orthodox church, a German Lutheran church, and even a Tatar mosque.

In Ukraine, there are no such conflicts among nationalities as you find in the Transcaucasus or in Central Asia. Unlike these regions, which have long histories of ethnic conflicts, our ethnic groups have no tradition of ethnic violence and conflict, and all feel themselves as belonging to and sharing the abhorrence to war common to all civilized nations in Europe. Therefore, our rebirth, which is taking place now, has deep historical roots. We have what it takes to revive our historical, cultural, and scientific traditions, all of which we can be proud of.

All this disinformation regarding conflicts is coming from Moscow. They would always speak of Ukraine as always having been Russian-speaking; and then, after saying "we're all Russians," they contradict themselves with their next lie, that Ukrainians, who according to the previous lie do not exist, have to "protect" the "Russian brothers" living on their territory. This idea that we have to "protect" our "Russian brothers" is absurd. Just look around in the streets, everyone is walking together, talking together, laughing together, and complaining together—all suffering the same problems, the shortages of food, clothing, and so on.

EIR: How is the language question being handled?

Bakumenko: In every country there exists a national language. If you hold a government job, you have to know or have to learn the national language. If you're a simple worker and want to learn Ukrainian, that's up to you. The process of non-Ukrainian Ukrainian citizens learning Ukrainian is, of course, a long-term process. You have to start with children in kindergarten, and that's what we are doing. In many Russified cities like Kharkov and Donetsk, we know it's difficult to make the jump into another language. We understand that. There are also problems among Ukrainians. In the villages where the Russian language was forced on the people, people continued to speak Ukrainian, though not on a high level, and the same is true concerning their mastery of Russian. It is important to raise the standard of Ukrainian spoken in the villages.

EIR: What about the question of Russian as a second lan-

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guage, especially in science?

Bakumenko: This idea that Russian should remain as a second language is just a way of not allowing the development of our own language in these areas.

EIR: How does Ukraine envision relations with its neighbors?

Bakumenko: We are going for close economic ties and good relations overall. With Czechoslovakia, once we're independent, we'll have direct ties, as with Hungary and other countries. We have politicians who are only turning their head to the "right," meaning to the East, that is, to Russia. But as Kravchuk has said, we have to turn to the other side, to the West as well. Yes, ties with Russia do exist, we have economic integration, but my personal opinion is that our orientation should be westward. That's where you find high technology and culture, and that's where we feel the closest to. Our main goal is to build a national economy and to improve our livelihood.

EIR: How do you view the plan of the Schiller Institute and American economist Lyndon LaRouche for developing the European "Productive Triangle" as the motor for Eurasian and world economic development?

Bakumenko: The Schiller Institute has put forward a very interesting plan, very far-reaching and rich in perspective. Ukraine has been included in the Productive Triangle plan as a zone not separated from Europe, and I am personally pleased to see that Kharkov has been integrated in the plan. We see prospects of cooperation with European nations through the concept of the Triangle, that is, developing the Berlin-Paris-Vienna Productive Triangle, with its great core of productive forces. Ukraine has things to contribute to the West, and not just raw materials. We want to activate our own production of goods, and be able to sell them. In the first phase, perhaps we can settle for the sale of raw materials, semi-finished and finished products. We very, very much like this Productive Triangle plan, and this model for development has been much discussed with and among our scientists. Remember, that even from a European standard, we have very advanced technology, for example in the radio-electronics industry, almost all of which here, currently, is military related. Our chemical industry is also advanced. These plants can already, on the basis of their existing tech-

nology, produce products of a European and world-class quality. Furthermore, what is very important, is that these advanced industries be transferred to civilian production. That's the most important thing.

In the field of heavy industry, there is for example, tank production. What can we do there? In one-half to one year, we can start producing tractors in these plants with the help of western technology. The work force is highly qualified. To give you a comparison, if the West starts to invest, let us say, in Kazakhstan, it will take 10 years before they develop energy sources, for among other reasons, the lack of qualified labor there. In our case results will be immediate for any investor. No republic can do this on the large scale we can.

EIR: What are your views on the "shock therapy" economic policies, adopted, for example, in Poland—the so-called "Polish model"?

Bakumenko: I'm an opponent of this type of economic thinking, which is aimed at cutting down the basic, essential parts that define the essence of a national economy. What happened in Poland was that borders were opened, they started to bring in products from the West, but their own productive activity, which was already low, fell even further—by half, if not by 70%. People abandoned their industrial and agricultural sectors and turned to speculative activities. So, in other words, business went in the wrong direction. And that's no good.

A country must first be able to produce to feed and satisfy the needs of its population. But, simply bringing in goods from abroad, that's very dangerous for the economy. This "Polish model," we in Ukraine will never follow. They should be producing their own goods and selling them, not importing them. Ukraine will never go in that direction. What we can learn from the Polish experience is that they took quick measures regarding privatization of enterprises, and setting up their own customs authorities, whereas in Ukraine this is going much slower. We're now only plodding ahead, but this winter everything will be launched. We can't go backwards, but we won't go "forward" like the Poles did. We went to Poland to have a look. Productive industry is not going up, it's going down. What kind of an economy is this? I blame the U.S. in part for bringing their so-called "recovery program" there. They didn't do anything good for Poland.

Bush accuses Croatia of 'nationalism'

by Umberto Pascali

On Nov. 9, speaking in The Hague before the representatives of the European Community, George Bush took up an issue he has been avoiding for a long time: the war in former Yugoslavia. What he said made many wish for his previous silence: "We see in Yugoslavia how the proud name of nationalism can splinter a country into bloody civil war," Bush pontificated.

In other words, the unprecedented aggression of the Serbian-controlled Yugoslav Federal Army—the last Communist army in Europe—against the Croatian people, "responsible" for having voted overwhelmingly for independence, was considered by Bush as inter-ethnic, irrational fighting. The cowardly attitude of western Europe and the United States which has let the massacre and destruction go on before their very eyes, was presented as a responsible disdain toward these explosions of crazy "nationalism."

ADL codewords

Bush continued: "There can be no place for these old animosities in the new Europe. . . . While the urgent work of democracy-building and market reform moves forward, some see in freedom's triumph a bitter harvest. In this view, the collapse of communism has thrown open a Pandora's box of ancient ethnic hatreds, resentment, and even revenge." Referring to the "Yugoslavian example," Bush stressed that democracy can be dangerous. "Some fear that democracy's new freedoms will be used not to build new trust, but to settle old scores. All of Europe has awakened to the dangers of an old enemy—a nationalism animated by hatred and unmoved by nobler ends. . . . [This nationalism] feeds on old, stale prejudices, teaches intolerance and suspicion, and even racism and anti-Semitism."

In the same speech, Bush applied the concept of the "old animosities" to a Europe that is prone to fall victim to economic

"protectionism." "That way lies economic ruin—a prescription for plunging us into the kind of impoverishing rivalry that ravaged our economies during the Great Depression."

Two days before, at the NATO summit in Rome, Bush had staged another provocation against those Europeans who have tried, like Croatia, to be too independent. Targeting the Franco-German initiative for an autonomous European defense, Bush abandoned his written speech and an informal agreement not to touch the issue, which the European Community is going to discuss next month. He presented an ultimatum: "If, my friends, your ultimate aim is to provide independently for your own defense, the time to tell us is today. America wants to be part of European defense and is certainly willing, but not if we are not wanted."

Bush and the British demanded that the other Europeans recognize the "primacy of NATO" as opposed to having their own autonomous defense. European spokesmen protested that Europe cannot be independent if it doesn't have its independent defense. In vain!

The speech in The Hague is particularly eerie, a collection of psychological warfare codewords apparently taken *in toto* from the Anti-Defamation League of B'nai B'rith, the U.S.-based organized-crime front group. While it will be very interesting to find out who wrote that speech, suffice it to note that the expression "Bitter Harvest" is borrowed from the title of a book written by ADL stringer James Cochran. The ADL *modus operandi* is always the same: to equate the desire for independence and freedom to anti-Semitism. At that point, any resistance to oppression is labeled as "anti-Semitic."

Blackmailing Europe

A well-informed Croatian source told *EIR*: "There is a close connection between the 'my friends' speech in Rome and the labeling of the Croatian fight for independence as

nationalism leading to anti-Semitism. And this brings us to the real reason why this bloody war against civilians is allowed in the middle of Europe. The Anglo-Americans are telling continental Europe through Bush: 'You cannot be independent, you may be strong economically, but you need military protection. You were not able to do anything to prevent that war, and you will not be able to prevent the social explosion of other eastern European countries due to the economic crisis.' "

The source went on to say that if this hypothesis is true, "then the Anglo-American forces need the Greater Serbians to play the provocative, bloody role they are playing. It is like a gangster who bombs your house to demonstrate that you need protection. It is also clear why the British, with Lord Carrington on top, are doing everything to prevent Europe from recognizing Croatia and Slovenia."

Despite verbal assurances by German Chancellor Helmut Kohl and other German spokesmen, Germany has not recognized the two republics which declared their independence from Yugoslavia last July. Instead the European Community found the lowest common denominator in a decision of embargo "against Yugoslavia"! (See the interview with Osijek Mayor Zlatko Kramaric, p. 45, for the Croatian view of this EC step.) The decision was approved by the 12 foreign ministers of the EC on Nov. 8 in Rome, around the periphery of the NATO meeting. Bush hastened to say that the United States would join the European "allies" in the embargo.

Total war

"It is still not clear that Europe is making any deep distinction between aggressor and victim," declared Croatian Prime Minister Franjo Greguric. "With these sanctions, Europe has thrown the burden of responsibility onto the United Nations."

The Yugoslav Army, as in a pre-arranged plan, launched an attack all over Croatia, and the specter of "total war" became concrete. The six Croatian ports were blockaded by the Yugoslavian Navy. Foreign merchant ships were hit without any regard, like the Italian freighter carrying the symbolic name of *Europe 92*, and a Maltese merchant vessel that was sunk in the Adriatic Sea.

In Dubrovnik, under siege since Oct. 1, the army has abandoned any respect for formalities, and the irreplaceable architectural treasures have been pitilessly bombed. A few days before, in a statement that will remain in history as an example of cowardice, Prince Charles of England answered a letter from the mayor, Pero Poljanic, who had appealed to the much vaunted love of the prince for architecture. Charles was invited to come to Dubrovnik to help save the city. "It would jeopardize my security people," said the prince, shamefully refusing.

On Nov. 11, the Reuters news agency, not a pro-Croatia source, wrote: "Federal forces poured shellfire on the city, sowing panic among the 50,000 people trapped there and

setting on fire buildings internationally regarded as historic monuments. Dubrovnik was hit by a shell every second at the height of the bombardment on the fourth successive day."

In Vukovar, the Croatian city on the Danube close to the Serbian border, which has fought with an heroism without precedent, the Chetniks (Serbian terrorists) and the Army reportedly have broken the outside defense and are killing people house by house.

'The aggression must end!'

"Many of our Croatian cities and countless more villages are under constant attack by heavy artillery, tanks, missiles, and planes," said Cardinal Franjo Kuharic, Archbishop of Zagreb, speaking before the U.S. Catholic bishops in Washington. "Many villages have been totally wiped away, and the people driven into exile. A large number of towns and cities are threatened with total annihilation, among them Dubrovnik and Slinj.

"Vukovar is entirely demolished. More than 2,000 people, including small children, are living in the most inhumane conditions, in cellars among the ruins. . . . There are known incidents where older persons refused to leave their homes and were massacred and set on fire in their own dwellings. The wounded or those taken captive are treated in the most brutal way."

On Nov. 13, Pope John Paul II personally denounced the "destructive fury" deployed against the Croatian population. "An end must be put to this tragedy, which dishonors Europe and the world. In the last few days there have been attacks of incredible violence all over Croatia, but especially on Dubrovnik and Vukovar. In Dubrovnik, a hotel and a hospital full of refugees and wounded have been hit, among others. It's an aggression that must end. I beg the Yugoslavian Army to spare the lives of defenseless civilians."

Peacekeeping troops, Carrington-style

While carrying out this holocaust, the Greater Serbians came out with a shameful propaganda stunt: They called for the intervention of U.N. troops to create a corridor between the two fighting forces. Given that the Yugoslav Army has captured more than 30% of the Croatian territory, this would be tantamount to a recognition of the conquest.

Croatian authorities countered that a peacekeeping force must be placed at the borders between Serbia and Croatia. In the meantime, Germany announced that it was ready to recognize Croatia and Slovenia even if the entire European Community doesn't agree.

Incredibly, on Nov. 13, Peter Lord Carrington, speaking nominally in behalf of the European Community, said that he had reached an agreement with Defense Minister Veljko Kadijevic, who is personally responsible for the deployment of the Yugoslav Army. Carrington said that the peacekeeping troops should be sent to "crisis areas" rather than to guard borders. Exactly the demand of the Greater Serbians!

Former B.C. premier scores new world order against Croatia

Bill Vander Zalm was premier of British Columbia from 1986 to April 1991, when he resigned following charges of corruption and an unprecedented press campaign in the middle of a provincial election. "It was a political plot if ever there was one. At any level, politically, judicially, and media-wise," says author Paul Nielsen, who is finishing a biography, *Test of Faith: The Odyssey of Bill Vander Zalm*.

"In my book I decided to tell the whole story, and it is not just a local story. Among the plotters one can find people like the powerful Conrad Black of the Hollinger Corporation, the Bronfman family, and Li Ka-shing, the so-called 'Kissinger of Hong Kong.' When Li and the Hollinger Corp. decided to move to British Columbia the troubles began for Vander Zalm. Why? It's very simple. He is not a politician who bends to the winds. He could be naive in the 'political' sense of the word but never could have betrayed the trust of the people. Others apparently have no problem."

Whatever the outcome of this test of strength, Vander Zalm is still a very important political figure in British Columbia and, according to rumors, ready to jump into the national arena. Before being elected premier, in the 1986 surprise victory that infuriated his political opponents, Vander Zalm had been a member of the provincial legislature, a minister of human resources, a minister of education, and mayor of Surrey. In 1984 he organized the visit of Pope John Paul II to British Columbia.

Since the escalation of the assault against Croatia, Vander Zalm came back into active politics defending Croatian independence. He is now touring Canada and will go next to the United States. "It's strange," said Nielsen, "but in investigating both the enemies of Vander Zalm and people who oppose the Croatian independence, I found a very high density of Freemasons. There will be a few interesting pages on this issue in my book." Bill Vander Zalm was interviewed by Umberto Pascali on Nov 11.

EIR: Mr. Vander Zalm, you have started a political campaign in favor of Croatia's independence. Recently you were the guest of honor at the banquet organized by Mrs. Marija Gled of the Croatian Mothers for Relief Fund.

Vander Zalm: This initiative is excellent. The banquet was successful, the attendance was great, the interest was high.

The theme of my speech was in part likening what is happening in Croatia to what the reaction in Canada might be if we, the rest of Canada, reacted similarly to the separation of Quebec. In Canada, of course, as you're aware, there is a great deal of talk about sovereignty for Quebec. Now whether that will ever come about or not we don't know.

But certainly if that was their choice we, the rest of Canada, could express our dissatisfaction and our unhappiness, but we certainly could not bomb Quebec City and flatten it or destroy hospitals and churches in Montreal or the villages in Quebec or go about killing innocent men, women, and children. That just would not be acceptable. So I put it in that perspective in order to make Canadians understand that what is happening there is totally unacceptable and a crime against humanity.

On Nov. 7, 8, and 9 I was in Winnipeg [Manitoba]. I was involved with media meetings, with an open line show on radio and with meetings with all the prominent Croatian representatives as well as someone representing the Jewish community. It was a good information and awareness tour. We are not only working locally, we are trying to influence public opinion through an awareness program elsewhere in Canada and hopefully in the United States. I am leaving later this week for California.

EIR: What do you think can be obtained with this campaign?

Vander Zalm: It's my hope that at some point there will be recognition by the politicians in Canada and the United States—hopefully Europe as well, but we can't influence Europe as much as we might influence North America—but it is our hope that Canada and the United States at least will recognize Croatia as a country entitled to its independence based upon a democratic process, a vote. They don't want Communist rule, they want to have democratic rule. They want to have their own country.

EIR: Many people found it so astonishing that the leadership of the United States is not doing anything adequate vis-à-vis the aggression of the Yugoslavian army, the last communist army in Europe.

Vander Zalm: Well I suppose there are all sorts of theories,

but I have to believe that our leaders, the President in the United States and the prime minister in Canada and perhaps others throughout the world are so hung up on this "new world order" that this decentralization would be potentially in conflict with what they see for the new world order.

