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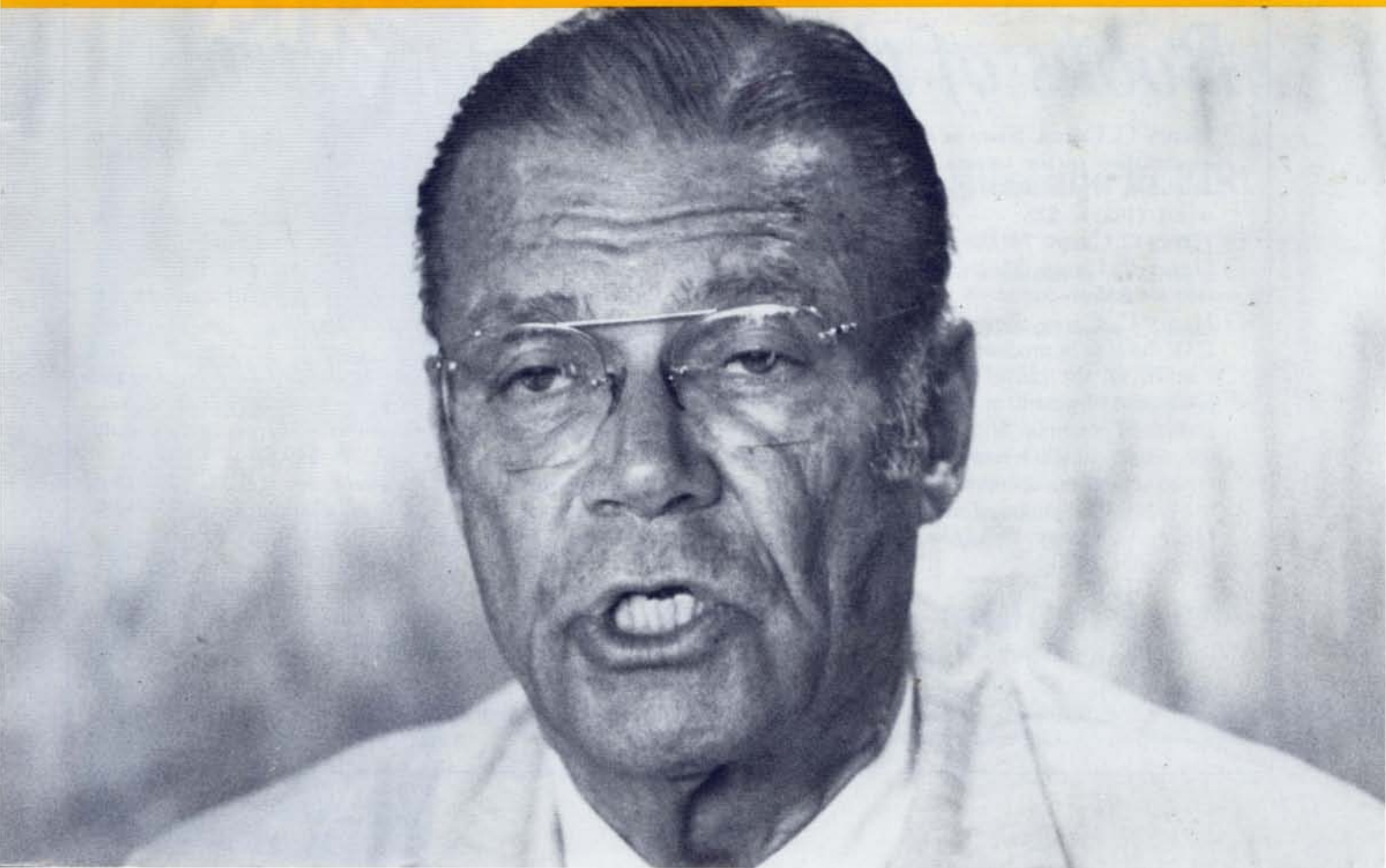
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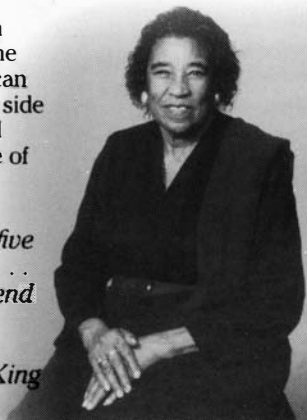
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From the Managing Editor

It is now one year since the U.S.-led coalition began its war of annihilation against Iraq. That war was to usher in George Bush's new world order: a world ruled by a supranational condominium, in which the sovereignty of nations is smashed, and the aspirations of the Third World to technology-proud development are forever banned.

One year later, as articles in this week's issue document, Bush is running into serious trouble.

As the lead to our *International* section shows, not only is Saddam Hussein still in power in Iraq, but that devastated nation is refusing to relinquish its sovereignty, and is rebuilding the best it can under the circumstances of the international blockade. In other Third World nations too, there are signs of resistance to Bush's gameplan. In Ibero-America, for example, *EIR's* exposés of the Anglo-American plan to dismantle the military of those countries, have stirred up quite a hornet's nest.

The superpower condominium which went to war against Iraq no longer exists. The Soviet Union is defunct, and Bush's partner Mikhail Gorbachov has been put out to pasture (in one of history's more humorous ironies, he now heads up the Gorbachov Fund for political forecasting). As Lyndon LaRouche discusses in an interview on page 7, Russia and the other new republics had better act quickly to dump Jeffrey Sachs and their other "shock therapy" advisers, and implement a competent currency reform on a crash basis. If they don't, they are heading for a disaster that will threaten world peace.