EIR: Recently a major Italian magazine, *Famiglia Cristiana*, wrote that the explanation for the abandonment of Croatia to the savagery of the Army was to be found in the role of the international Masonry. A large number of European foreign ministers are members of the Masonry. The magazine stressed that the Masonry does not want the creation of two Catholic countries in the middle of Europe.

Vander Zalm: Masonry!?! Well, that's a theory I've heard a number of times as well, and again I expect that the higher-ups in the Masonry are a tremendous influence on governments throughout the world. They are not only concerned about what you say but also they have been long the promoters of these "world orders."

This concept of world order goes back many years, and as I recall reading or hearing, the Masons have long promoted that sort of approach. Sort of world government, world order, that's the way some politicians would like us to be moving. We had a world order approach back after World War I in 1918 in Versailles. They divided Europe a little differently and the result of that, at least in part in my opinion, was World War II. Then we had a world order after World War II when there was again a division, eastern Europe, Germany, and so forth and we had the Cold War on account of that.

Now we hear the President, the prime minister and other world leaders talking about world order again. And without getting into the pros and cons, obviously it doesn't fit this "order" that the Soviet Union or Yugoslavia should be dividing up into independent republics.

EIR: During his recent visit to Europe, George Bush told the European leaders that they have to decide immediately between an independent defense or the "primacy" of NATO under an Anglo-American leadership. Bush brought up the example of Yugoslavia to show how Europe needed "protection." He said that the war there was a consequence of "nationalism."

Vander Zalm: The war was not the consequence of Croatian nationalism. I saw the suggestion made that it was an ethnic war, I don't agree. I think it's a war for independence, it's a democracy versus a communist system. The people, when they voted for Croatian independence, did so according to the terms of the constitution. They didn't go about this illegally. They did it quite properly. The illegality came from the Yugoslavian Army when they then invaded and started their executions and destructions.

EIR: Do you think there are economic reasons as well? For example, Lawrence Eagleburger, the deputy secretary of

state, had a lot of business with the Yugoslavian government in Belgrade.

Vander Zalm: There are always those who unfortunately benefit from wars. And there are undoubtedly those who have benefited from doing business with Yugoslavia. And they see that threatened. Now what and how much an influence these people have, I can't say but I would expect that it could be considerable.

EIR: You were for many years the premier of British Columbia, and probably you will be again in that position in the future. On the basis of your experience, what do you think about the economic future of Croatia and Slovenia in the context of the Productive Triangle proposal?

Vander Zalm: Economic prospects? I think for Croatia and Slovenia they are very good. They are an industrious people, they are a family people, they are a proud people and that's all of the ingredients for economic success. I also believe that small countries can be extremely successful.

Now I don't know what the impact on Serbia might be. Serbia has too long depended on the resources of other republics for its economy. If they will have to go independent themselves and find their own way, they will become stronger as well. I don't believe a country prospers or anyone prospers by living off the others. And I think you are better off with healthier neighbors than you are with distressed neighbors.

Interview: Zlatko Kramaric

Europe's neglect of Croatia 'criminal'

Professor Kramaric is the mayor of the Croatian city of Osijek. He spoke with correspondents Renate Rumpf and Hartmut Cramer on Nov. 11 in Frankfurt, Germany.

EIR: Mayor Kramaric, can you briefly give us a picture of the situation in your beleaguered city?

Kramaric: To anyone who is not in Croatia and hence does not know our situation, I can say that Osijek finds itself under a semi-blockade; the best way to put what that means at the moment is with Remarque's words, "All quiet in Osijek!"

Our city currently runs the risk of being completely destroyed. There is no "logic of war"; The city is being bom-

barded every day at different times and naturally many die as a result, with most of the victims being civilians. We have just learned that only yesterday four people were killed in our city and one was wounded. They were all civilians.

The people in Osijek are living in the cellars. Winter has already begun, and there is a danger of epidemics. If the semi-blockade were to expand into a total blockade, then there would again be the threat of famine. I believe that these bits of information give you a picture of how things stand in Osijek.

EIR: What is your view of the attitude of the West, in particular the European Community?

Kramaric: From the standpoint of the victims we judge Europe's attitude as criminal. That's a harsh word, but it's true. And we would still have to debate the political aspect. This proves once again that humanitarianism is not an element of politics.

Europe should have gotten more directly involved in this war. The behavior of the Europeans in this case is more cosmetic, so they did not behave like surgeons, whose job is to isolate the cancer.

EIR: What do you expect from the German government?

Kramaric: I already said at my press conference that Germany is politically and economically strong enough to act effectively independently from the rest of Europe. Germany is so strong, that it should not be afraid of any resulting sanctions against it. By effective action in this war Germany could free itself from the mortgage that has been hanging over it since World War II. So today we are living in a totally different context, and a clear attitude by Germany in this conflict would have nothing to do with the actions of 50 years ago.

As you know, Chancellor Kohl invited our President, Dr. Tudjman, and Mr. Kucan, our prime minister, to Bonn and I must admit that I have high hopes from these talks.

EIR: What do you concretely need from Germany?

Kramaric: Besides official recognition, we can make good use of any other aid. So, medicines, food, clothing, etc. And above all we should work for the future. When the war is finally over, there should be close economic ties between Germany and Croatia. On the basis of its extraordinary economic strength, Germany can and must play the decisive role in rebuilding central and eastern Europe.

EIR: Since the German government unfortunately has not given enough aid, what can we German citizens do to really help Croatia and her cities?

Kramaric: In western democracies the possibility exists to build up and exert extraparliamentary pressure; i.e., the population can constantly make the government aware of what is going on in Croatia and urge it to help.

Balkan-style wars in Transcaucasus

by Konstantin George

A fatal juncture has been crossed in post-coup events in the former Soviet Union with the successful seizure of power in the Russian Federation's Chechen-Ingush Autonomous Republic by renegade Soviet Air Force General Dzhokhar Dudayev, an ethnic Chechen. Dudayev's coup, setting up a fanatical Muslim regime, has opened wide two major flanks against Eurasian stability. Chechen-Ingush A.S.S.R. is but one of 16 such autonomous republics, several of which are also Muslim, within the Russian Federation. The Dudayev putsch will encourage kindred western-manipulated radical Muslim nationalists to emulate the Chechen precedent.

Even should the Russian leadership contain the damage on this front, Dudayev's coup, staged in the context of an already highly explosive situation in the Caucasus, has opened an era of protracted, multi-front wars and conflicts embracing the North Caucasus region of Russia, the Transcaucasian republics of Georgia, Armenia and Azerbaidzhan, and eventually spilling over into Turkey and Iran.

Dudayev, a member of the Muslim North Caucasus Chechen tribe, backed by tens of thousands of armed Chechens, seized power Oct. 27, proclaiming himself "President" of a "Chechen Republic" which declared its independence from Russia. His move followed a month of negotiations with a Russian leadership team led by Russia's Vice President Aleksander Rutskoi, and Parliament President Ruslan Khasbulatov, himself an ethnic Chechen. Dudayev was offered everything short of full independence, all to no avail. His Oct. 27 "independence" declaration was then declared null and void by the Russian leadership and parliament. Dudayev's response was to warn that he would launch armed Chechen "terrorist actions," including to "blow up Russian nuclear power plants" unless Russia recognized his coup d'état. That threat, not an idle one as we shall see, was the immediate backdrop to Russian President Yeltsin's imposing, on Nov. 8, a state of emergency over the Chechen republic.

Past the point of no return

The state of emergency, because of its extremely hasty planning and execution, led to a debacle for Yeltsin and the Russian leadership. This was the prime reason why the same Russian Parliament which had demanded that Yeltsin take

action, voted on Nov. 11 to revoke the state of emergency. They had realized too late that it is sometimes better to do nothing than proclaim a martial law which becomes exposed as a bluff. What had happened?

The sending on Nov. 9 of a mere 800 Interior Ministry troops by air to the Chechen-Ingush capital of Grozny ended up as a fiasco. They were surrounded by thousands of armed Chechen "volunteers" at the airport where they landed. They were evacuated the next day in a bus convoy that took them to the neighboring North Caucasus region Autonomous Republic of North Ossetia. The blunder of proclaiming martial law without the means to enforce it was astutely seized on by General Dudayev. On Nov. 9, he formally installed himself, in a televised ceremony, complete with swearing an oath on the Koran, as "President" of an "independent" Chechen republic. Many of the Russian deputies who voted to revoke the state of emergency not only feared the backfire effect in the volatile North Caucasus, but also the danger that Russia's defeat there will set off domino effect in other autonomous republics of the Russian Federation, such as among Muslim nationalities like the Tatars and the Bashkirs.

The Russian military leadership shares these very fears, but their view is that it is better to move in now and use force and crush the Chechen uprising as a lesson to the others. In the Russian Parliament debate on how to handle the crisis by Russia's Vice President, Gen.-Maj. Aleksander Rutskoi, vehemently defended the imposition of martial law.

Foreign involvement

The Chechens, a Muslim tribe of only 611,000, through arrangement with corrupt strata of the old *nomenklatura* and their western "friends," have been one of the three most powerful mafias in the former Soviet Union, alongside the Israeli and Georgian mafias, since the Brezhnev era. This side of the matter began to emerge in the Nov. 10-11 Russian Parliament debate on martial law for the region. The President of the Russian Parliament, Ruslan Khasbulatov, a Chechen who had tried to negotiate with the clique around Dudayev throughout October, declared: "You cannot negotiate with them. These people are bandits."

The Chechens are a mountain tribal society based on clans, and since their very late conversion to Islam, two centuries ago, have been led politically by families who are in radical Sunnite Muslim Brotherhood-like organizations. The behavior and statements by General Dudayev and his coup associates show both the organized crime and Muslim Brotherhood pedigree. On the Islamic fanatic side, he was joined in his Koran oath swearing-in ceremony by clan leaders from 14 North Caucasus Muslim tribes; in his inaugural speech, Dudayev called on "all the Muslim nations of the Caucasus" to unite in an uprising against Russia.

Dudayev in early November threatened that he would deploy "terrorists" to "blow up Russian nuclear power plants" unless independence were granted. Four Chechen

terrorists, on Nov. 9, hijacked a Soviet airliner to Ankara, Turkey, then returned to the Chechen capital of Grozny to a "heroes" welcome. Since then, Dudayev has threatened a terrorist bombing campaign inside Moscow, including against the subway. The Chechens definitely have the personnel and the logistical and financial capabilities to carry out terrorism, including vast sums of foreign currency.

Over decades, Chechen clan leaders have developed extensive commercial and smuggling arrangements with the Israeli and Georgian mafias. Georgia's demagogic President Zviad Gamsakhurdia has endorsed the Chechen uprising. He launched his own confrontation against Russia Nov. 11, the same day Dudayev installed himself as "President," through a Georgian decree seizing all assets of Soviet Interior troops in Georgia. Simultaneously Georgia launched its latest offensive against Muslim Ossetians.

The Gamsakhurdia regime has been conducting in South Ossetia, a region within Georgia, a copy of the killings and mass expulsions that Serbia is waging against Croatia, if on a smaller scale. To date, 100-200,000 Ossetians have fled into the North Ossetia A.S.S.R. of the Russian Federation. The Ossetians, the largest single Muslim nationality in the North Caucasus, refuse to break with the Russian Federation, and have thus become a military target for two of their neighbors, the "Chechen Republic" of Dudayev and Georgia's Gamsakhurdia regime.

The Transcaucasus

On Nov. 11, Turkey became the first country to recognize the Muslim Transcaucasian republic of Azerbaidzhan as an independent state. They recognized a regime headed by President Ayaz Mutalibov, the communist now turned rabid nationalist, who in August had publicly backed the coup attempt in Moscow. Since August, Mutalibov has been inching toward provoking war with neighboring Armenia.

The Turkish recognition was unconditional, and will thus be read in Armenia as Ankara's endorsement for the total energy, rail, and road blockade of Armenia imposed by Azerbaidzhan, as well as of the provocative Azerbaidzhani troop movements near Armenia's border in early November.

The Azerbaidzhanis, albeit Shiites with historical and cultural ties to Iran from long periods of living under Persian rule, are ethnically Turkish. Ankara's decision is immensely popular inside Turkey, where, as in Azerbaidzhan, pan-Turkic sentiments are on the rise.

The Turkish decision was made Nov. 9, during a session of the cabinet under lame-duck Prime Minister Mesut Yilmaz, and first announced Nov. 11. This avoided forcing the incoming prime minister, Suleiman Demirel, to undertake such a sensitive move, yet left him all the benefits of its popularity. The decision was made on the same day that Chechen terrorists hijacked a Soviet airliner to Ankara, and renegade General Dudayev installed himself as "President" of the "Chechen Republic."

Mafia millionaires emerge as spoilers in the new Russia

by Denise Henderson

A new word has emerged in Russian popular lingo: *reketir*—racketeer. With the collapse of the socialist system and the disintegration of the economic and political institutions of the state, a new species of corrupt entrepreneur and “free market” wheeler dealer has emerged. In some cases, the new millionaires are former members of the old communist bureaucracy.

In a recent issue of the weekly *Ogonyok*, an unemployed former communist functionary wrote a letter to the editor, appealing to readers to understand his dilemma: Although he worked hard at his job and never took bribes, he has no skills. He has two possible roads to take now—either to go into manual labor, which is a dubious proposition since the coming economic reforms are going to create such high unemployment, or to *poidti v reketiry*—become a gangster.

A similar corrupt environment in Poland made possible the “Art-B” scandal last August, which rocked the shaky foundations of the Polish state. Polish police arrested seven top bankers for their role in the multimillion-dollar fraud scheme that involved the private holding company Art-B, and was linked to powerful British and Israeli financial interests. This was also the “free market” milieu from which emerged Polish presidential candidate Stanislaw Tyminski, the former head of the Canadian Libertarian Party, who carries Canadian, Peruvian, and Polish passports, and is involved in shady computer and telecommunications enterprises on three continents.

Zhirinovskiy demands ‘authoritarian power’

A Russian version of Tyminski might come from the circles of Vladimir Zhirinovskiy, the Liberal Democratic Party’s candidate for the presidency of the former U.S.S.R. He is a Slavophile chauvinist who calls for a President who would be given “temporary authoritarian power” to implement an emergency program.

On Oct. 31, the Russian news agency Interfax reported a prediction from Zhirinovskiy that Russian President Boris Yeltsin will be out by Easter, overwhelmed by the economic crisis. Zhirinovskiy claimed that, should Ukraine vote for independence on Dec. 1, it would be forced to cede parts of its territory to Russia, Germany, and Poland. “Then war is inevitable, and at that moment we’ll come to the rescue of

our Slav brothers,” he said.

While Zhirinovskiy’s ratings in Russia-wide polls are currently below 10%, he is conducting quite a visible campaign for the presidency. As of mid-October, he had launched what he called an American-style presidential campaign, and announced that he intended to spend at least three days in every oblast (region) in the country.

Behind the scenes: money

It was revealed in September that Zhirinovskiy’s funding came from a millionaire by the name of Andrei Zavidiya. In fact, Zhirinovskiy had said that if he won, he would name Zavidiya vice president. Zavidiya, who claimed that *he* was also running for president, came across in a Sept. 28 interview in the daily *Komsomolskaya Pravda* as a rather shady wheeler-dealer along the lines of Tyminski of Poland. Like Tyminski, Zavidiya’s story of being a self-made man, who turned thousands of rubles into millions, is hard to believe; like Tyminski, he is evasive about his goals and what his firm does.

Zavidiya’s company is called “Zavidiya.” The *Komsomolskaya Pravda* correspondent noted that when he first met Zavidiya in 1988, he “was trading fruit and vegetables” and closing a deal for “the purchase of squirrel skins.”

Komsomolskaya Pravda got right to the point, by asking Zavidiya: “Do you ultimately have the money?” Zavidiya replied that his computer repair and installation firm “is a kind of coordinating, organizational, and guidance center with a vast data bank. I have . . . recorded on diskette whom I sold what to and for how much. We bring together people whose interests coincide, and take a 1% cut for ourselves—that’s all.”

When asked, “People pay you for information?” however, he replied evasively, “Not at all. . . . My name is unimpeachable in the business world. . . . To all intents and purposes I now control hundreds of billions of rubles without signing any documents.”

Zavidiya claimed he had broken with Zhirinovskiy over Zhirinovskiy’s “Great Russian chauvinistic sentiments,” but said that he was nevertheless the successor and follower of Zhirinovskiy.

Finally, *Komsomolskaya Pravda* pointed out to the mysterious millionaire that “people are saying that the Communist Party of the Soviet Union provided the money for your company to finance [the former communist newspaper] *Sovetskaya Rossiya*.” Zavidiya denied it.