Our *Feature* this week shows just what "benefits" the Anglo-American school of economics has brought to the United States itself. The auto industry, formerly the flagship of the U.S. economy, now employs half the work force that it did in 1978, while its top executives go off to Japan with George Bush to try to beg for concessions and to blame their problems on the Japanese.

As for Bush himself, his physical collapse at the state dinner in Tokyo is only the latest of his problems. He is viewed internationally as a lame duck, a virtual buffoon; among the U.S. electorate, he is increasingly hated. With the Establishment Democratic Party leaders in disarray, the way is clear for an alternative to emerge.

Susan Welsh

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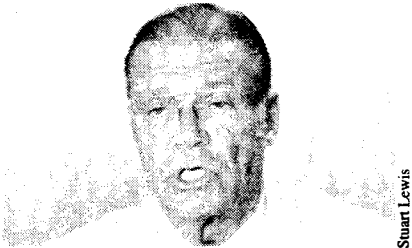
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Bush, Miyazawa ignore the important issues

by Kathy Wolfe

The most important questions raised by George Bush's sales trip to Japan Jan. 7-10 were those neither Bush nor Japan's Miyazawa government really asked: Will eastern Europe starve this winter? What about the ongoing genocide of the Third World? Instead, while the world watched, the U.S. and Japan bickered over the privilege of selling \$14,000 cars with CD players to U.S. and Japanese yuppies, a species about to be made extinct, on both sides of the Pacific, by the collapse of the dollar banking system.

Bush, outgoing Commerce Secretary Robert Mosbacher, and their entourage of American executives led by Chrysler's large-mouthed chairman Lee Iacocca, made themselves ridiculous, as expected, by blaming Japan for the collapse of GM and every ill in America but perhaps the AIDS virus.

Bush's trip to Japan is "a silly dog and pony show, grandstanding for American voters in an election year," Japanese business professor Yoshi Tsurumi told the ABC News program "This Week with David Brinkley" Jan. 5. Bush "is not acting presidential. He's acting like a political hack," added Tsurumi, who teaches at City University of New York. The visit is "a political game," a Japanese auto executive said, "just to bring about some effect which will satisfy U.S. congressmen and citizens irritated with Japan."

The Japanese Foreign Ministry's 1991 Annual Report released Dec. 24 states this nonsense could even rupture the alliance. "With the disappearance of the East-West confrontation, it cannot be denied that the U.S. Alliance . . . is becoming less persuasive to the [Japanese] public."

Yet despite Bush's crudeness, the Miyazawa government

fell over itself to support him—in a vain attempt to secure his reelection. As *EIR* reported Nov. 15, Mosbacher and Deputy Commerce Secretary Rockwell Schnabel keep telling the Japanese that unless they make Bush look good in 1992, he'll lose to a protectionist Democrat, who will shut Japan completely out of the U.S. market. "Japan is considering the U.S. presidential election this year in making its conciliatory response to Bush's trade demands," a Japanese Foreign Ministry official confirmed Jan. 7. "A Democrat would be considerably tougher on Japan regarding trade issues."

Britain rigs the game

The Japanese are making a big political mistake. Lyndon H. LaRouche, Jr., a Democratic presidential candidate who thinks Japan is one of the few functional economies left on earth, is the one man in the race who would make a viable ally for Japan. "But if we try to talk about America's Japan policy, the discussion becomes very quickly idiotic by fallacy of composition," LaRouche told *EIR* Jan. 7.

The real problem, LaRouche said, is Britain. Bush is a British toady, and Japan, he said, lacks the guts to confront "the British Versailles System," the banking system set up by Britain after World War I and continued under the International Monetary Fund (IMF). "The Japanese accept the Versailles System, the Great Game," he said. "And they define their game as surviving while the Game continues." It was the British, using IMF "conditionalities," who pressured Japan out of Ibero-America and Africa in the 1980s, pressured Japan to drop Mitsubishi's \$500 billion Global Infrastructure

Fund for Third World industrialization, and are now pressuring Japan to stay out of eastern Europe. Japan is thus stuck with the United States. The Japanese, he said, "hope the Anglo-Americans will just go away, like bad weather and earthquakes. . . . Japan does not really have a conception of a global policy. Japan is waiting for the Anglo-Americans and the Russians to both blow themselves away."

Certainly Bush's "Jap bashing" before and during this trip was in the classical style of the 19th-century British imperialists forcing free trade on the "wogs," as Asians are known in Britain. In Canberra, Australia on Jan. 2, Bush blamed the whole U.S. depression on Japan. "I want to see us get more jobs created in the United States," he said, "by concessions made, or by positions taken in Japan: We need more access to their markets."

"On this trip, we're going to be talking about breaking open markets that shut out American products, American business, and in the process deny us the opportunity to create more good American jobs," Bush told workers in a bar Dec. 27 in Beeville, Texas. "Right now, during tough times, exports are our strong suit," said Bush. "New exports mean new jobs. Good jobs. Jobs, jobs, jobs is what this trip is all about." Bush released figures purporting to show that every \$1 billion in exports means 23,000 jobs, and demanded that Japan "provide U.S. companies the same kind of opportunities that their firms enjoy here."