Although currently the Great Russian chauvinistic faction of Zhirinovskiy and Zavidiya has very little popular support, the Russians are about to face a very grim winter, even possibly a winter of hunger. And it should be remembered that Tyminski’s role in the Polish elections was that of a spoiler, who aided in splitting the vote, thus ensuring that Lech Walesa would only squeak by to victory in the November 1990 presidential elections.

'A great chance is squandered'

Karl-Heinz Rudolf discusses how the opportunity for the reconstruction of eastern Germany after unification was destroyed by the dynamic of the free-market economy. The author, who will lose his position as an industrial management expert in a Leipzig machine-tool company because the company is being shut down, twice spent several years in prison for political reasons under the Socialist Unity Party (SED) regime in East Germany. Part I of his review of the East German revolution appeared in EIR on Oct. 25, and Part II appeared on Nov. 8.

The western economy still preferred to remain aloof during this transition period between the currency union and reunification. Nonetheless, a great deal had already been achieved: A new market with high sales dividends, without investments of one's own and with correspondingly high profits, was worth a lot. On July 1, 1990, every citizen of the German Democratic Republic received DM 4,000 (\$2,350) or more, which could be spent immediately in whatever way the new master of the market wanted. Although prices were far too high, the western commodities were purchased because east Germans had a long period of privation behind them.

Otherwise, people in the West waited peacefully. The eastern export economy would break down at the end of 1990 since the Comecon states no longer had the necessary resources. As a result, up to 80% of the economy of east Germany would be paralyzed.

After the election to the Bundestag on December 1990, the time of disillusionment in eastern Germany began. Everything, without exception, that had ever been valid in the East was, according to western opinion, wrong, and had to give way. Many western economic specialists came over here and identified devastating defects that no one wanted to or could dispute. They determined that eastern companies did not work according to economic criteria, that management was not in the position to work according to western ideas without further training, and that the technical equipment was obsolete. They stated that the plants were completely fagged out.

Setup for takeover

In the process, however, the "Westlers" found something else that didn't really fit their ideas. They talked with workers and discovered that the workers were willing to mobilize all



The sign on the overpass reads, "Have a good trip with Trabant," the much-derided East German cars produced before unification. Instead of using east German workers' versatility, developed by years of dealing with inferior equipment, to adapt old plants to new market conditions, western managers shut them down.

their knowledge and abilities to adapt to the new competitive conditions. And they knew that these men were significantly more versatile and flexible because of the inferior technical equipment than workers in the fully specialized West could be. In the course of a few years, these people would be able to adapt many plants to market-economic conditions. There were enough people who were single-mindedly working on that, and detailed drafts were submitted to that effect. This didn't agree at all with western ideas, since the western economy wanted to take over as many parts of the eastern market as possible after the reunification.

Therefore, the people were told, your plants are fagged out and are no longer good for anything. The leaders of firms are unable to create rational production conditions. Your workers are rotten and lazy, and first of all have to learn how to work. To work in a cost-effective way, plants will have to be completely rebuilt. Most of the personnel are no longer needed, and will have to disappear. The single valuable thing is the land, but, of course, the "Eastlers" had so poisoned their land that first of all the old difficulties will have to be eliminated, at the East's expense.

The western economy was interested in the land in order to be able to invest in the East and rebuild. But for that it was necessary to systematically ruin the existing farms and put the people out of work. The otherwise ostracized eastern managers could be of service in this connection since they were accustomed to carrying out orders unquestioningly. Once this ruination was completed, then the western managers could assert with every justification that they were not responsible but rather those others, who had been incompetent all along. Who had ordered the ruinous procedures was not mentioned.

The East was flooded on all levels by western advisers who, with few exceptions, did not want to help, but had come with firm orders to eliminate competition in the East. Even trust became an instrument in this process of destruction.

The psychological wall

Germany is once again whole, and that is wonderful, but the price is high, very high. People in the East overcame the barbed wire and the Wall, but politicians of all shades in both parts of Germany have constructed an even higher wall in their minds. Those walls will stand for a long time, since the chasm between the people has become greater than it ever was. The clumsy, rotten, incompetent and ignorant people of the East are confronted by the perfect, omniscient, superior ones of the West.

No one wanted that in the East. The 16 million people there knew that the government leadership lived at their expense, was corrupt, and that the people counted for nothing with it; that the environment suffered heavy damage through ruthless exploitation; and that mandatory state plans had caused the decline of the economy.

In the Socialist Unity Party (SED) state, everyone had to tolerate what was dictated to him, where he was allowed to travel, what he was allowed to say and do. Only some members of the party had greater room in which to move. For the SED, a human being was merely a means to an end, a commodity to be politically exploited and made docile by pressure, extortion, and threats. During the whole time, the people were occupied with an image of the enemy, and the enemy threatened from the West.

No one failed to appreciate all that, but what do the people in eastern Germany have today? They now live in a Germany finally reunited, a Germany that again became sovereign as a result of the eastern uprising. They want to work, but whether they will be allowed to work depends on the new masters of the German economy, who can only invest if these investments turn an immediate profit. Future investments that would be of great benefit to the existence of the country and the world only after years, are considered worthless.

They are allowed to travel where and when they want to, but only if they don't lack the means to do so. They can express their opinions freely and openly, but none of those concerned listen. And they can, as consumers, pay inflated prices, even though income in the East is only 45-50% of the average income in the West.

They wanted democracy, but they did not get it since, in the understanding of members of Parliament from eastern Germany, democracy is what *they* consider right. The people have a modest voice only in elections.

The year 1989 ended with great hope. It offered the opportunity to dismantle socialism and, beyond Karl Marx and Adam Smith, to create a new social state that rested on a free economy. This chance was squandered, and everyone now has to face the consequences.

U.N. moves to wipe out the nation-state

by Michael Billington

Since the conclusion of the bombing phase of the war against Iraq, the Bush administration and the various spokesmen for the "new world order" have issued a myriad of policy proposals and dictates intended to eliminate the fundamental principle of the sovereignty of nation-states. Every conceivable excuse for overriding sovereignty in favor of "superseding international interests" has been proposed or, in some cases, implemented—by U.N. decree, by conditions of the International Monetary Fund (IMF) and World Bank, or by the imperial demands of George Bush.

The common element of all these efforts is the demand that Third World nations accept the cutoff of development funds and modern technology, while meeting debt service payments to the bankrupt international banking establishment, despite the death toll that such payments extract from the subject population. Behind this is the constantly recurring racist theme that non-white populations are incompetent to manage their own economies, their physical territory, or their political practice.

What follows is a partial documentation of these measures for a new fascist world police state.

Economic conditionalities

The "conditionalities" imposed by the IMF and the World Bank on loans to Third World nations are the longest-standing mode of attack on the sovereignty of nations, dictating economic policy as a requirement for access to international credit. Nor has the policy been reconsidered as a result of the fact that such "conditionalities" have proven to be a complete failure, resulting in the collapse in Third World living standards over the past decade, while the debt crisis grew worse.

IMF Managing Director Michel Camdessus has extended this concept by announcing, at the recent Bangkok meeting of the IMF, that any funds for development in the Third World must come from the elimination of subsidies for farms and industries and from the gutting the target nation's defense capabilities.

Scientific inspection

The U.N.'s International Atomic Energy Agency (IAEA) is being transformed into an anti-science police force to im-

pose "technological apartheid" on the Third World. In October, IAEA chairman Hans Blix announced that the agency intends to carry out inspections of nuclear programs in various countries. Those that don't meet their demands or fail to cooperate will be subjected to enforcement measures by the U.N. Security Council. The draconian and illegal measures used against Iraq's nuclear program are the model for the expected restructuring of the IAEA's role at its upcoming meeting in December. The measures against Iraq not only prevent all development or research in nuclear physics, but ban a broad array of industrial, military, and scientific activities. Technologies and materials which are indispensable for any modern industrial economy are banned from development or import because of their potential "dual use" in the nuclear area.

President Bush, at the swearing in of Director of Central Intelligence Robert Gates, reiterated his call for the reordering of CIA priorities, emphasizing efforts to stop the transfer to Third World countries of technologies with potential use in biological, chemical, or nuclear weapons. Bush has already banned a long list of chemicals for export to the Third World and demanded that all other nations join in the ban.

Social policy

The United Nations Development Program (UNDP), in its yearly *Human Development Report* for 1991, published a "Human Development Index" and a "Human Freedom Index." As the "world's largest multilateral grant development assistance organization," this group's indices are intended as a measure of which nations will and will not receive assistance. The indices deemphasize economic development in favor of more "human" criteria, including such things as advocating population control and homosexual rights. Given that access to credit anywhere in the world is usually dependent on meeting IMF and U.N. criteria, these indices function as an external control over even the most culturally determined social conduct.

The author of the UNDP report, Mahbub ul Haq, and his boss William Draper, are proposing a reorganization of the U.N. to include an Economic Security Council. Such a council would use the debt crisis to forge a "Global Bargain that must be struck between developed and developing nations." The "bargain" is based on the constantly repeated premise that the poverty of Third World nations is not caused by the past decade and more of economic looting and debt manipulation, but by the mismanagement by government officials, overspending on development projects (called porkbarrels), and too large a defense budget. The Economic Security Council would force the elimination of the target nation's defense capacities ("cut military spending"), force changes in uncooperative government officials ("curb corruption"), and force cutbacks in economic development programs ("spend more on reducing poverty and hunger"). This colonial control would be enforceable by the same methods now in

use in Iraq under the U.N. Security Council, backed up by U.S. military power.

Environmental fascism

The international campaign to prepare an "Earth Charter" for adoption at the June 1992 "Earth Summit" in Brazil, is a blatant attempt to create legally binding controls over the territory of Third World nations by the practitioners of the new world order. The forests, raw material wealth, rivers, and so forth in sovereign nations are no longer to be viewed as the patrimony of the nation, to provide the means for the development and livelihood of its population. Rather, under the ruse of such anti-scientific frauds as "global warming" and the "ozone hole," large sections of target nations are to be placed under U.N. control for "protection of the environment." Various technologies necessary for development are to be outlawed as "environmentally unsafe," including even the materials needed for refrigeration. The debt will also provide another pretext for outright seizure of territory, by "debt for nature" swaps. Plans for a Global Environmental Facility administered by the World Bank and the IMF would oversee the surrender of sovereign control over large tracts of land for "conservation," in exchange for debt relief, essentially prohibiting the development of the territory or even the extraction of raw material wealth by the targeted nation.

Refugees

The blatantly illegal occupation of parts of Iraq by U.S. military forces for the purpose of resettling the Kurdish refugees, carried out despite the fact that the Kurdish leaders had reached an agreement with Saddam Hussein to return the refugees to their homes, has provided a model for future intervention in many parts of the world.

Carnegie Endowment for International Peace president (and former U.S. ambassador to Turkey and Thailand) Morton Abramowitz, in a *Washington Post* commentary, said that "conditions are riper" as a result of the Iraq war to "establish permanent emergency authority for well-prepared U.N. teams to travel anywhere in any country immediately at the outset of a refugee crisis, to make clear the responsibility for the crisis and to set out practical requirements. . . ."

The U.S. Congress in June passed a "Horn of Africa" bill, which established U.S. financing for several non-governmental organizations (NGOs) to provide aid to refugees in various areas of Sudan, Ethiopia, and Somalia. However, the aid was to be delivered from foreign bases without the consent or even the knowledge of the governments! As in the Iraq case, it was claimed that the governments were guilty of "gross human rights violations, political repression, and environmental destruction" by the bill's author. Such an unsubstantiated claim is now all that's needed for the new world order troops to discard the sovereign rights of nations.

Bush takes revenge against Malaysia

by Lydia Cherry

The imperial Bush administration has gotten even with the outspoken prime minister of Malaysia, Dr. Mahathir Mohamad, who has dared to raise questions about integral aspects of the Anglo-Americans' new world order. As a result of strong U.S. pressure, Japan has refused to join the East Asian Economic Caucus, an initiative which Dr. Mahathir has been organizing for since last December. It had been hoped that Japan would be a pillar of this grouping, which was envisioned to include the six countries of the Association of Southeast Asian Nations (ASEAN)—Malaysia, Thailand, the Philippines, Singapore, Brunei, and Indonesia—as well as Japan, China, South Korea, Taiwan, Hong Kong, Vietnam, Cambodia, and Laos.

Mahathir's plan was introduced in the wake of the Gulf war, with the Malaysian prime minister motivating the idea in Indonesia last March: "We see a situation today of a dramatic rise in the political, diplomatic, and military clout of the United States and a severe erosion in its economic position and welfare. We can expect the application of that enhanced political, diplomatic, and military clout to shore up the economic position and enhance the U.S. economic welfare. . . . Military adventures cannot be excluded."

Japan says 'no'

Japan's new foreign minister, Michio Watanabe, on Nov. 11 clarified any remaining questions about Japan's intentions, saying that his government is unlikely to join the EAEC as long as it excludes the United States. "The Asia Pacific Economic Cooperation (APEC) forum is a conference which includes even the United States, so it is worthwhile; but for my part, I can't go along with thinking which excludes a particular country." (The Malaysians perceive APEC as the strategy that the United States set in motion in the early 1990s to dominate the region.) Watanabe's comments were made two days after Japanese officials said that U.S. Secretary of State James Baker had sent a memorandum to Tokyo urging it to oppose the grouping, which the ASEAN nations have endorsed.

There had been some grounds for thinking that Japan might back Mahathir's proposal in spite of the United States, particularly once the leader most supportive of the plan, Kiichi Miyazawa, was elected prime minister. Miyazawa told the *Japan Times* early last June that Japan should take the lead in forming such a bloc, which would link ASEAN

with Japan and South Korea. Sources in Bangkok, however, say that in the last month, Japan was actively organizing against the EAEC.

Dr. Mahathir explained Nov. 10: "Based on our contacts with Japanese businessmen, Japan actually wants to join the EAEC but is being pressured from doing so by the United States." He added that Malaysia understands that Japan depends heavily on the U.S. for trading and for defense, and that his country appreciates the help Japan gives Malaysia on matters that are not objected to by the United States.

Mahathir: 'worried about the future'

Mahathir was understandably less charitable to George Bush, whom he blasted openly, reiterating his concerns about the danger of a one-superpower-world dominated by the United States. He also brought up the subject of the Gulf war: "During the Gulf [crisis], President Bush had contacted me and asked for Malaysia's support on its resolutions, and we supported them in the Security Council. But now this is the kind of gratitude we receive in return!" He referenced his speech to the United Nations, in which he had said that "if democracy is to be the only acceptable system of government within states, shouldn't there also be democracy between the states of the world?" Mahathir added that international democracy didn't exist, only the concept "might is right." Mahathir was asked what action Malaysia would now take against the United States. "What action can we take against a superpower. . . ?" he replied. "This is a sign that the freedom and independence of smaller countries will be eroded. I am now worried about the future, as we are not even allowed to call ourselves East Asians or to promote cooperation in the region." He made clear, however, that the economic collaboration initiative would continue to move forward "with our ASEAN friends," and with other nations in East Asia.

The Gulf war and the fact that predominantly Muslim Malaysia supported the U.N. resolution that gave the green light for the use of force against Iraq, is a sensitive subject in the country. Once the bombing of Iraq had begun in early February, Malaysia called for an end to it, rightly emphasizing that the destruction of Iraq had not been advocated by the resolution in question. "In the effort to get Iraq out of Kuwait we are not willing to see Iraq destroyed; this is our stand," Mahathir insisted.

During the Nov. 10-11 General Assembly of Malaysia's ruling Umno party, which Mahathir heads, the discussion of what a country like Malaysia can or cannot do in the unipolar world was discussed. Mahathir insisted that it was only because of the country's strong economic position that it had been able to speak out as strongly as it had. "After my speech in the United Nations recently, many developing countries said they agreed with everything voiced by me but they could not afford to air their views," because they have to plead for financial help from the West.

Korea: Bush pushes for new war in Asia

by Lydia Cherry

The Bush administration has started an ominous drumbeat toward a new war in Asia, using the "Iraq scenario" to threaten action against North Korea. North Korea's nuclear research, which may or may not include research for weapons production, has been declared by President Bush and Secretary of State James Baker a grave threat to peace in the region.

The notion that Third World nations have no right to technologies that may or may not be used for weapons development has become the cutting edge of the Bush "new world order" policy known as technological apartheid. The unpredictable and irrational dictatorship in North Korea has become a target of convenience for Bush and Baker, as a pawn to achieve their policy objectives in Asia.

Baker, in a tour of Asia this month, demanded a regional coalition under U.S. domination to function as the enforcer of the new world order, eliminating any semblance of the right of sovereignty of nations. Communist China, in particular, the only remaining friend and sponsor of the isolated communist regime in Pyongyang, is being told to join in this policeman role or face losing its special relationship with Bush. Meanwhile, North Korea, like Iraq, is threatened with being made into a horrible example, so that no Third World nation dare develop a nuclear program.

Allies put under the gun

During the first leg of his three-nation tour to Japan, South Korea, and China, Baker on Nov. 12 discussed elements of his envisioned regional security forum to deal with the North Korean problem. In meetings with Japanese Foreign Minister Michio Watanabe, Baker proposed a multilateral negotiating group on Korea, modeled on the present disastrous Mideast talks, to be composed of Japan, China, the United States, and the former U.S.S.R. He demanded that Japan join with Washington to remove the "threat" of North Korea's nuclear weapons program. Baker reportedly, compared North Korea to Iraq, calling the Korean peninsula "one of the world's most dangerous flashpoints."

The next day, arriving in Seoul for the convening of the Asia Pacific Economic Cooperation (APEC) conference—a largely U.S.-controlled regional economic group—Baker reiterated that North Korea's nuclear program is the "greatest one threat to regional peace," and must be stopped, regardless of the costs. Baker's speech followed by a few hours a



Stuart Lewis
Republic of Korea
President Noh Tae Woo:
economic development
plans thwarted.

presentation to the Asia Society by George Bush, in which he sounded the same refrain, namely that the "North must abandon its menacing nuclear weapons program, which is the greatest threat to regional peace."

The pressure on the China question was emphasized by a commentary in the *Washington Post* by David Scheffer of the Carnegie Endowment for International Peace, who wrote that Baker must drag China "kicking and screaming into the new world order." He threatened that if China does not behave, the "major powers" should intervene to "save lives . . . and to enforce international law." China's response to the North Korea discussions in Seoul is not yet clear. According to Japanese sources cited by Reuters, Chinese Foreign Minister Qian Qichen told his Japanese counterpart Watanabe, "It is not good for many nations to pressure one country into a corner," referring to the U.S. demands against North Korea. However, another Reuters wire quotes a high-level U.S. administration source saying that China "appears willing to cooperate in a new effort to persuade Pyongyang to halt its nuclear weapons program."

Danger, or exaggeration?

Earlier, U.S. Commander-in-Chief of the Pacific Command Adm. Charles R. Larson outlined the administration's geopolitical thrust for the region, in the November issue of *Asian Defence Journal*. "As we conduct our forces draw-down globally, I would expect to see smaller drawn-downs in the Pacific, because of our shifting national strategy . . . of focusing more on regional issues. If you would ask me to list my flashpoints—North Korea and the Korean peninsula; that is the one that draws a great deal of my time and interest."

Asked how North Korea's nuclear program will be stopped, Admiral Larson responded almost euphorically:

"This is going to be very interesting to me because I think this will be another test of a political and diplomatic coalition coming together, as we came together in the Gulf. The way of the future is collective security." He said that already the collective grouping of the United States, Japan, and South Korea "have come together trying to influence that behavior," but that the other possibility would be for the United Nations to intervene to influence North Korea.

North Korea signed the nuclear Non-Proliferation Treaty in 1985, but the country has not yet agreed to inspections by the International Atomic Energy Agency. This summer, the government hinted that it would finally accept inspection, but in September backed away from this, saying the United States had to remove its nuclear weapons from South Korea first.

In late October and early November, the message that "North Korea is more dangerous than Iraq was prior to the Gulf war," has been played on several continents. In South Korea, a slate of high-level North Korean defectors has appeared during this same time-frame to give crucial data on North Korean "underground nuclear facilities," and to insist, in direct opposition to the earlier thinking of South Korean government officials, that "no reformers exist in North Korea," and no rapprochement is possible between North and South Korea. The *New York Times*, in an extensive front-page scare story Nov. 10, "Data Raise Fears of Nuclear Moves by North Koreans," finally acknowledged that "the recent flood of disclosures, especially those emanating from South Korea, raise the possibility that the North's capabilities are being deliberately exaggerated."

South Korean President Noh Tae Woo has worked tirelessly since 1988 "to transform the North-South Korean relationship . . . so as to go on to develop our common land, by combining our human, technological, and financial resources," as he explained his Northern Policy at the United Nations that same year. The South's economic and other overtures, however, seem to have been put on a backburner, and President Noh appeared to read from the U.S. script in an interview with *Newsweek* Nov. 11: "For North Korea to have nuclear weapons in its possession would be more destabilizing . . . than for the government of Iraq [to have them]. I believe the most urgent problem is the elimination of that threat."

The Seoul daily *Korea Times* wrote Oct. 23: "The North Korean authorities, of late, have gone so far as to threaten that if the South or the United States takes any military action against its nuclear sites, it will launch a massive retaliatory strike against vital targets in the South, action amounting to the start of an all-out war against Seoul." The North Korean press, meanwhile, writes of "large-scale military exercises" being conducted by South Korea and the U.S. which began Nov. 1. The North Koreans also allege that the U.S. has transferred a "special warfare unit" to South Korea from the closed-down Clark Air base in the Philippines.

South Asia regional cooperation group on verge of collapse

by Ramtanu Maitra and Susan Maitra

The collapse of the heads of state meeting of the seven south Asian nations scheduled for early this month has given rise to accusations and counter-accusations. Sri Lanka, which was supposed to be the host of the aborted summit, and Pakistan have gone on record blaming India for the cancellation, and have resorted to making noises suggesting that the South Asian Association for Regional Cooperation (SAARC)—consisting of India, Pakistan, Sri Lanka, Bangladesh, Nepal, Bhutan, and Maldives—is in deep trouble as a result of India's actions.

At a time when two new economic groupings in Asia—the Asia-Pacific Economic Conference (APEC) and the East Asian Economic Caucus (EAEC)—are about to be launched, the quibbling of impoverished South Asian countries makes a poor spectacle. Despite making voluminous promises of regional cooperation and development, SAARC, formed in 1985 to replace its two-year-old predecessor, has delivered little in six years. Acrimony between India and Sri Lanka and between India and Pakistan has come to be the rule, not the exception. The forum's directionless foundering has resulted in cancellation of two summits already—Sri Lanka being the host on both occasions.

No clear purpose

The SAARC charter, practically a rehash of the declaration of its predecessor, the South Asian Regional Cooperation (SARC), had assured its members of intra-regional collaboration and mutual assistance in the economic, social, cultural, technical, and scientific areas. It also provided for cooperation among themselves in international forums on matters of common interest, and with international and regional organizations with similar aims and purposes.

Other provisions were more thorny, such as the taboo on raising bilateral issues at the forum and the blanket promise of "non-use of force" and "peaceful settlement of all disputes" among the member nations.

On might well expect that in a forum which constitutes some of the poorest countries of Asia, economic cooperation

to implement large infrastructure projects and concessional trading to minimize imports from outside of the region and to strengthen domestic industry would hold center stage in discussions. Yet, every effort to make these issues the focal point met with resistance from one or another member nation.

For example, the Indian proposal to "bring hard-core sectors of development" like trade, industry, energy, and environment within the realm of the SAARC was given a go-by because Pakistan had strong reservations. The Nepali concept that the harnessing of its vast water resources for development is properly a regional project was perceived by India as an attempt by Nepal to make a bilateral issue into a multilateral one. Instead, such issues as a comprehensive ban on nuclear tests, resumption of the North-South dialogue, worldwide disarmament of nuclear weapons, and the diminishing capacity of international financial and technical institutions were discussed freely and found ready agreement—but with little effect on the world outside.

Conflicting views

In 1990, when then-Japanese Prime Minister Toshiki Kaifu visited South Asia and offered to help SAARC should the grouping as a whole wish to have relations with countries or organizations outside the region, a new issue was joined. While the more impoverished nations such as Bangladesh pushed to avail members of outside funds by extending the SAARC charter to include inter-regional cooperation, India staunchly opposed the idea. Soon, Pakistan and Sri Lanka, committed to oppose whatever India suggests, joined the fight in favor of Bangladesh's proposal, but the requirement of absolute concurrence among member states meant that the proposal had eventually to be shelved.

Meanwhile, in recent days, Pakistan's raising of the Kashmir issue and Sri Lanka's tantrums over the presence of the Indian Peace-Keeping Force (IPKF) in the island-nation turned the forum's charter into a farce, and projected an image particularly to the West of the "big bad" India ready to swallow up the little lambs.

If the whole thing looked like a well-rehearsed drama, the supreme *dramatis persona*, no doubt, was the habitually anti-India Sri Lankan President, Ranasinghe Premadasa. President Premadasa is apparently convinced that any mishap or difficulty encountered by Sri Lanka has its origin in India. At one point, when he was still prime minister, Premadasa had approached Singapore, requesting Sri Lankan membership in the Association of Southeast Asian Nations (ASEAN).

At SAARC's first summit in 1985 at Thimpu, Bhutan, Sri Lanka sprang a surprise when it stayed away from the foreign secretaries' as well as foreign ministers' meetings and threatened to boycott the summit itself. Its beef was against India, over a statement in the Indian Parliament concerning the bloody ethnic violence there. Bhutan's King Jigme Dorji Wangchuk had to massage the Sri Lankan govern-

ment's hurt feelings to prevent the summit from falling apart.

In 1989, when it was the turn of Sri Lanka to host the summit, President Premadasa refused to hold it because the IPKF, which had been stationed in Sri Lanka following an agreement between India's Prime Minister Rajiv Gandhi and Sri Lanka's then-President Junius Jayewardene, was still there. At the Male, Maldives summit, the last one to take place, President Premadasa refused to attend and instead sent his prime minister.

The most recent fiasco began with the King of Bhutan begging off from the summit because of internal disturbances in his country. Although King Wangchuk was willing to send a representative, India seized upon the opportunity to give Sri Lanka a bloody nose—in strict compliance with the association's charter, of course. Meanwhile, the heads of state of Pakistan, Bangladesh, and Maldives, ostensibly to show their solidarity with Sri Lanka, attended what India has disdainfully termed a "mini-summit." While Pakistan Prime Minister Nawaz Sharif and the Sri Lankan President openly charged India with sabotaging the summit, their counterparts in Bangladesh and Maldives showed some greater degree of restraint.

Poor economic showing

Now people are asking just what the SAARC has achieved and what it possibly could achieve in the future, if allowed to continue along the same lines. Most have come to the conclusion that the association has not only failed to help the region and accomplish even a fraction of the cooperation it stands for, but also that the forum itself is fast turning into a new source of friction. Trade within SAARC, a measure of the economic cooperation that exists among member nations and which involves more than 1,100 million people of the region, remains less than \$1 billion annually and accounts for less than 3% of the total export of the member countries.

Moreover, while the smaller nations in the region suffer from an acute anti-India syndrome and would like to attach themselves to any "big brother" from outside the region, India, on the other hand, is not only disproportionately large, but also is the only country which has a common border with almost all six other members. The issues which dominate in India are Pakistan's nuclear bomb; the Pakistani involvement in Kashmir and Punjab; the issue of harnessing the waters of the Ganga and Kosi between Nepal and India; the Nepalese in India participating in the Greater Nepal movement; the Bangladeshis illegally infiltrating in large numbers into Assam; and the Sri Lankan government arming the Tamil terrorists to fight the Indian Peace-Keeping Force in Sri Lanka, which was brought in by agreement between India and the Sri Lankan government.

It is unrealistic, as one well-informed Indian analyst points out, to talk of regional cooperation under these circumstances.

Barletta was paid by drug cartel

Evidence at Noriega's trial shows the U.S. government mired in sleaze, and its own agents tied to the narcos.

Former Panamanian President Nicolás Ardito Barletta, a former vice president of the World Bank, personally received a suitcase full of cash from Colombian drug kingpins for his 1984 electoral campaign, according to the testimony of witnesses at the federal trial in Miami against Gen. Manuel Noriega. A photograph of a smiling Barletta receiving the cash contribution for his U.S.-backed electoral effort from admitted cocaine-cartel operative Ricardo Tribaldos, was also introduced into evidence at the trial.

Jaime Castillo, one of Tribaldos's associates, testified at the trial on Oct. 29, that Barletta was told at the time that the cash came from Medellín Cartel kingpin Jorge Ochoa. Barletta admits he got \$96,000 from Tribaldos and company, but says he didn't know the cash was drug money.

According to Barletta, he turned the money over to Panama's Attorney General, two months after the May 1984 elections, following the arrest of Tribaldos and the others on drug-related charges by the Noriega-led Panamanian Defense Forces. The PDF also dismantled a cocaine-processing lab in Panama's jungle province of Darién and cashiered Lt. Col. Julian Melo who, along with Tribaldos, had arranged with Ochoa for the lab's installation in exchange for a \$4 million payoff. Melo and the others were remanded to the custody of the civilian judiciary.

They were let out of jail by Panamanian courts, thanks to the intercession of Hernán Delgado, the key adviser and law partner of Guillermo

Endara. Endara was installed as President of Panama by the 1989 U.S. invasion, despite—or because of—his notorious ties to drug banking and money-laundering.

As *EIR* reported in its 1987 Special Report, "White Paper on the Panama Crisis," Colonel Melo did work as an intermediary between the drug cartels and a former commander of the PDF—Gen. Rubén Darío Paredes. But Melo has not been called by prosecutors to testify at Noriega's trial, probably because his testimony would implicate Paredes too deeply, and Paredes is a protégé of former U.S. Secretary of State Henry Kissinger.

So is Barletta, who saw his role in Panama as "a little like that of a Kissinger," and who was picked for the presidency by Kissinger.

Trained as an economist at the University of Chicago by Prof. George Shultz, who was later secretary of state during the Reagan-Bush administration, and who "remembers him well and affectionately," according to a mutual friend—Barletta came to Panama's presidency straight from his job as vice president of the World Bank in Washington, D.C., where he served under former U.S. secretary of defense Robert Strange McNamara.

Barletta got that job as a reward for creating Panama's offshore banking center during the 1970s, for the benefit of Sol Linowitz's Marine Midland Bank, Chase Manhattan Bank, and other financial legal institutions. In a 1982 interview with the *Wall Street Journal*, he bragged that the

banking code he designed allowed for transactions in Panama to be not only tax free, but "more secret than Switzerland."

Why the secrecy? To facilitate money-laundering, of course. While Noriega was fighting drugs and earning commendations from the U.S. Drug Enforcement Administration (DEA) for his efforts, Barletta and his American mentors were openly working to make money laundering easier for the drug-trade.

According to a 1986 report co-authored by Barletta and issued by Linowitz's Inter-American Dialogue, "Waging war on drugs costs money," and "will inevitably result in the loss of jobs, income, and foreign exchange that the drug trade provides." Therefore, the Inter-American Dialogue demanded "selective drug legalization."

That call was also signed by the dean of the U.S. Eastern Establishment, McGeorge Bundy; by Jimmy Carter's secretary of state, Cyrus Vance, and by Barletta's former boss at the World Bank, McNamara. Three years later, in 1989, Barletta's teacher George Shultz—during whose tenure as secretary of state the "get Noriega" campaign was launched by the U.S. government—also demanded the "controlled legalization of drugs."

But, if further proof were needed that the U.S. government has been waging a war *for*, not against, drugs, consider the case of Stephen Kalish, another one of the long list of drug dealers, criminals, and murderers who have cut sweetheart deals with the prosecutors in Miami to testify against Noriega. Caught dead to rights trafficking drugs, and convicted, Kalish could have been sentenced to life in prison without parole, plus 285 years in jail. Instead, he will go free in two years, and the U.S. government *will let him keep* some of the millions he made running drugs.

Neo-Nazis are steered by the KKK

Some of the new right-wing extremism in Germany is home-grown, but some is a foreign import.

Many people want to know the real cause of the alleged recent "upsurge of neo-Nazism in Germany." This year's anniversary of the Nov. 9, 1938 Nazi pogroms against German Jews—the infamous "Crystal Night" that destroyed almost all of the synagogues—was overshadowed by numerous acts of violence by right-wing extremists.

Based on the usual news coverage, many people abroad will probably conclude that the Germans are about to launch another brutal onslaught on the Jews.

Certainly the readers of *Newsweek* may come to that conclusion, as in its Oct. 28 issue, it portrayed the slogan "Foreigners Out" as a majority view. The magazine's reporters discovered that "a wave of anti-immigrant violence sweeps the country, west as well as east. . . . Every day brings some new spectacle of terror, almost as if Germans had declared open season on *Ausländer*—foreigners—living within their borders."

But what the U.S. media don't report, is that German authorities have launched an official probe into the involvement of U.S.-based racist groups with the German neo-Nazis.