"If Bush pushes too hard," worried the *International Herald Tribune* Jan. 4, there will be such anti-American sentiment throughout Asia that "it may well make it more difficult for the United States to sustain its military presence in the western Pacific." "Japan stands out like a sore thumb in the world trading body," Commerce Secretary Robert Mosbacher told NBC's "Meet the Press" Dec. 29. "It's the only major trading partner with whom we haven't lowered our trading deficit over the last couple of years."

The American "business executives" accompanying bully boy Bush took numerous press opportunities to be equally rude. "I hope the Japanese will recognize that they are out of step with the world. They are exporting to every country of the world as far as I know and their market is closed. That is a bad position for them to be in. This isn't going to go on forever and it would be in their best interest for them to cure the trade imbalance rather than have the United States mandate it," threatened Beverly Dolan, vice chairman of Bush's President's Export Council and president of Textron, Inc., in Singapore Jan. 5.

"They've got to open up their markets," Chrysler's chairman Lee Iacocca said at a press conference by the Big Three U.S. automakers' chairmen in Tokyo Jan. 7. Iacocca charged the Japanese with destroying "6 or 7 million U.S. jobs" by running up a cumulative "\$300 billion trade surplus" with the U.S. since 1985. "We need access. . . . They're shipping a lot of cars to us and they won't give us access to their market. It's not fair, and it's got to stop."

"Japan is jeopardizing the world trading system," Ford Motor chairman Harold Poling added. "Japan is targeting the auto industry around the world," GM chairman Robert Stempel said. "They have an auto production capacity of 14 million, but the market is only 7 million [in Japan]. They plan to export the rest." America is becoming a Japanese colony, charged Dexter Baker, chairman of the National Association of Manufacturers and CEO of Air Products and Chemicals. "We don't want to have a relationship with Japan like we had with Great Britain, where we supplied raw materials and they supplied manufactured goods," he said. "But the Japanese have an aversion to buying manufactured products."

No solutions within the game

One result of the trip, under the insanity of Britain's rigged IMF game, is that Japan has established an "import quota" for U.S. automobiles, to force Japanese auto dealers to import U.S. cars! The cars will likely sit in the showrooms, because Japanese consumers look down on American cars as junk, but the deal is supposed to gun up U.S. export figures just enough to reelect Bush. An official at Japan's Ministry of International Trade and Industry (MITI) said Jan. 7 that Tokyo would start next month providing "low-interest loans to Japanese companies to help them import more U.S. cars and car parts."

The real reason Japanese automakers have a 30% market share in the U.S., but the Americans have a mere 1% in Japan, is that American cars and parts are inferior, and don't meet even the lowest Japanese standards. U.S. automakers can't manage to make cars with steering wheels on the right for Japan, which is a left-hand drive country, or calibrate cars on Japan's metric system, or even meet Japan's pollution emissions standards.

"U.S. auto parts have poor performance and fail quite often," a Japanese official told *Kyodo News* Dec. 18. "The U.S. share in the Japanese auto parts market [\$460 million a year] is negligible." "There are no longer any parts we want to buy from America," lamented one Japanese auto official.

"It is difficult for Americans to expand their market share because Japanese customers are prejudiced against American cars," Katsumi Matsumoto, a Toyota dealer in Tokyo, told the press Jan. 6. "Japanese think American cars break down often, don't perform well and cost a lot," he added. "Unless the manufacturers tackle this problem and change the consumer's mind, they will not win in Japan. Even if we open our dealerships to them, just because they have access to sales networks doesn't mean they will be able to sell."

"To tell you the truth, I am not confident of selling American cars," said a Japanese car dealer who requested anonymity. "I would rather sell BMW or Mercedes cars than a GM. Even if we are forced to offer U.S. cars, customers will choose what they want," he added. "I'm proud to sell Toyota cars and am happy to recommend them, but I don't think I would be proud to sell American cars."

MITI is proposing specific figures to try to force-feed U.S. cars into Japan. They plan to have the 23 leading Japanese car, electronics, and machinery makers increase imports of autos and auto parts by \$10 billion in 1993 from the \$16.2 billion they spent in 1990. Half these imports would come from the United States.

Toyota, Japan's largest automaker, announced in Tokyo Jan. 2 plans to set up procurement centers for auto parts in the U.S. to establish a permanent gateway for purchasing U.S.-made products. The centers will be set up this year in several areas, including Detroit and the West Coast, officials said. Japan's top five automakers—Toyota, Nissan, Honda, Mitsubishi, and Mazda—also pledged to boost U.S. auto and parts sales in Japan on Jan. 2. In plans submitted to the government, the five said that they will increase imports of finished cars and auto parts by 170% from fiscal year 1990 to fiscal year 1994. Their subsidiaries in the U.S. expect to double purchases of parts from local suppliers.

None of this can possibly work. As Prof. Yoshi Tsurumi told "This Week with David Brinkley" Jan. 5, "In the first place, the American car industry is in trouble not because Japanese are not buying, but because American consumers are not buying. Bush couldn't have chosen a less appropriate group of U.S. business leaders to take to Japan, because they represent collectively what is *wrong* with U.S. society and economics today!" Some improvement has been taking place in U.S. auto production, he said, but "it's not good enough yet and American consumers are just not buying it. The resale value of American autos in the U.S. market, compared with that of Japanese imports, declines steeply as the car ages. That is the U.S. market's evaluation of the reliability of American cars!"