On Nov. 4, and again Nov. 9, the office of the chief federal prosecutor announced an official investigation into the activities of the U.S.-based Ku Klux Klan in Germany. Spokesman Hans-Jürgen Förster explained that the probe is focusing on the role of Dennis Mahon, known for Klan activities in Texas, Oklahoma, and Missouri. Mahon and his collaborators have been on a "propaganda tour" for

at least several months, trying to recruit new members in east Germany.

As *EIR* has documented, the KKK and other such groups are the controlled assets of assorted intelligence services, notably the U.S. Federal Bureau of Investigation and the Anti-Defamation League (ADL). Britain's intelligence services pioneered the use of such "gangs" and "countergangs" for political purposes. In this case, the transparent political aim of the Anglo-American establishment is to discredit reunified Germany and curb its influence.

"We want to know whether the Klan is forming a terrorist organization in Germany," prosecutor Förster said. The probe is a preliminary one, but it is serious, as the chief federal prosecutor is activated only on cases of suspected terrorism or espionage.

On Nov. 10, Eckart Werthebach, the chairman of the BfV, the agency for the protection of the Constitution, said that there is an official investigation into the activity of two neo-Nazi terrorist organizations operating in east Germany. The names of the two groups were not disclosed, but a source hinted to *EIR* that the militant Action Front of National Socialists may be one of them. The ANS openly worships the Third Reich and has a radical anti-foreigner profile. It is said to recruit from the radical youth of such right-wing groups as the Republikaner (REP). The ANS is run, not by a German, but by Gottfried Küssel, an Austrian citizen for whom an arrest warrant was issued for neo-Nazi provocations in Vienna.

There is a U.S. aspect in the rise

of the ANS. It started out in the late 1970s under Michael Kuehnen (a homosexual who later died of AIDS). It was one of those groups that emerged from recruitment work in west Germany of U.S.-based groups like the NSDAP-AO (Organization Abroad) in Nebraska of a certain Gary Lauck. In its recruitment drive, the ANS capitalized on disappointment of many right-wing youth over the fruitless tactics of the NPD party, the largest neo-Nazi group.

Many of the NPD party officials who did not join the ANS, were attracted by the rise of the REP from 1983 on. The REP had numerous prominent military officers among its members, and some of them had a NATO intelligence background, such as Rear Adm. Günter Poser (ret.), who had headed the NATO intelligence group in Brussels. Poser eventually quit the REP, but his term as party vice chairman beginning in 1987 did a lot to make the party acceptable to German voters.

Today, there is a reinforcement of the ANS by radicalized youth deserting the REP, for the same reason that neo-Nazi youth quit the NPD 15 years ago to join the ANS.

This monster, which U.S.-based neo-Nazis helped to create, is now running amuck in east Germany, where efficient new police structures are not consolidated yet, two years after the fall of the communist regime.

Three of the eight neo-Nazis who were sentenced Nov. 11 for rioting in the east German city of Zittau, had a background in the REP. On May 9, they attacked a home for radiation-sick children from the Ukrainian Chernobyl region, shouting such slogans as "a tree, a rope, a Russian neck." Who told them to do that, an "inner" voice, or the KKK operatives whose activities are now the subject of an official probe?

OAS embraces Peruvian terrorists

Shining Path vows to "take power before the decade is out," as the nation's military capability is dismantled.

During its recent trip to Peru, the Organization of American States' Inter-American Commission for Human Rights didn't limit its criminal behavior to meeting with imprisoned drug kingpins or the terrorist assassins of Shining Path and the Tupac Amaru Revolutionary Movement (MRTA), to solicit their complaints of "human rights violations" against the armed forces. In one meeting with MRTA representative Alberto Galvez Olaechea, the commission's discussion actually revolved around recognition of the MRTA as a group which is "respectful of the Geneva Convention"—an extraordinary claim, given MRTA's history of murder, kidnappings, and bombings.

This is the same OAS commission which refused to consider the case of human rights violations against U.S. political prisoner Lyndon LaRouche in August 1991.

Yet, according to the Nov. 4 issue of *Oiga* magazine, the commission planned to grant "belligerent" status to the Peruvian narco-terrorists; that is, to consider them an *equal party*, with legitimate concerns, in a war against the state. The commission "will equate terrorist acts . . . to overcome poverty and build a new state . . . with the defense of democracy," *Oiga* reported, as a means of forcing the government to conduct a dialogue with the narco-terrorists.

In its conclusions, presented Oct. 31, the OAS commission reportedly called on the government and the terrorists to "humanize" their conflict—as if Shining Path were capable of anything approximating human behavior.

The OAS commission's bald embrace of these assassins reflects Anglo-American policy, which is not just to destroy Peru as a sovereign nation, but to wipe it off the face of the map. On the one hand there is the Pol Pot-like Shining Path, which is on a rampage throughout the country—determined to eliminate all traces of Western Christian civilization and any agency or individual, including the Catholic Church, which attempts to strengthen that tradition. The other side of the strategy is the Alberto Fujimori government's fanatic adherence to International Monetary Fund's (IMF) austerity, which has contributed to the deaths of tens of thousands from disease and poverty.

The Peruvian nation hangs by a thread. Yet President Fujimori has just committed himself to imposing even harsher IMF austerity, and has reshuffled his cabinet to enhance the country's image in the international banking community. Worse, because of the U.S.-backed "human rights" campaign, the armed forces are being dismantled, vilified, and deprived of money and weapons needed to combat the terrorists. Foreign assistance is conditioned on their "proving" that they respect human rights.

The OAS commission's presence in Peru fueled the international campaign against the armed forces. During the commission's stay, local press reported that two cases of human rights violations by military personnel would be brought before the OAS Inter-American Court of Justice in Costa Rica. After an unidentified armed group massacred 16 people in Lima

on Nov. 3, one day after the OAS delegation departed, local media, as well as leftists, human rights lobbyists, and social democrats in the Congress, claimed that the murders had been carried out by a "paramilitary" group, possibly involving the police or the army.

Despite contradictory evidence, international wire services immediately joined in to bolster the charge that the military had been involved. Reuters warned on Nov. 10 that if a paramilitary squad were involved, this "could frustrate Peru's efforts to show it has cleaned up rights abuses by security forces fighting leftist guerrillas." Playing on the image of the armed forces which the international press has presented, a spokesman for Peru's National Human Rights Commission hysterically warned that "human rights workers, journalists, academics, and others" in Lima could now all be "at risk."

Military leaders are responding defensively. Newly appointed Defense Minister Gen. Victor Malca announced on Nov. 9 that any officer or non-com who violates human rights, will be tried by civilian rather than military justice.

There are no obstacles placed in Shining Path's way, however. According to a report in the Nov. 2 *La República*, the group's representative in Brussels, Luis Arce Borja, propagandizes from a comfortable office equipped with fax machine, phones, offset printers, translators, and an international distribution service. In an interview published in the Nov. 11 daily *Expreso*, Arce Borja boasted that "hunger and misery have grown, the universities are militarized, there is much agitation in the slums; so . . . the party is preparing for insurrection in all of Peru's cities, including Lima." Shining Path will be in power, he added, "before the decade is out."

Bush agents slander LaRouche

Agents of U.S. intelligence circles fear EIR's influence among Brazil's armed forces.

The impact in Brazil of *EIR's* denunciations of George Bush's malthusian new world order, which implies a system of limited sovereignties, including the dismantling of the armed forces of the South, has triggered a desperate reaction on the part of the U.S. establishment's intelligence apparatus. The result has been a barrage of slanders against jailed Democratic presidential candidate Lyndon H. LaRouche—George Bush's political prisoner and founder of *EIR*—which has targeted Brazil's armed forces, where *EIR* circulates widely.

The mobilization against LaRouche and his associates began with a libel planted in the August-September edition of the newspaper *Letras en Marcha*, a scandal sheet published by Col. Joaquín Victorino Portella (ret.). The libel specifically attacks *EIR's* campaign in defense of Ibero-America's armed forces, against the Bush new order.

Letras en Marcha reproduced a libel that was carried in the Feb. 6, 1989 issue of *Time* magazine, which attempted to discredit LaRouche's political movement. Colonel Portella adds the lie that LaRouche is a prisoner in the United States for "the theft of \$30 million."

Victorino Portella brags of the Klabin family's favors in making the publication of his rag possible, which for one thing explains Portella's euphoric embrace of Bush's imperial war against Iraq. Israel Klabin is a long-time agent of both the Zionist lobby and of former U.S. Secretary of State Henry Kissinger, an architect of Bush's new world order and long-

standing enemy of the LaRouche movement.

Colonel Portella is by no means the only purveyor of slanders against LaRouche. In 1985, journalist Algemiro Ferreira, a member of the Central Committee of the Brazilian Communist Party, drew on material from the Anti-Defamation League of B'nai B'rith, to defend Israel Klabin from *EIR's* accusations of being an agent of Kissinger's policies in Brazil.

Last March, the *EIR* office in Brazil released formerly classified documents prepared in 1974 by the U.S. National Security Council (NSC) under the direct instructions of its director at the time, Kissinger. Those documents defined a secret U.S. policy of opposition to the population growth of 13 nations, among them Brazil, such growth being considered a threat to the national interests of the United States.

Because of *EIR's* charges, Kissinger was forced to cancel a planned visit to Brazil in November, out of fear that there could be a reaction on the part of Brazil's black organizations, since blacks were the most affected by the forced mass sterilization policies derived from the NSC dictates.

Following the *Letras en Marcha* diatribe came anti-LaRouche libels by Prof. Frank McCann of the University of New Hampshire, who gave a conference at the Naval Club of Rio de Janeiro on Nov. 5. McCann, whose presentation was a simplistic attempt to gloss over the very real dangers posed to Brazil by Bush's new world order, was confronted by a question

from the audience regarding the so-called McNamara Doctrine, named for the former U.S. secretary of defense's recent proposal that the International Monetary Fund and World Bank condition further credits to Third World countries on a prior reduction of their military budgets.

After trying to evade the question, McCann defended the McNamara Doctrine, while adding that "a lot of importance was being given [to the doctrine] by the magazine *EIR*," which, according to McCann, was undue, given that LaRouche had been convicted and sent to jail. McCann's comments were immediately seconded from the audience by retired U.S. Gen. Arthur de Moura. De Moura, who was sitting alongside *Letras en Marcha* editor Victorino Portella, rose from his seat to denounce LaRouche as a "criminal" who had allegedly robbed millions of dollars from elderly women.

In addition to being an intimate of the Kissingerian Gen. Vernon Walters, De Moura was also an official U.S. liaison with Brazil's military forces during the Italian campaigns of World War II. De Moura, and other U.S. establishment agents, are spreading the line that LaRouche and *EIR* are out to destroy the "special relationship" between the United States and Brazil. The truth is that no such relationship has existed since President Gen. Ernesto Geisel broke Brazil's military agreements with the U.S. in 1976, in response to State Department pressures against Brazil during the Carter administration. As a result of Geisel's declaration of independence from the United States, Brazil experienced enormous scientific and technological growth, which the Bush administration views as a serious threat to its implementation of the new world order in the western hemisphere.

International Intelligence

Opposition spokesman: Iran to get nuclear bomb

At a press conference in Washington, D.C. on Nov. 6, Alireza Jafarzadeh, a spokesman for the Mujahedeen opponents of the Teheran regime, declared that Iran is determined to build a nuclear bomb. He said since the Chinese President Yang Shangkun visited Teheran the end of October, Chinese-Iranian cooperation has increased, with China agreeing to help Iran get enriched uranium and the technology to produce it.

He also said that Iran has Chinese Silk-worm missiles, and can produce its own, as well as having ballistic missiles with a range of 1,000 km.

He showed a videotape of what he described as a five-hour military parade of the anti-regime National Liberation Army. He said the army would go into action "sooner than you would think."

Toward a Giscard-Le Pen alliance in France

The word is out in Paris that a deal has been struck between former President Valéry Giscard d'Estaing and National Front leader Jean Marie Le Pen for an alliance in the upcoming elections. The coalition would be based on an ugly mix of anti-immigrant racism and anti-human environmentalism.

Giscard created a scandal a few weeks ago, when he said, in a discussion of France's immigrants, that only "blood" could define nationality. Count Michel Poniatowski, Giscard's former interior minister, who a few years back had called for an alliance with Russia against the hordes of hungry people from the South, has given full support to Giscard's statements, and is calling for an electoral alliance with Le Pen.

Le Pen, in an effort to win over the green vote, has decided to campaign against nuclear power. At a colloquium of the National Front in southern France Nov. 2-3, he stated that nuclear power is a "danger" and that "a less dangerous energy must be developed."

"At the National Front we respect life

and love animals," he told the assembled supporters. "I myself have a white rat that I kiss every day."

Also at the colloquium, Bruno Megret, the number-two leader of the National Front, contested the right of the traditional green parties to be the spokesmen for the environmentalist cause, since they are guilty of "having accepted a massive immigration, transforming our cities into Arab cities."

"Why fight for the preservation of animal races," continued Megret, and "accept, at the same time the principle of elimination of human races through a generalized crossbreeding? . . . We don't want to be the mammoths or the pandas of the human species."

Maxwell's staff thinks he was 'bumped off'

Although the Spanish judge investigating the death of publishing magnate Robert Maxwell said there was no evidence of foul play, at the *Daily Mirror* of London, Maxwell's main newspaper, the word was that "people think he has been bumped off," the *Guardian* newspaper reported on Nov. 6.

Amid reports that his publishing empire is £2.2 billion in debt and that Maxwell Communications Corp. shares had collapsed to an eight-year low before trading in them was suspended on Nov. 5, the *Independent* newspaper reported that it would have been extremely difficult for Maxwell to have "fallen overboard" from his huge yacht, the *Lady Ghislaine*, as Spanish authorities have claimed. Maxwell holdings shares had been sinking in recent weeks, but plummeted sharply the day before Maxwell's disappearance was announced. It is reported that Goldman Sachs, a large shareholder, did the dumping. Indications that Maxwell was facing a "severe financial crunch" emerged, the *Independent* reported, when members of his staff were ordered to the Canary Islands, where he was cruising, to take communications from the yacht. Maxwell was reportedly shuttling funds from one account to another to meet payments.

London boating experts said that, given the good weather in the Canary Islands the night Maxwell disappeared, it would have only been possible for him to have fallen overboard if he had been extremely drunk or very sick. Even in rough weather, given the yacht's high railings and size—it is one of the biggest private yachts in the world—it would have been "pretty difficult" to fall overboard, the *Independent* reported.

Return of Imelda Marcos: 'memories of Peronism'

The return to the Philippines of former First Lady Imelda Marcos "was a political triumph which evokes memories of Peronism," the London *Times* fumed in its editorial on Nov. 5. Ten thousand people turned out to welcome Mrs. Marcos's return from exile after six years, and she was greeted with banners and signs calling for her to become the next President of the Philippines.

President Corazon Aquino's term, during which she has totally discredited herself in office by the continued collapse of the Philippine economy, is up in six months, and new elections will be held. The next presidential election—whoever runs—"will now be fashioned in the Marcos mold," the *Times* complains. "More and more extravagant language will be applied to a fight over less and less. What was once the most promising economy in Southeast Asia will slip further down the hill in a manner reminiscent of Argentina under Perón."

Will Mexico's Salinas eliminate the PRI?

Reforms by the Mexican government of President Carlos Salinas de Gortari could lead to the demise of the ruling PRI party, replacing it with the "Solidarity" apparatus which Salinas has created to mobilize votes among poorer sectors of the population, according to the Nov. 8 *Financial Times* of London.

There has been a concerted international campaign against the more traditional sec-

Briefly

● **THE KGB** financed the prestigious left-liberal German weekly *Der Spiegel* for 30 years, according to former KGB Gen. Oleg Kalugin. During the investigation of the August coup, top-secret interrogations of leading participants were printed in *Der Spiegel*. Kalugin testified at a meeting of the Russian Procurator General and the Ministry of Internal Affairs to track down the source of the leak.

● **THE MILAN** cultural magazine *Il Nuovo Meridiano* published a special issue on music early in November, with five pages dedicated to the proposal of "U.S.A. economist and politician" Lyndon LaRouche for lowering the concert pitch to the scientific "Verdi tuning" of C=256. The proposal has a great deal of support among opera singers worldwide.

● **GRAND DUKE** Vladimir Kirilovich Romanov, pretender to the throne of the Russian czars, told a press conference in St. Petersburg that he wants to rule over *all* of the former Soviet empire. "I think it would be more profitable to try to hold together all parts of Russia, or the Soviet empire. Once the situation calms down, I think the wish to separate may get smaller or disappear," he said.

● **OLD TIMERS** in the armed forces of the People's Republic of China are pushing for military actions against Taiwan, the Hong Kong paper *Cheng Ming* reported Nov. 1. Yang Shangkun and Yang Baibing, in the Central Military Commission, with strong support from Vice President Wang Zhen, are calling for a blockade of the Straits of Taiwan.

● **THE HAITIAN** government ordered the arrest of former President Jean-Bertrand Aristide on Nov. 8, along with four other officials of the former government. They are charged with the murder of opposition figure Christian Democrat Sylvio Claude, who was tortured and lynched before the Sept. 30 coup.

tors of the PRI, labeled the "dinosaurs," for months. The *Financial Times* reports that the government's planned reforms "would weaken the traditional pillars of PRI support . . . [and] hasten the PRI's departure (in its traditional guise) from Mexican politics." PRI officials "say their aim is nothing less than to create a citizens' party. . . . Rumors that Mr. Salinas will abandon the PRI have circulated since he took office."

Some of Salinas's close allies have suggested that the country's traditional institutions, such as the trade unions and the Church, are no longer viable and should be destroyed. Solidarity, which spent millions prior to the recent elections to finance electricity and other services to guarantee votes for Salinas, is the social control apparatus through which the government intends to operate.

Arabic paper charges U.S. plot in Mideast

Behind the Mideast "peace" conference in Madrid, the U.S. and Israel are involved in an "IMF conspiracy," the London-based Arabic newspaper *Al Hayat* reported. The Oct. 23 article exposed secret U.S. efforts to split the Syrians from the Palestinians prior to the peace conference, which concluded on Nov. 4.

U.S. Secretary of State James Baker, according to the article, attempted to induce the Syrian government to change its position on the timetable for multilateral/regional talks and agree to holding these talks 14 days after the beginning of the conference. The Palestinian/Jordanian and also Syrian position has been that participation in such talks be deferred until tangible progress has been made with regard to Israeli withdrawal from the Occupied Territories and to Palestinian rights.

According to *Al Hayat*, "The United States offered Syria the return of the Golan Heights in full," if Syria agreed to proceeding with multilateral talks without solving the Palestinian problem.

The paper notes that "Israel's aim at the conference is to control Arab resources in

order to exploit its waters, capital, and cheap labor, and to set up regional projects that suit the IMF's vision of the Middle East's future and do not serve the national interests of the region's people."

Meanwhile, the Iranian daily *Ettelaat* reported on Oct. 14 that the World Bank is attempting to establish dictatorships throughout the region. It says that for Bush's new world order, "western-style guided democracies" are preferable for maintaining stability, but in nations "where there are immense political schisms and deep social injustices," the World Bank "calls the capitalist world's attention to the need to set up dictatorships."

OAS delegation gets hot reception in Haiti

The delegation from the Organization of American States that arrived in Haiti on Nov. 10, to order the Haitian military to surrender power to former President Jean-Bertrand Aristide, was met by angry demonstrators protesting the worldwide economic embargo that is starving their country to death.

They were also greeted by a hard-hitting interview televised from the other side of the island, the Dominican Republic, attacking the OAS for intervening in Haiti on behalf of the racist and genocidalist policies of the new world order. The half-hour program was an interview with *EIR*'s analyst on Caribbean and Central American affairs, Carlos Wesley, in Washington, and it was broadcast on prime time. The show reached certain areas of Haiti.

A source in Santo Domingo reported that viewers were particularly impressed by Wesley's exposé of the role of the International Monetary Fund (IMF) and the genocidal intent of the embargo. "When [Wesley] cited Ghana's ambassador to the U.N. saying, 'Why don't they forgive the country's \$3 billion debt?' everyone agreed," said the source. "And they were also very impressed when he pointed out that the leftist Aristide had just agreed to sign a deal with the IMF shortly before his overthrow."

Who's trying to kill the 'October Surprise' story?

by Edward Spannaus

As Congress prepares to vote to authorize probes of the "October Surprise" allegations, that the Reagan-Bush campaign conspired to delay the release of American hostages from Iran until after the 1980 elections, and as an authoritative new book on the subject has just hit the streets, a new round of attacks on the allegations has begun. Most prominent were major articles in *Newsweek*, entitled "Making of a Myth," which appeared Nov. 11, and the *New Republic*, entitled "The Conspiracy That Wasn't," which appeared in its Nov. 18 issue. The renewed attacks seemed particularly aimed at the publication of *The October Surprise* (Random House, New York) by Gary Sick, a former National Security Council official in the Carter administration who was deeply involved in the hostage crisis.

The articles gave rise to the usual round of interviews and television talk-show appearances, and were cited gleefully by backers of Presidents Reagan and Bush. Reagan's Attorney General Edwin Meese, for example, appearing along with Gary Sick on the Larry King Show on Nov. 12, gloated that the story "has been investigated extensively by two of the leading news magazines—liberal and leftist news magazines—who if they could skewer Ronald Reagan they certainly would. And *Newsweek* calls it 'myth,' and *New Republic* calls it 'total fabrication.' "

Friends of Israel

This is no simple Democrats-versus-Republicans fight, despite the efforts of many commentators to present it that way. There is a remarkable bipartisan effort to kill the October Surprise story. But there are a few things that all the prominent nay-sayers have in common. They are either backers of Bush, the CIA, and/or Israel. As one informed Washington source put it recently, the Bush/CIA crowd and the

pro-Israel *Washington Post-Newsweek* axis are both pulling out all the stops to kill the story. Add the American Israel Public Affairs Committee (AIPAC) mob, and the "neo-conservative" former liberals like the *New Republic* crowd, and you've got the line-up pretty complete. In fact, the *New Republic* article was particularly shameless in its reliance on secret information generously provided by Israeli and U.S. intelligence sources.

EIR warned our readers in our Oct. 25 issue exactly what to expect. We pointed out that a number of the most prominent alleged witnesses to the October Surprise story were being discredited, which "could prove to be a blessing for those determined to get at the real truth." We emphasized the "cloud of disinformation and false leads" which has obscured the October Surprise story, especially around the allegations that George Bush personally attended meetings in Paris in October 1980 to conclude the GOP deal to delay the release of the hostages. *EIR* identified two individuals—Richard Brenneke and Ari Ben-Menashe—as probable sources of the disinformation which is being used to try to discredit the entire October Surprise story. *Newsweek* and *New Republic* followed the script exactly.

So, readers of *EIR* were ahead of the game in knowing what was coming down the pike. But this wasn't the first time. In the course of documenting the origins of the October Surprise story, *Newsweek* was compelled to acknowledge that *Executive Intelligence Review* and *New Solidarity* newspaper were the first to publish the October Surprise story. *Newsweek* described *EIR*'s early coverage at length, including *EIR*'s charges that Henry Kissinger sabotaged efforts by the Carter administration to free the hostages before the November 1980 elections. *Newsweek* ran lengthy quotations from the 1980-83 articles, in which *EIR* had said that Carter's

failure to secure his own arms-for-hostages deal “resulted from an intervention in Teheran by pro-Reagan British intelligence circles and the Kissinger faction.” *Newsweek* also took pains to note Kissinger’s denial of *EIR*’s charges.

Jamshid Hashemi’s story

The bulk of the smear jobs by *Newsweek* and the *New Republic* was concerned with knocking down the strawmen created by Brenneke, Ben-Menashe, and Barbara Honigger—the author of a 1989 book on the October Surprise. This is no great feat. What is more crucial is the story told by Iranian arms dealer Jamshid Hashemi. Here the nay-sayers found themselves on much weaker ground. Jamshid Hashemi is the principal source for information on the meetings held in Madrid in July and August 1980 with William Casey, at which the deal to delay the hostage release was actually made. (Jamshid Hashemi was also a primary source for this author’s 1983 article, one of the early articles cited by *Newsweek*.)

Both *Newsweek* and *New Republic* go to great lengths to try to prove that Casey could not have been in Madrid during the time period cited. Both rely on the same evidence: Casey’s alleged attendance at the Anglo-American Conference on the Second World War in London over July 27-29, 1980. Attendance records from the conference are presented as the definitive evidence to discredit Hashemi’s story—and Casey’s involvement. But the records prove no such thing. Researcher Craig Unger has shown that the attendance records were a record of *expected* attendance, not actual attendance, and that the person who kept the records himself is not sure what the records mean.

In an interview on National Public Radio (NPR) on Nov. 12, author Gary Sick said that Casey was out of the country for four or five days in July 1980, but his whereabouts are only documented for three days—July 27-29. Sick said Casey may have left for London on Friday night, July 24, or July 25, but that the London meetings didn’t start until Monday, July 27. “To say that this is conclusive, that Casey could never have been in Madrid, is just wrong,” Sick said.

In recent interviews, Sick has concentrated on Jamshid Hashemi’s eyewitness account of the Madrid meetings as his most compelling evidence of an October Surprise conspiracy. On the Larry King Show on Nov. 11, Sick said: “The thing that has struck me most recently is the description about the Madrid meetings, which I hadn’t known about before. Everybody had always focused on Paris. . . . I’ve always thought that that was sort of secondary; it just doesn’t make any difference as far as I’m concerned. The question is whether a deal was done.” In the NPR interview, Sick reported, “I have found not a single piece of information that disconfirms anything he [Hashemi] told me so far.”

According to Sick, it was in Madrid where the deal was made. After describing the second Madrid meeting, Sick related the following:

“The next day Jamshid Hashemi, the man who told me this story in great detail, says that he met with his brother [Cyrus], with an Israeli official, and that they began a shipment of military equipment from Israel to Iran that amounted to at least four shiploads of equipment, that started from probably in about September 1980 and continued on through the end of the year. And that was the genesis of the deal.”

In the NPR interview, Sick stressed that the story is far more complex than is known so far. “All I have done is to just scrape off the covering of the top of the iceberg. There’s much, much more.” Although conceding that he is not optimistic about the congressional investigation, given Congress’s record on such matters in recent years, Sick emphasized the importance of an investigation with subpoena power, which can take depositions, get classified information out of the FBI, etc.

At the end of the interview, he was asked if there were one piece of information he could get, what would it be. Sick answered: “If there was one person I wanted to talk to, that probably would be Max Hugel, who was a real sidekick of Casey and was with him all the time . . . and he will not talk to anybody about anything.

“If there was one document I would want to get, it would be the documents relating to the surveillance of Cyrus Hashemi, which was imposed by the U.S. government. The Carter administration ordered it, and he was under total surveillance from Oct. 14, 1980 until the Reagan administration lifted the surveillance on Feb. 13, 1981. Those tapes and records of the surveillance have never been made public, and they are in the FBI files and I think they would be absolutely fascinating to listen to, and to read, and to know what they said.”

The Hashemi/Pottinger tapes

In his modest fashion, Sick has hit the nail right on the head. *EIR* has called for the release of the Hashemi tapes since 1984, when their existence first became known. At the time of the indictment of the Hashemi brothers in 1984, it was reported that former Nixon-Ford Justice Department official J. Stanley Pottinger had narrowly escaped indictment when the FBI “lost” the crucial tapes of the surveillance of Cyrus Hashemi’s offices. According to court papers, Pottinger was overheard on the tapes advising Cyrus Hashemi how to ship military equipment to Iran in violation of the U.S. arms embargo. And the time period of the tapes was precisely the period when the Reagan-Bush deal with the Iranians was being carried out.

Newly disclosed CIA documents obtained by *EIR* show that Pottinger was under investigation as late as September 1985. Still, he has never been indicted and his name has been strangely absent from most accounts of the October Surprise events. Could this have something to do with the fact that Pottinger has been a close friend of George Bush since the days when Bush was director of the CIA?

Book Reviews

Tasteless jingoism does not help vets

by Katherine R. Notley

Triumph in the Desert: The Challenge, The Fighting, The Legacy

Text by Peter David

Random House, New York, 1991

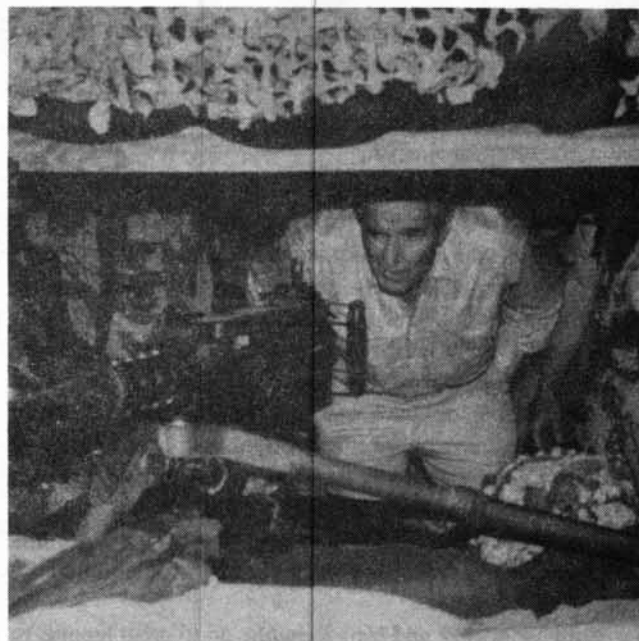
209 pages, hardbound, \$25

This book makes much use of Americans' emotional turmoil about Vietnam and its sequelae to drown out any rational effort to resolve it, by celebrating a murderous orgy. (One colleague commented about the book's title: "'The challenge, the fighting, the legacy'! What about the video game, the T-shirt, and the lunch box?") To make matters worse, the "coffee table" display book advertises that 50% of its net proceeds "will go directly to the American Red Cross Gulf Crisis Fund."

So, we have our "feel good war" and can relive it "feeling good" that we are contributing to some "crisis fund." What is this crisis fund? Included in the book's press packet, a release from the Red Cross quotes military and social services chairman, Weenonah Bayer, that the Gulf Crisis Fund will help "sponsor workshops to help husbands and wives learn to reestablish intimacy; cope with new parenthood; and, just help families get on with their lives by getting back into a routine." This while Iraqi children undergo amputations without benefit of anesthesia. The American Red Cross, which acknowledged having raised at least \$14 million for the crisis fund, could not tell this reporter how much was spent relieving the suffering of Iraqi children.

Not a penny of U.S. funding has gone to relieve the disease and starvation that attended the war, from the moment Filipinos, Bangladeshis, Indians, Palestinians, Pakistanis, and others crowded the Jordanian desert because their Kuwaiti employers had fled to the nightclubs of Cairo; up to the present, when the "bomb now, die later" policy will cost Iraq an additional 170,000 childhood deaths from cholera, typhoid, and starvation this year alone.

At a June 13-15 Commission of Inquiry into Allied War Crimes held in Brussels, a Radio Television Belgium report-



Cpt. Michael Edrington/U.S. Army

In this photo from Triumph in the Desert George Bush is shown on his Thanksgiving visit to "our boys" in Saudi Arabia last year. Will he visit them in the homeless shelters in Washington, D.C. this year?

er, Gerard de Selis, demanded the press be indicted as accessories to the "coalition's" crimes against humanity. A book like *Triumph in the Desert*, whose text is by London *Economist* columnist Peter David, would make a better prosecutor's exhibit than coffee table book.

Mockery of veterans

Another comment is especially in order, now that many months have passed since the euphoria over the Gulf "victory." At this year's Veterans Day events on Capitol Hill, the National Coalition for the Homeless and Sen. Jay Rockefeller (D-W.Va.) released estimates that 250,000 veterans are among the nation's homeless, and that fully one-third of all homeless men are veterans. Fred Karnas, the coalition's executive director, reported, "Men and women who just a few months ago served in the Persian Gulf are already showing up on our nation's streets and in shelters around the country." Those citizens who sentimentally claimed they were "supporting the troops" by cheering for the Gulf military adventure and hanging out yellow ribbons, should ask themselves about what they are doing to honor and reward those soldiers, who fought for their country in a much more difficult war, and whom Bush's economic policies have thrown on the human scrapheap.

And also: How long it will be before there is a tent city of destitute Desert Storm veterans encamped in Washington, and how will the "yellow ribbon" crowd respond if George Bush, like his model Herbert Hoover in 1931, orders the Army to disperse them?

'Circa 1492': Aztecs, Inkas, and the ineluctable necessity of progress

Part 3, by Nora Hamerman

Earlier articles in this series focused on the contribution the artists of the European Renaissance made to the world in the era when Christopher Columbus sailed west to reach the "Indies" in 1492, and found two new continents, North and South America. In this article I will discuss the evidence presented in the current National Gallery of Art exhibition in Washington, called "Circa 1492: Art in the Age of Exploration," about what was profoundly amiss in the societies encountered by Columbus and those who followed him to America.

Today it has become "politically incorrect" to speak of the Discovery, and obviously, the Americas had been "discovered" long before Columbus landed on Hispaniola, by the indigenous peoples who lived here, who originated many millennia ago in Asia, as well as by previous European navigators such as Leif Ericson from Scandinavia. The real issue is not the discovery as such, but the civilization of discovery, and related to that, the program of evangelization of the Americas. The issue is the bringing to these shores of the notion of man as the *imago viva Dei*, the living image of God, which was the heritage of western Judeo-Christian civilization.