Told that the problem is Japanese government subsidies to Japanese automakers, he replied: "That old argument doesn't wash, because Americans are buying up the Hondas and Nissans all made in the United States."

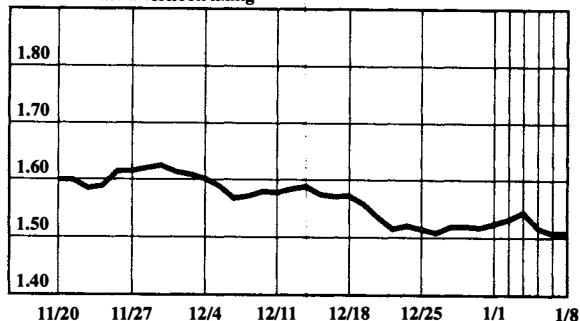
"We have strong doubts about a simple equation between U.S. unemployment and market access to Japan," a Japanese Foreign Ministry official told reporters Jan. 3. "There are many more efforts that the American side should make on the domestic front in terms of more competitiveness, education standards, and all sorts of long-term structural issues," he said. "These are the most important key issues for American economic problems, and the President knows that."

Detroit, Lyndon LaRouche told *EIR* Jan. 7, is justly suffering "Henry Ford's revenge. These bums have used their Seventh Avenue garment manufacturer methods and Wall Street bankers to make a consumer-oriented industry, and now they've got their come-uppance," he said. "They put crazy McNamara, Robert Strange McNamara, in at Ford, as Ford surrendered to Wall Street, bringing in systems analysis. They ruined the entire industry, and now they're complaining they're going to suffer. They're going to collapse in two years, if something isn't done about it."

Currency Rates

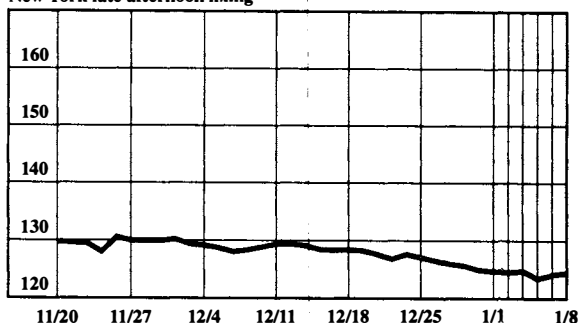
The dollar in deutschemarks

New York late afternoon fixing



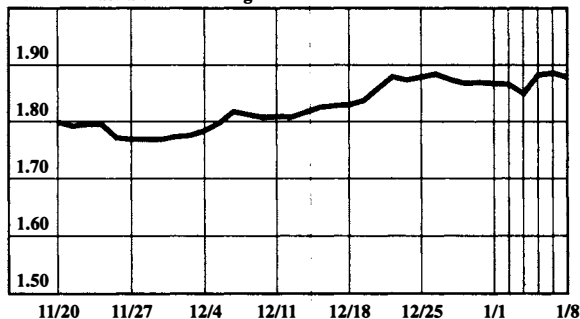
The dollar in yen

New York late afternoon fixing



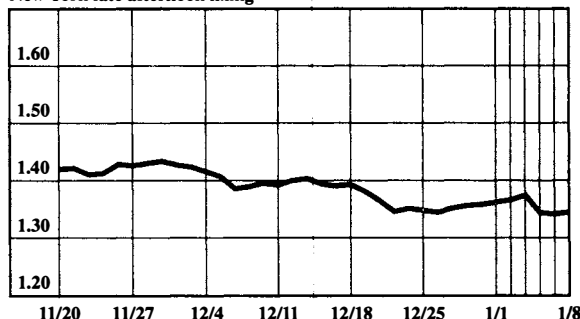
The British pound in dollars

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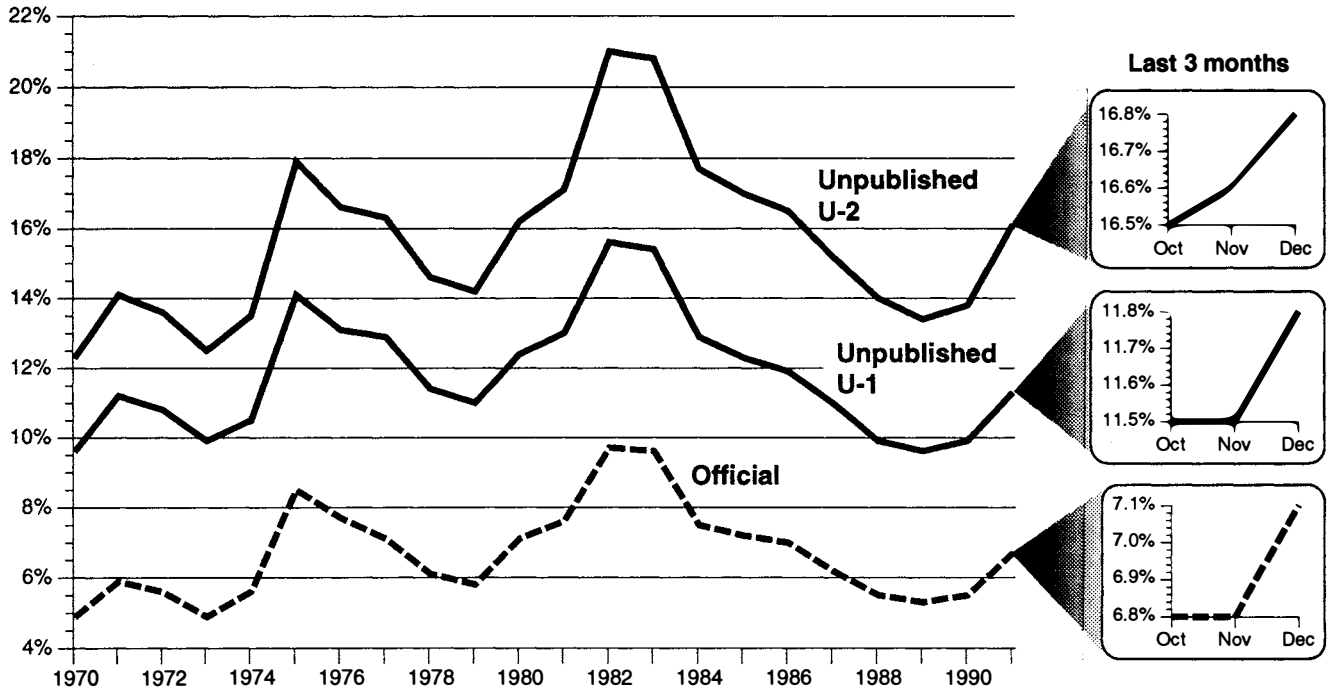


The dollar in Swiss francs

New York late afternoon fixing



U.S. Unemployment Coverup



Data used for Unpublished U-1 and U-2 unemployment rates
(thousands)

Year	Civilian labor force (a)	Official unemployed (b)	Want a job now (c)	Part-time, economic reasons (d)	Official U-5b rate b/a	Unpublished U-1 rate (b+c)/a	Unpublished U-2 rate (b+c+d)/a
1970	82,771	4,093	3,881	2,198	4.9%	9.6%	12.3%
1971	84,382	5,016	4,423	2,452	5.9%	11.2%	14.1%
1972	87,034	4,882	4,493	2,430	5.6%	10.8%	13.6%
1973	89,429	4,365	4,510	2,343	4.9%	9.9%	12.5%
1974	91,949	5,156	4,514	2,751	5.6%	10.5%	13.5%
1975	93,775	7,929	5,271	3,541	8.5%	14.1%	17.9%
1976	96,158	7,406	5,233	3,334	7.7%	13.1%	16.6%
1977	99,009	6,991	5,775	3,368	7.1%	12.9%	16.3%
1978	102,251	6,202	5,446	3,298	6.1%	11.4%	14.6%
1979	104,962	6,137	5,427	3,372	5.8%	11.0%	14.2%
1980	106,940	7,637	5,675	4,064	7.1%	12.4%	16.2%
1981	108,670	8,273	5,835	4,499	7.6%	13.0%	17.1%
1982	110,204	10,678	6,559	5,852	9.7%	15.6%	21.0%
1983	111,550	10,717	6,503	5,997	9.6%	15.4%	20.8%
1984	113,544	8,539	6,070	5,512	7.5%	12.9%	17.7%
1985	115,461	8,312	5,933	5,334	7.2%	12.3%	17.0%
1986	117,834	8,237	5,825	5,345	7.0%	11.9%	16.5%
1987	119,865	7,425	5,714	5,122	6.2%	11.0%	15.2%
1988	121,669	6,701	5,373	4,965	5.5%	9.9%	14.0%
1989	123,869	6,528	5,395	4,656	5.3%	9.6%	13.4%
1990	124,787	6,874	5,473	4,860	5.5%	9.9%	13.8%
1991	125,303	8,426	5,736	6,046	6.7%	11.3%	16.1%
Last 12 months (seasonally adjusted)							
January	124,638	7,715	5,728 ¹	5,510	6.2%	10.8%	15.2%
February	125,076	8,158	5,728 ¹	6,062	6.5%	11.1%	15.9%
March	125,326	8,572	5,728 ¹	6,163	6.8%	11.4%	16.3%
April	125,672	8,274	5,519 ¹	6,162	6.6%	11.0%	15.9%
May	125,232	8,640	5,519 ¹	5,932	6.9%	11.3%	16.0%
June	125,629	8,745	5,519 ¹	5,705	7.0%	11.4%	15.9%
July	125,214	8,501	5,846 ¹	5,881	6.8%	11.5%	16.2%
August	124,904	8,488	5,846 ¹	5,892	6.8%	11.5%	16.2%
September	125,607	8,442	5,846 ¹	6,374	6.7%	11.4%	16.4%
October	125,549	8,582	5,846 ¹	6,328	6.8%	11.5%	16.5%
November	125,257	8,499	5,846 ¹	6,461	6.8%	11.5%	16.6%
December	125,619	8,891	5,932 ¹	6,321	7.1%	11.8%	16.8%

¹The want a job now figure is compiled quarterly. The figure used for monthly calculation of the EIR U-1 rate is that from the most recent available quarter.