This process was the key to realizing the full potential both of the people who lived in the Americas, and of those who have come to inhabit these continents over the ensuing five centuries, as millions of immigrants from all over the world have arrived, settled, and, especially in Ibero-America, intermarried with the descendants of the people who lived here before Columbus.

Laying to rest the Black Legend

According to the "Black Legend" which was begun by the anti-Spanish, anti-Catholic propaganda machines of the Dutch, English, and French in the late 16th century, the Spanish conquistadors were a band of uniquely cruel, unscrupulous, and greedy exploiters who wantonly slaughtered the peaceful natives of the Americas. The Black Legend (a term coined in 1912 by a Spanish historian) was based on a report by Spanish missionary Bartolomé de las Casas, which itself

included much-exaggerated figures, but which was addressed to the Spanish Crown, for the explicit purpose of reforming certain inhumane practices of the Spanish civilians who exploited Indian labor in the New World. The Las Casas report was successful in its reforming aims. But in the meantime it was repackaged as a piece of anti-Spanish calumny by a Dutch printer, who provided fictitious but highly effective "illustrations." It took on a life of its own for centuries to come, being revived throughout the 19th century in the United States to justify such U.S. aggressions against Spain and Hispanics, as the Mexican War of 1844-46, and the Spanish-American War of the 1890s.

The "Black Legend" has been refuted in a speech by Fernando Quijano printed last year in *EIR* (See Oct. 19, 1990, p. 30); and in an essay by Thomas P. Sanchez, printed in (of all places!) the Smithsonian Institution's catalog for its current "Seeds of Change" exhibition, where Sanchez points to this as the source of derogatory stereotypes which still bedevil Hispanic-Americans.

Today a new twist has been added to the "Black Legend": the ecologist drivel that insists that the descendants of the indigenous people, called "Indians" by Columbus, should have never been disturbed in their primeval purity, but should have been allowed to persist in their native spiritual traditions. This twist is perhaps not so new when one considers that the British monarchy, one of the primary beneficiaries historically of the "Black Legend," is the primary sponsor of efforts to grab the tropical rain forests, under the guise of keeping them for nomadic Indian tribes, and of efforts to promote the pagan cult of Gaia, the earth mother, in place of the God of Judaism and Christianity, as *EIR* has documented elsewhere (see page 13 of this issue).

Of course, this entire campaign is viciously racist. The racist premise is that Christian civilization is intrinsically "white European" (although St. Paul, who brought Christianity to Europe, was a Levantine Semite, and St. Augustine, who formulated its Platonic philosophical system, was African) and that "native Americans" must rather adhere to something which allegedly grew out of their own blood and soil,

no matter how degrading it might be and threatening to their physical survival. Behind that, lies an assumption, that Indians are not rational beings capable of assimilating the abstract philosophical conceptions of Europe: precisely the issue over which the Spanish missionaries fought against slaveholders and oppressors of the Indians, in the 16th century.

How bad were the Aztecs?

Prof. Michael D. Coe, of Yale University, announced at the Oct. 8 press conference which opened the National Gallery's "Circa 1492" show that the presence in this exhibit of some authentic Aztec illustrated books would convince people, once and for all, that there were Aztec artists on the same level of greatness as Leonardo da Vinci and Albrecht Dürer.

The codices in question, the Fejervary-Mayer in the museum in Liverpool, and the Cospi in Bologna, prescribe the daily rituals of merchants (in one case) and the temple (for the other) according to the intricate formulas of the 260-day astrological calendar. The painted designs show the numerous "gods" of the Aztec pantheon (like the Romans and all other empires, they assimilated new deities from the peoples they conquered), which are depicted as various human-animal combinations, in childishly flat repetitive patterns, with changing attributes, but without any perceptible change in expression or action. To compare these to the achievements of Dürer and Leonardo, whose works in the same show are efforts to *scientifically* grapple with how the human body actually works, and to show the motions of the inner soul through the motions of the body, is indeed a travesty.

Among the other Aztec objects displayed are "labrets," heavy gold lip plugs over 2 inches long, which were worn by the lords on special occasions, through a hole in the lower lip (the number of holes for such jewelry in the faces of the ruling class, makes one wonder how the upper class managed to eat).

As a whole, Aztec sculpture is brutal and repulsive. Huitzilopochtli, the sun god, becomes dominant by murdering and dismembering his sister Coyaxauhqui, the moon goddess, and demands an unceasing diet of human hearts in order to persuade him to return each year and restart the cycle of seasons. All Mesoamerican cultures egregiously lacked any idea of *progress*, a lack which has, astoundingly, been promoted as a sign of spiritual superiority by certain anti-Christian European anthropologists of the last 100 years. The show includes a colossal head of the moon goddess after her death, a vase with the effigy of death, and an image of Xipe Totec, the god of springtime and patron of gold workers. The statue shows a Xipe impersonator. This god's festival was celebrated by gladiatorial contests in which the bravest of captives were slain by captors attired in jaguar and eagle costumes, the victims were flayed and their skins donned by Xipe impersonators for 20 days, after which the reeking skins were thrown into a ceremonial pit.

Then there is the hideous sculpture of Cihuateotl, the deified spirit of a woman who died in childbirth. Women were believed to shed their flesh bit by bit after death until the skeleton became visible, as seen in this volcanic stone. The alleged masterpiece of the Aztec section is the statue and pedestal dedicated to Xochipilli, the god of flowers, poetry, art, and love. He crouches, wears a mask over his features, and his pedestal and body are covered with plant forms. These have been identified in a controversial study by R. Gordon Wasson (formerly of Chase Manhattan Bank) as representing what the Aztecs called the "flesh of the gods," the psilocybin mushroom, a powerful hallucinogen; psychotropic morning glories; and tobacco plants.

Whether Wasson's study is correct or not, no one questions the assertion that flowers were equated to blood in Aztec lore, or that the Aztecs sacrificed tens of thousands of victims, mostly captives, every year to their gods. Nor is the importance of mind-altering drugs in doubt. One of the less unpleasant pieces in the show is a porphyry sculpture of Queztalcoatl, the Plumed Serpent, the "benign" deity of one of the many dualistic pairs of good/bad gods which characterized the Aztec pantheon, in which a human face emerges from layers of plumes. According to Coe's catalog entry: "This is one of the supreme examples of the pan-Mesoamerican concept of the *nahualli*: the animal alter-ego into which powerful religious practitioners can transform themselves at will, and back again into their human form. This concept, which can be traced to the ancient Olmec civilization and perhaps beyond, recognizes that the boundary between the human and animal world is at most a very tenuous one [sic!], entirely permeable at times of religious ecstasy, or in some cases, under the influence of psychotropic substances."

Other objects in the show include a human skull adorned with flint knives to form a hideous "nose" and "tongue." Nearby is a sacrificial knife, indicating the purpose of these stone knives—to cut the living hearts out of sacrificial victims, which were offered up to the gods in the reclining statues found throughout ancient Mexico, *chacmools* (oddly, none is in this show).

Although this exhibition, which proposes only to take a horizontal slice of the world's art in the half-century around 1492, includes therefore no Mayan, Zapotec, or other objects from earlier societies, it is known that all of these cultures practiced human sacrifice. Each featured a ball court contiguous to its major temple complex, where the losers of the ritual ball game could be immediately sacrificed at the nearby temple altars.

Cultures of death

The Taínos were the indigenous people Columbus found in the Bahamian archipelago when he made his first landfall in 1492. Objects from these people, who succumbed to disease or were entirely assimilated into Hispanic society soon after the Europeans arrived, form the next section of the

"Circa 1492" exhibit. They worshiped spirits called *zemis*, in the form of statuettes kept in their houses. Two large ones are in the show, a crouching male figure and a weeping male figure. The catalog tells us that they were used as platforms for inhaling a narcotic powder, *cohoba*, through tubes, which are also exhibited. The priests who inhaled these drugs did so after a ritual purification consisting of inducing vomiting by use of spatulas, also on the show; the resulting hallucinations were interpreted as messages from the gods.

Far away from Mexico and the Caribbean in the Andes mountains, the Inkas ruled at the time of Columbus's discovery. They had a highly developed government centered in Cuzco, and had created a network of roads to unite their possessions. Ablest as administrators, the Inkas appeared to have ruled a gentler society than the Aztecs, with whom they had no contact. Yet the catalog tells us that the small silver figurines in the first Inka gallery, dating from the era of the conquest of Peru, are of *children* who were sacrificed on such occasions as the solstice or the accession of a new ruler.

Between the Andes and Mesoamerica were the "lands of gold," where such cultures as the Diquís of Costa Rica, and the Tairona, Sinú, Popayán, and Muisca flourished. Their finely worked gold jewelry and ritual objects form the final section of the exhibit. However much one may admire the craftsmanship (Albrecht Dürer himself wrote of his admiration for gold objects from the Americas, exhibited in Amsterdam in 1521), a closer look at the subject matter produces an uneasy sensation which is confirmed by the catalog entries. No. 479, "Human Figure with Crocodile Costume and Inset Stone," we learn, likely represents "the opening of the chest to remove the heart in a sacrificial ritual." The same Diquís society produced a peg-base figure carrying a severed head.

From Popayán in Colombia, a "Human Figure Pendant with Headdress" is described as combining a human figure and a bird of prey, merging to produce intermediate forms. "These make clear reference to the themes of human-animal transformation, extracorporeal flights, and drug-induced visions that lie at the heart of shamanistic practices everywhere in the New World." Human-animal transformation? Extracorporeal flights? Drug-induced visions? Are these not precisely the phenomena so powerfully described by Hieronymus Bosch in his painting, *The Temptation of St. Anthony*, which appears in the first European gallery of the "Circa 1492" show? Yet while Bosch was intent on depicting the saint's resistance to these satanic forces, the artists of the "lands of gold" exalt them as the very foundation of their *religion*, and hence of their society. The gold was mined by Indian slaves. The miners' lot was greatly improved by the introduction of European technology after 1550.

It is clear that the ideology of all the pre-Columbian American societies in this show was centered on denying the distinction between man and beast, and degrading man to bestiality through psychotropic drugs and human sacrifice. Slavery, polygamy, and concubinage were also standard

practices which violate the fundamental dignity of the human individual, encountered by the Spanish missionaries when they undertook the task of freeing the indigenous Americans from idolatry.

Is progress needed?

This brings me to Daniel Boorstin, Librarian of Congress emeritus, and the outrageous premise by which he assumes to interpret the "Circa 1492" show. His prefatory essay to the catalog opens as follows: "In our age of overweening pride in man's power over the physical world, this exhibit can balance our view of human nature and be an antidote to the contagion of science." Boorstin's thesis is that the exhibit brings together "the best mementos of both Man the Discoverer and Man the Creator," but "neither then nor now could man live by science alone." The Culture of Creation and the Culture of Discovery are disparate. Discovery is international, progressive, and collaborative. Everyone was marching in the same direction. But "Creation is what men have added to the world. Its hallmark is autonomy, the freedom to make the new. . . . The diversity, the diffuseness, the chaos [sic] is what makes representative works of art." Art outside Europe in this era is "not progress, surely, but endless variety!" And, of course, "In the Culture of Creation there is no correct or incorrect, and in the long run no progress."

Finally, Boorstin asserts that technology is the "bastard offspring of the two cultures" which "can mislead us into the illusion that there is progress in art and that somehow the findings of science can be made immortal." This murderous philistinism hinges on the assumption that as *art*, the Aztec works are just as valid as Dürer's or Leonardo's—that artistic "freedom" could be produced by societies so totally unfree.

But, this is not a matter of *opinion*. As Lyndon LaRouche has proven in his work as the most creative physical economist of our century, a society will die if it cannot achieve what Boorstin calls the "bastard offspring" of those two cultures, whose common root lies in the unique potential of each human mind to exercise creative reason as the "living image of God." As a society reaches the limits of a given mode of social reproduction, it must foster individual geniuses to develop new resources, and it must be so governed that the society as a whole can implement their inventions to create the basis for a larger population at a higher level of culture.

This universal ideal of man inspired the Renaissance, enabling Europe to recover from the Black Death of 1348 and the dark age into which it plunged. Mayan society had died 500 years before 1492 because it could not meet a similar challenge of epidemic disease; and the empires which followed the Mayans in Mexico, repeated the error on a larger scale. By the time Columbus landed, all the American societies had doomed themselves to extinction by their commitment to precisely the dualistic ideology, separating science from art, and reason from faith, that Professor Boorstin propagates today.

Croatia independence resolution gains support

House Concurrent Resolution 224, which calls for U.S. recognition of the independent republics of Slovenia and Croatia and urges President Bush to "work for the cessation of hostilities," is garnering increasing support in Congress. Introduced by Rep. Elton Gallegly (R-Calif.) on Oct. 22, the resolution now has 24 cosponsors—nine Democrats and 15 Republicans.

In comments on the House floor on Nov. 7, Rep. Frank Riggs (R-Calif.), one of the cosponsors of the resolution, demanded that the United States "no longer bear idle witness to the death and destruction that has left more than 1,000 people dead and an estimated 200,000 homeless in five months." Riggs noted that the European Community had "proven themselves impotent" in dealing with the Serbian aggression against Croatia, with the EC's negotiating efforts "proceeding at a snail's pace, while people die."

A similar Sense of the Senate resolution, introduced by Sen. Alfonse D'Amato (R-N.Y.) on Nov. 7, calls on the Bush administration to "establish diplomatic relations with the sovereign states of Croatia, Slovenia, Bosnia-Herzegovina, Kosovo, and Macedonia." D'Amato, who characterized Serbian communist leader Slobodan Milosevic as the "butcher of Belgrade," emphasized that it was the responsibility of the United States to "stop this killer."

A similar resolution introduced by Sen. Al Gore (D-Tenn.) on Nov. 1 calls on the U.S. to recognize Croatia and Slovenia if Serbia fails to comply with the cease-fire, and to offer humanitarian assistance to the Republic of Croatia.

In an attempt to forestall action against the Serbian aggression, Rep. Helen Bentley (R-Md.), listing al-

leged violations committed by Croats against the Serbian minority in Croatia, appealed to her colleagues on Nov. 7 to "correct their vision" before "making pronouncements or assigning blame to one party or the other." Bentley repeated the Serbian argument that the Serbians were merely defending "minority rights." This flimsy pretext continues to be used despite the fact that Croatia officially recognizes the rights of the Serbian minority, and that Serbian military attacks have been aimed against Croatian cities with no significant Serbian minorities.

Senate demands more say on U.S.-Soviet treaties

Senate ratification of the CFE Treaty, which reduces conventional forces in Europe, and the START Treaty, which would limit strategic nuclear arms, is headed for a confrontation with the Executive Branch. The treaties were negotiated with central Soviet authorities before the formation of the newly independent republics, and the administration is insisting that the Senate agree to the treaties before any adjustments are made. Congressional leaders are demanding greater say in the final versions.

Sen. Joseph Biden (D-Del.), chairman of the Foreign Relations Subcommittee on European affairs, is seeking assurances that the administration will not make any changes without seeking congressional input. Biden is supported by Senate Foreign Relations Committee Chairman Claiborne Pell (D-R.I.) and Sen. Jesse Helms (R-N.C.), the ranking Republican on the committee. Helms had earlier expressed concern that the START Treaty was perhaps no longer

binding, since it had been negotiated with central Soviet authorities whose jurisdiction is doubtful, at best.

In Ukraine and Belorussia it is estimated that there are 37,000 pieces of Soviet equipment that are to be destroyed under the terms of the CFE Treaty. Although Ukrainian leaders have said that they will abide by the terms of the START and CFE accords, they have indicated that they want to be a party to the dismantling of equipment on their territory. Even with the elimination of nuclear weapons called for by the START Treaty, there will still be Soviet nuclear weapons remaining on Ukrainian territory.

Emergency Soviet fund meets heavy opposition

A proposal to include in the Defense Appropriations Bill a \$1 billion aid package for humanitarian assistance to the former Soviet republics, has met with a blistering critique in both houses. The proposal, which would also allow the White House to use the funds in deploying U.S. troops to deliver aid to the Soviet Union, has received little support from the White House, leaving Democrats to weather attacks of "bankrolling the Soviets" while the U.S. "suffers."

"We've got the votes" for the resolution, said Armed Services Committee Chairman Rep. Les Aspin (D-Wisc.), one of the authors of the proposal, "but we need some cover." House leaders have indicated they will drop the program if the White House continues to stonewall.