Explanatory Note

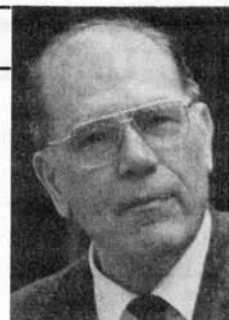
The Bureau of Labor Statistics' official unemployment rate (U-5b) is obtained by dividing the number of people classified under Bureau of Labor Statistics (BLS) definitions as *unemployed*, by the number of people classified as *civilian labor force*. These numbers are obtained by statistical sampling techniques carried out monthly among a changing sample population of approximately 57,000 households.

In December 1991, 8,891,000 people qualified as *unemployed* under BLS definitions, producing an official unemployment rate of 7.1 percent. (To qualify as *unemployed*, a person must have made specific efforts to find employment some time during the four weeks prior to the survey.) However, an additional 5,932,000 had stated in the most recent quarterly survey that they "want a job now." These people are considered by the BLS as *not in the labor force*, and are not counted in the unemployment figure.

The Unpublished U-1 rate is calculated by adding the Bureau of Labor Statistics' *want a job now* category (using the seasonally adjusted data from the most recent available quarter) to the number of officially unemployed.

Additionally, many millions of people who want full-time employment are forced into part-time work for economic reasons, such as slack work, or inability to find a full-time job. This number is collected monthly and published in BLS statistical documents, but is not counted in the official unemployment rate. The Unpublished U-2 rate includes the *part-time for economic reasons* category as well as the *want a job now* category.

For comparability with the official rate, the EIR rates are calculated on the same base figure, the BLS-defined *civilian labor force*. This figure comprises all civilians classified as either *employed* or *unemployed*. For a number of reasons, the *civilian labor force* can be considered as a bloated figure. Its use as the divisor in unemployment rate calculations thus further masks the depth of the unemployment problem. The definition of the component category *employed* includes anyone who worked even *one hour* during the survey week. Large segments of the population, who under healthy economic conditions might not be forced to seek work, have become a part of the *civilian labor force* over the past 25 years of "post-industrial society" economy. This includes young mothers, the elderly, and many college students.



On currency reform in the former Soviet Union

Rachel Douglas asked Lyndon LaRouche four questions, related to his Dec. 28 memorandum (quoted extensively in EIR of Jan. 10, pp. 4-5) on the subject of the threat of chaos in the economies of Russia and its associated member-states of the Minsk-based Community of Independent States. LaRouche had advised that instead of the radical price liberalization enacted Jan. 2, the governments of Ukraine, Russia, and other republics should dry up organized crime networks by imposing a currency reform. His answers, given on Jan. 4, follow:

EIR: If the black market and the gray economy—which are virtually the only market and economy functioning in the former Soviet republics—are conducted largely in hard currency (*valyuta* as they say in Russian), how will a currency exchange such as you outline, of old rubles for new gold-reserve-based rubles or old rubles for new gold-reserve-based grivnas, in Ukraine, be an effective first step to liberating the physical economy from mafia control? In other words, what if the mafiosi don't have to bother burning their old rubles, since they make sure not to hold lots of rubles and instead they operate with dollars or deutschemarks?

LaRouche: On the gray and black currency, the general solution means that the whole situation, the entire area, has to go under strict exchange controls.

The key mechanism relative to foreign currencies in particular, with respect to exchange controls, is that foreign currency, so-called hard currency, can be possessed by Russian and other citizens, but on deposit in bank accounts. That is, this is not an exchange account, where they deposit for exchange for rubles; this is a bank account in which they have foreign currencies on deposit, and subject to the rules of the situation, people have access to their own foreign currency-denominated accounts. So if they have deutschemarks or dollars, they can spend those dollars or deutschemarks as dollars or deutschemarks under the rules of exchange control, and they're theirs. They may be subject to income tax and so forth, but nonetheless, they are their money, they are not something where you buy a ruble account, with hard currency, but they are accounts which are denominated for emission to payment in the hard currency-designated deposit: foreign exchange accounts.

But the point is then that people are not allowed to be doing business internally generally in foreign exchange for small items. Of course, one does not try to enforce that, but one does on the larger items. So generally, there's a ceiling on what people should be carrying around in their pockets in terms of foreign exchange currency. Once you have that transparency, then certain things are put under control.

EIR: Would you, especially for Russian and Ukrainian leaders looking to you for guidance, differentiate the proposal more starkly, from what former Soviet Prime Minister Valentin Pavlov did one year ago, eight months before his participation in the abortive coup attempt of Aug. 19? That is the most recent experience with a currency call-in, in the former Soviet Union. It covered only the large-denomination bills (50s and 100s) and had many crazy conditions attached. Obviously your proposal is radically different because of its implied linkage with implementation of the Productive Triangle [LaRouche's proposal for a high-speed rail-linked buildup of the Berlin-Paris-Vienna industrial triangle, to restart the world economy], and what you said explicitly about "creating sensible international trade agreements" and about the necessary changes in the western nations. But since the bitter taste of Pavlov is still with them, perhaps it would be appropriate to spell out, that this is not supposed to be a replay of that failed maneuver, if people ask, "How does your currency reform differ from the Pavlov measures of winter 1990?"

LaRouche: It should be specified, there is no resemblance between what I'm proposing and the Pavlov proposal. Actually, Pavlov's stunt had the effect of increasing the strength of hard-currency transactions. By calling in large-denomination rubles, what you do is you enhance the equivalent currencies which are foreign hard currencies there.

EIR: How would the consumer and producer commodities baskets using "commodities in general circulation and production within the former Soviet Union"—on which the new ruble's and new grivna's values would be based—get determined, in view of the massive collapse of physical production and distribution of such commodities over recent months? In the U.S., where recent years' speculative binge has intro-

duced big distortions, we often talk in terms of 1970 dollars and 1970 purchasing power of the dollar, but how would you do this for the ruble where its previous purchasing power was also distorted by unjustified subsidies and other factors?

LaRouche: The problem here is hoarding. We have a state—or several states, in this case, of this Minsk Community—which have *hunger*, essentially. And there are goods for sale, presumably, which are being hoarded. As a result of this hoarding, *people may die*. It is negligence on the part of the state, to allow hoarding to continue under these circumstances, for any reason. The state has the obligation to take these hoards at fair prices, since that limits holding goods which are not simply for one's own personal consumption, and to seize the goods, and to apply the criminal law, to those who violate it. It is not only the *right* of the state to do that, it is the *obligation* of the state to do that. And if the state does not take such action against the black and gray market, then the state will fall because a government will arise which *will* take such action. So these dumb bunnies better wise up. Either the present government has got to realize they've got to do that, and crack down the hoarders, or else they will find a government following them, as [Vice President Gen.] Ruts koy implies, which will. That government, when it comes in, will be a kind of Army-backed, populist movement, which had to act, because it could not see Russian people starving. You will not get a coup d'état which shoots down the Russian people. You might get, though, a coup which goes after the hoarders to *save the lives* of the Russian people.

The crime in this case has got to be somebody who starts killing the Russian people by such means as starving them to death, through the mechanism of hoarding.

The essential problem is, as I said, in this kind of joke, that after 70 years of saying capitalism is theft and crime, Gorbachov said, "You're all capitalists," and a great number of communist officials became thieves and speculators. Now, what will be said, not by communist standards or other standards, but simply by human standards, is that Gorbachov was one of the greatest criminals in the history of Russia; that what he did to Russia was something on the order of magnitude of what an evil foreign invader would have done.

This man did great evil. We see it in this, the unleashing of hordes of locusts, of these criminal elements, often the dregs of the former communist bureaucracy, engaged in these kinds of operations against their own people. These are criminals.

Now we can say, maybe Bolshevism criminalized a lot of people. So be it. But you cannot play games with that. There are shortages of supplies all over the world, in every country. And governments must address the human requirements. In the eastern part of Germany, we have people who are subject to cruelties caused by these greedy, Adam Smith-influenced, Milton Friedman-influenced, crazy Harvard Business School-type business bureaucrats from the West, who shut down whole chunks of the economy in east Germa-

ny as a way of eliminating that potential competition with their firm in west Germany. And the people who are crushed by this, after already being exploited by the Soviet occupation de facto of East Germany, they turn around and they stand up and they say, "*Wir sind das Volk.*" ["We are the people."]

The same thing applies in a different way in Russia. Governments must recognize their responsibilities primarily to the rights of the individual people, the people who *are* the purpose of the government; and if the government does not defend the people, when it comes between hoarders and black marketeers and criminal elements in the government, then the people will get rid of the government—or will tolerate somebody who will.

EIR: Would you comment on the matter of prices? This is a big fixation right now, obviously due to the prescriptions of Harvard "shock therapy" advocate Jeffrey Sachs, who advises the Russian government, and his followers. The skyrocketing of prices in the last few days drastically changes the so-called purchasing power of the ruble; although where there are no goods on the shelf, the purchasing power remains the same, namely zero.

LaRouche: The essential thing is that you have to go to a controlled price, and it has to be a calculated, fair price based on cost of production. This means controls; it means exchange controls, credit controls, the whole business. The free market in any form is intolerable; there is no way of making a free market reform by some kind of algebraic formula that's supposed to work in the way that free trade is supposed to work. You're going to go in there and you're going to have administered prices, administered uses of currency, administered credit, administered exchange controls, etc., export-import licensing, the whole works. You've got to have it. As all the wiser ones are saying, they're talking about a free market, but *there is no market. There is no kind of market mechanism in existence in this area*—at least not in a general way. You have to administer, create a market by administration of prices, of currency, and so forth. There is no other way. And the government that does not do that, cannot do that, is going to be replaced in the not-too-distant future by one that can, and will.

One must not get off on this false business about the so-called democratic economy; one has to be realistic about what's loose out there. What's loose is a bunch of criminals and speculators, hoarders, who are the immediate, most proximate enemy of the Russian people. Unless the government acts against these criminals and speculators and hoarders, they're going to find a government that does. You're going to have to *calculate* prices, and set them. And you're going to say, if somebody is caught hoarding, he will get a prison sentence, and everything that he has made will be taken from him as the proceeds of a criminal enterprise. And that's that simple.

BCCI: Will the real crooks be prosecuted?

by Scott Thompson

Justice Department and Manhattan District Attorney's office spokesmen claim that last month's sweetheart plea agreement with Bank of Credit and Commerce International, SA is but the first step in an across-the-board crackdown against the big time crooks who looted billions of dollars in deposits and helped traffic illegal drugs and arms on a global scale throughout the decade of the 1980s.

They defend the plea deal on the grounds that the \$550 million in assets seized by the Federal Reserve Board and the Federal Deposit Insurance Corp. under the agreement will help prevent a number of U.S. banks from going belly-up and that the admission of guilt by the bank's government-appointed trustees will help the criminal prosecutions they promise will be forthcoming.