Senate Armed Services Committee Chairman Sam Nunn (D-Ga.), a supporter of the proposal, appealed for support for the measure in floor comments on Nov. 7. "Today we have

an opportunity to invest wisely in a modest program that could produce dramatic dividends," claimed Nunn.

Sen. Alfonse D'Amato (R-N.Y.) objected that the "United States can't play Santa Claus to the Soviet Union" when Americans are hungry and jobless.

The bill also provides for the creation of a commission to help the Soviets with military conversion. Sen. Chris Dodd (D-Conn.) complained that U.S. defense workers have been "fighting for years [for conversion assistance] and haven't gotten a penny of it."

Mitchell compares Bush to Herbert Hoover

The comparison of George Bush to President Herbert Hoover, made months ago by presidential candidate Lyndon LaRouche, has begun to catch on. Senate Majority Leader George Mitchell (D-Me.) used the analogy in televised comments at the end of October.

"I see nothing in the present situation that is either menacing or warrants pessimism," said Hoover's secretary of the treasury, Andrew Mellon, in 1930," noted Mitchell. "There is nothing in the situation to be disturbed about," echoed his commerce secretary, Robert Lamont. Hoover himself predicted the crisis would end by the spring of 1930."

On Nov. 6, Rep. George Miller (D-Calif.) also indicated the striking similarities between Bush and Hoover. "I am reminded," said Miller, "of the unwarranted 'new era' optimism that filled President Hoover on the eve of the Great Depression. Amid stock crashes, mounting unemployment and business collapses, Hoover and his Cabinet maintained a rosy outlook

for the economy." Miller said that Bush failed "to acknowledge, or understand, that a true crisis exists."

Gore calls for speedy elimination of CFCs

Sen. Albert Gore (D-Tenn.) introduced a resolution Nov. 7 for speedier elimination of the production of chlorofluorocarbons (CFCs). Gore and 23 other senators, citing recent reports that significant levels of ozone depletion have been observed for the first time in the summer months, also sent a letter to the White House demanding that President Bush accelerate the "phase-out schedule" for the elimination of "ozone-destroying substances."

The Clean Air Act provides that when "significant new evidence" is found about increased ozone depletion, the administration is required to speed up the phase-out of those chemicals allegedly responsible for that depletion.

The so-called ozone hole varies seasonally and is most affected by sunlight and volcanic activity. Loss of CFCs will disrupt the food chain, by causing the loss of cheap refrigeration, and lead to millions of deaths.

Gates confirmed to CIA post by wide margin

Whatever opposition there had been to the nomination of Robert Gates as head of the CIA folded as the Senate approved his nomination in a 64-31 vote on Nov. 5, with 22 Democrats joining with 42 Republicans.

The critical support given to the Gates nomination by Sen. Sam Nunn (D-Ga.), chairman of the Armed Services Committee, and Sen. David Boren (D-Okla.), chairman of the Se-

lect Committee on Intelligence, helped get the support of many southern Democrats and took the steam out of the move by the Democratic leadership to use the nomination as a sounding-board for probing the Iran-Contra affair.

Gates's apologies for any mistakes he may have made in the past, combined with assurances that he would agree to closer scrutiny over the work of the agency by congressional committees, helped secure the support of Nunn and Boren.

Depression threatens NAFTA, supporters admit

Congressional supporters of the North American Free Trade Agreement (NAFTA) told a Border Trade Alliance conference on Oct. 28 that the agreement could be threatened if the U.S. "recession" drags into next year. Supporters nevertheless urged that negotiations move forward, with some fearing that hesitation would doom the agreement.

In a vote on NAFTA, "the recession will be a factor in how the vote comes out," said Rep. Jim Kolbe (R-Ariz.). "Emotions on the issues dealing with the economy will be very high" in the elections, he added, indicating that the time Congress has to review a treaty under "fast track" procedures will make consideration of the treaty difficult in 1992. But, "if at all possible, we should do it in 1992," urged Kolbe. "I'm concerned about losing the momentum of this agreement as it drifts through 1992 and into January 1993."

NAFTA supporter Sen. Phil Gramm (R-Tex.) admitted that any vote now would be closer than the vote in May when Congress granted fast track authority for the NAFTA negotiations.

National News

Bush nominee for comptroller rejected

The Senate Banking Committee rejected the re-nomination of Robert Clarke as Comptroller of the Currency for a second five-year term on Nov. 6 on a 12-9 straight party-line vote.

The fight to reject was led by committee chairman Sen. Don Riegle (D-Mich.) who charged Clarke with refusing to curb banking excesses including profligate real estate loans, and with pushing the discredited policies of "forbearance" and "deregulation" which contributed to and exacerbated the cascading insolvencies of the nation's banks.

Other Democrats accused Clarke of too stringent regulation that has resulted in the credit crunch, echoing bankers and some administration officials who blame too much regulation for banks' demise.

The denial of the Clarke appointment is one of the few times that a sitting nominee has not been reconfirmed. The administration has no list of nominees, and no one is clamoring for the job, meaning that this office, which oversees nearly 4,000 national banks, could be essentially rudderless for months, at a time when the banking collapse is accelerating.

'Bush Democrats' lost big in Virginia election

If Democrats think that the victory of Sen. Harris Wofford (D-Penn.) over former Attorney General Richard Thornburgh means that any Democrat can win in 1992, the election results in Virginia's state legislature Nov. 5 demonstrate that, to the contrary, any candidate who supports George Bush's economic policies will go down to defeat.

The Virginia GOP had its greatest success in 100 years because of "Bush Democrats" Gov. Douglas Wilder and Attorney General Mary Sue Terry. In fact, the erosion of Democratic support was even greater than Republican seat gains show, because Dem-

ocrats had shaped the 1990 redistricting to the maximum disadvantage of Republicans.

Three of seven candidates who affiliated themselves with Lyndon LaRouche polled 16%, 17%, and 20% of the vote for state House and Senate seats.

In the Virginia Senate, the Republicans increased their seats from 10 to 18, of a total of 40 seats. Republican challengers defeated seven Democratic incumbents, all of whom were close to Wilder. Many of the incumbents who lost had been in office over 20 years.

In the House of Delegates, Republicans increased their seats from 40 to 42 out of 100, with one race still undecided. Republicans defeated three long-term Democratic incumbents, and won 9 of 13 seats in which there was no incumbent.

The decision of Wilder and Terry to cancel the social security tax deduction from Virginia state taxes was the major issue upon which Republicans campaigned.

Terry told statewide newspapers Nov. 8 that the numerous Democrats who lost around the state "didn't run good campaigns, and that's why they got their tails beat."

Ballot initiatives bypass legal scrutiny

European press coverage of Initiative 119 in Washington State, which would have allowed physician-assisted "suicide," highlighted the insane process of "ballot initiatives" which bypasses all the argument and legal scrutiny that a legislature would give a bill. Initiative 119 was defeated, in large part, due to the "LaRouche in '92" campaign against euthanasia.

The Nov. 5 *London Independent* noted that laws are kept deliberately simple in order to ensure that they are easier to "sell" to the television-oriented voter. For two years after a ballot initiative is passed, the legislature can only amend it by a two-thirds majority. The paper detailed the loopholes in Initiative 119:

1) The physicians involved were not required to be specialists in terminal illness: an eye doctor could have put patients to

death. 2) There was no requirement to notify authorities or the patient's family. 3) There is no residency requirement. People could come from all over the world to die—making it a potentially lucrative business. 4) Doctors would have been immune from prosecution. 5) There was no requirement to determine if the person asking for death is suffering from depression. 6) There was no protection from mis-diagnosis.

"Doctors are always under intense pressure to cut costs, which are spiralling in the U.S. health system," the paper noted, and added that there is no provision to ensure that neither the patient nor doctor is pressured by outrageous medical costs.

Michigan court throws thousands off welfare

A Michigan appeals court upheld in early November the "legality" of terminating its general assistance welfare program. The effect of the decision will be that 83,000 people will be immediately cut off from their average \$144 a month benefits, and that thousands will soon be evicted from their meager apartments and welfare hotels into the cold.

Michigan's governor and many Republicans have insisted that the state should not support "able-bodied" people, and that they should go to work—in a state crippled by depression and plagued by high unemployment fueled by the collapsing auto industry.

Weld pushing new workfare program

The administration of Gov. William Weld of Massachusetts is preparing a proposal for a new workfare program that would require most welfare recipients to "participate" or face a loss of benefits. The new program would replace former Gov. Michael Dukakis's Employment and Training Choices ("ET"), a nationally touted program whose hallmark was voluntary participation.

The proposed new program, called

"Mass Jobs," would have a workfare or community service component for people who are not participating in training or job placement services, according to state Welfare Commissioner Joseph Gallant. Its so-called target groups would include specific types of single parents on the state's welfare rolls: those under 24 with no high school diploma or equivalency certificate, those whose youngest child is 16 or 17, and those who have received Aid for Families with Dependent Children for at least 36 of the previous 60 months. In addition, Mass Jobs would serve two-parent families who went on welfare after exhausting their unemployment benefits.

Sanctions are threatened against welfare recipients. Currently, 65% of the AFDC caseload and two-thirds of the 25,600 people enrolled in Mass Jobs are in the targeted groups.

The new program comes at a time when resources are down dramatically. The Mass Jobs budget for the current fiscal year is \$76.4 million, down 25% from the \$101.4 million ET budget of two years ago. Within that, money for child care is down 18%. Funds for training, education, and job placement services have been cut by one-third.

As outlined by Gallant, Mass Jobs would serve volunteers first, then fill remaining slots with other AFDC recipients from the targeted groups. Anyone who is deemed to be ready for a job would be required to look for work. If a client in one of the targeted groups refused to participate, the department would cut the parent's benefits but supposedly leave the child's allotment untouched.

U.S. Army to use irradiated foods

The U.S. Army announced at a conference in October in Boston, Massachusetts, that it plans to use irradiated foods to feed its troops. Gen. William Tuttle, Jr., the commanding officer of the Army Materiel Command, said he had notified the U.S. Department of Agriculture that the Army wants to incorporate irradiated foods into the military subsistence program.

As part of a post-Persian Gulf war review, Tuttle said, the Army had decided to ask the Food and Drug Administration for an extension of the approval of low-level irradiated poultry to include other fresh meats and fish, and for new approvals for radiation sterilization of meats, poultry, and fish. The sterilized products, properly packaged, can be shipped without refrigeration, enabling the Army to supply field troops with tasty, non-casserole main dishes.

Food irradiation got its start as an Army research program during World War II, but the Army program was shut down in 1980 just as it was on the verge of commercial application, and its pioneering research staff was dispersed to various USDA laboratories.

Post-Christian era in U.S., says Buchanan

"America has entered a post-Christian era," columnist Patrick Buchanan wrote in a commentary in the Nov. 4 *Washington Times* which condemned euthanasia and the "death with dignity" movement.

"Men and women who disbelieve in God and the immortality of the soul are no longer willing to live by the old beliefs," he wrote. "They want the right to abort unwanted children, to put their terminally ill parents out of their misery, to take their own lives, when they, and no one else, decide it is a time to die. They intend to make themselves the gods of their own destiny. And if the law refuses to give them the freedom to do as they demand, more and more will—like Dr. Jack Kevorkian in Michigan and Derek Humphry at Hemlock—do as they wish, and let the law try to apprehend and prosecute them.

"The number of those who reject traditional morality, claiming it is rooted in superstition, now is legion. Thirty years ago, there was a national debate over whether a woman carrying a Thalidomide child should be permitted to have an abortion. The woman had to fly to Sweden to get it. Now there are 1.5 million legal abortions yearly in the United States; and abortion is, for a large segment of America, a valid form of birth control."

● **KURT SCHMOKE**, the mayor of Baltimore and infamous for his advocacy of drug legalization, announced in early November that schools will close for one week as part of budget cuts. Other cuts include the disbanding of 13 fire companies, cutbacks in library hours, and some museum closings for a period of two weeks in January.

● **AMELIA ROBINSON**, author of *Bridge Across Jordan*, was the featured speaker Nov. 7 at Loyola University in Maryland. University President Father Sellinger presented her with an award and praised her for her contributions to the civil rights movement.

● **DAN QUAYLE**, head of the National Space Council, is recommending that a non-NASA (i.e., political) person be selected for the agency's number two post, the Nov. 4 *Aviation Week* reported. Many observers believe that filling the position in this way in 1985 contributed to the Challenger Space Shuttle disaster.

● **AMENDMENTS** to the Clean Air Act have classified the de-icing fluid used by the airlines as a "hazardous air pollutant," the Nov. 4 *Aviation Week* reported. Airports are "scrambling to cope with the pollutive impact by collecting, recycling or disposing of the fluid," while the Federal Aviation Administration searches for ethylene-glycol substitutes.

● **ANITA HILL**, the professor who charged Supreme Court Justice Clarence Thomas with sexual harassment, has received the Ida B. Wells award from the National Coalition of Black Women.

● **MUCH OF IOWA** has been declared a disaster area as a result of a late-October ice storm, the Nov. 5 *Des Moines Register* reported. All but five counties were declared disaster areas after last summer's wet weather, drought, then early frost. Interstate Power reported that close to 100 miles of power lines were down.

Fusion energy for man's future

With the successful ignition of tritium and deuterium in the Joint European Torus, the reality of fusion as the energy source of the future is no longer deniable. JET proved it could be done, and its performance proceeded precisely according to expectation. Although in this first experiment the small amount of tritium used as a fuel precluded scientific breakeven occurring, the energy produced—2 megawatts—was sufficient to light 20,000 hundred-watt bulbs for a period of two seconds. The energy cost was 15 megawatts.

By using this deuterium-tritium fuel combination, the largest amount of power ever produced in a fusion reactor was generated. Previously, in tokamaks using deuterium only as a fuel, only 50 kilowatts of energy was generated. By 1995, the expectation is that energy release will be 80% of breakeven.

This is a clear victory for science; nonetheless, there are several things to be said. The use of tritium fuel by JET was long overdue. The failure to move to an experiment with tritium by 1986—when it was scheduled for the Princeton TFTR tokamak—was reflective of the same kind of budget-cutting mentality which is destroying the space program as well. While things are worst in the United States, the situation is not that much better in Europe, or of course in the former Soviet Union.

One of the results of this budget cutting has been the scrapping of a whole series of promising smaller research fusion machines, such as the plasma focus, the mirror machine, and the reversed field pinch, in favor of the one major project. This is the International Test Experimental Reactor (ITER), which is expected to produce a 1,000 megawatt demonstration tokamak power reactor, and is not planned to go on line until 2040 or thereabouts.

While its designers say that it will cost somewhere in the range of \$5-10 billion, a more realistic estimate is \$10-30 billion—perhaps even higher. Even so, this is a modest investment in man's future. The major drawback of the ITER is that funds have been cannibalized from other, equally promising, smaller fusion ma-

chines—machines in which the physical geometries of plasma reactions were being intensively studied, at great benefit to science. In fact the ITER itself has been planned to leapfrog over several intermediary stages of development to become a large-scale reactor.

A more realistic approach would be to scale back the ITER so that it would become a 10-20 megawatt pilot plant, since this goal might be fully realizable within the 15-year period now set aside merely for completion of the design phase. What is needed now is to attack the problem of developing fusion energy in a multi-faceted way, so that work continues on the smaller alternate concept fusion machines which are now being phased out of existence.

Some scientists today counterpose thermonuclear to cold fusion. This is pure foolishness, or the seeking of petty advantage by a budget-starved science community. We should be devoting major resources to *both* (although at the present time the costs of cold fusion research are minimal in comparison with the thermonuclear budget). From the point of view of basic science, we certainly wish to study fusion plasmas in vacuum conditions (thermonuclear fusion) and fusion processes which take place within metals (cold fusion), and as history has shown, by studying both simultaneously, our understanding of each processes will be immeasurably increased. Undoubtedly such an effort, as it opens up new areas of basic science, will lead to new dimensions in our understanding of astrophysical processes and life processes as well.

There are many problems to be solved before either thermonuclear or cold fusion are realized as technologies. Thermonuclear fusion involves very large configurations, and will produce great amounts of heat and power, while cold fusion cells allow miniaturization and localization of the power source. Cold fusion may also be the desired rocket fuel of the future for interplanetary space travel. Now is the time to move ahead with a vigorous program to bring within man's grasp, the entire spectrum of controlled fusion reactions.

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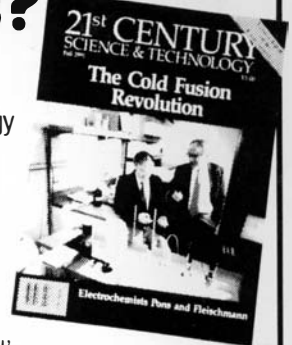
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