In that plea agreement, which averted a criminal trial, the government agreed to drop the RICO (racketeering), money laundering, and fraud charges, and the Federal Reserve agreed to rescind the \$200 million fine levied against BCCI last year. In return, the bank's trustees agreed not to attempt to retrieve the \$550 million in assets seized by the Fed last July.

This is not the first time that the U.S. Department of Justice is claiming that a slap-on-the-wrist, out of court settlement constitutes "tough" treatment for what former U.S. Customs Commissioner William von Raab called "see no evil" bankers.

- In 1986, the Justice Department cut a one-count plea deal with the Bank of Boston after bank officials were caught washing \$1.6 billion in hot money into Switzerland.
- In 1988, the Justice Department struck an incredible deal with the Tampa branch of BCCI. Though the bank had been caught laundering at least \$14 million for the Medellín Cartel, the federal prosecutors agreed to a cash settlement, allowed Tampa BCC to keep its doors open for business, and quashed subpoenas directed against 41 other American banks that had been caught colluding with Tampa BCC in the dollar washing.

A Rothschild bank in sheikh's clothing

As of now, the Justice Department has only indicted mid-level Arab frontmen like Gaith Pharaon and Swaleh Naqvi (who is now being held in Abu Dhabi). One sure-fire test of the government's seriousness in getting the highrollers behind the BCCI laundromat is whether they press Naqvi to tell all about the role of senior officials of the Fed and Kissinger Associates partner William D. Rogers serving as a back-channel in the Tampa deal. Since *EIR* has very little faith in

the Bush Justice Department's commitment to crack down on the "citizens above suspicion" behind the BCCI scandal, we provide the following dossier.

BCCI Holding, SA, the flagship of the BCCI banking cartel, was directed until July 1991 by Arthur Hartmann. He was the board member in charge of worldwide auditing of all the BCCI facilities. Logically, Hartmann knows more than anyone else about the \$20 billion in BCCI assets now unaccounted for. His pivotal role in the BCCI nexus is underscored by the fact that he was, up until his recent resignation, president of the Swiss subsidiaries of both BCCI and the Italian Banca Nazionale del Lavoro. International bank investigators have charged that Switzerland was at the center of the dirty money transactions between BCCI and BNL.

Contrary to the picture presented by *Time* magazine, Hartmann was not some front-man for oil-rich Persian Gulf sheikhs or Pakistani generals. He was one of the most senior officials of the British Rothschild financial empire and the former general manager of Switzerland's largest bank, Union Bank of Switzerland. Hartmann still directs Rothschild Continuation, based in Zug, Switzerland. This is the holding company for the City of London-headquartered N.M. Rothschild & Sons, Ltd. Hartmann also is the vice president of Rothschild Bank of Zurich.

Hartmann serves as chairman of a joint venture involving the Bank of New York and Inter-maritime Bank of Zurich. The latter is owned by oil trader Bruce Rappaport, who has deep ties to the Israeli intelligence service Mossad. In 1990, Rappaport was implicated in the Yair Klein affair, in which a team of Israeli military officers were caught training and arming assassination squads for the Medellín Cartel. Rappaport was earlier linked to the Swiss side of the Iran-Contra scandal.

ADL law firm to the rescue

Although his reputation may have been a bit tarnished by last summer's media show, Democratic Party deal-maker Clark Clifford appears to have also escaped the government's porous BCCI dragnet unscathed, with his Republican Party law partner Robert Altman. During Senate hearings last autumn chaired by John Kerry (D-Mass.), Clark was treated with kid gloves, despite the fact that he, as attorney for BCCI in the United States, had borrowed money from the bank to purchase stock in First American Bankshares, a large Washington, D.C. area bank holding company that was covertly bought out by BCCI.

Clark had retained as his attorneys for the hearings the New York City firm of Skadden Arps. Notorious as the pioneers in leveraged buyouts and junk bond financing, Skadden Arps counts among its senior partners former Anti-Defamation League national chairman Kenneth Bialkin and Robert Perie, the director of Rothschild banking operations in the U.S. Skadden Arps's most notorious client, Drexel Burnham junk bond chief Michael Milken, was directly involved in one of BCCI's shadier U.S. bank takeovers, the buyup of the

Miami-based CenTrust S&L.

Former congressional sources say CenTrust had been used by BCCI to spread large amounts of cash around Washington. CenTrust chairman David Paul had thrown lavish parties hosting congressmen and had established a political action committee that poured money into the campaign funds of key members of the Congress on both sides of the aisle, including large contributions to the same Senator Kerry who treated Clifford so gently.

Beyond the CenTrust largesse, members of Congress may have other worries about the BCCI matter. During several days of testimony before the Senate Subcommittee on Terrorism, Narcotics, and International Operations and the House Banking Committee, Federal Reserve Board General Counsel Virgil Mattingly made repeated veiled references to "BCCI bribery lists" obtained by the Fed in the course of reviewing seized BCCI files.

The 'Gray Network'

In Aug. 1, 1991 testimony before Senator Kerry's subcommittee, former U.S. Customs Commissioner William von Raab testified that a "Gray Network" had been deployed to discredit people like himself who were out to expose the higher-ups behind the BCCI bank scandal. Among those whom von Raab named as part of the "Gray Network" were Clifford and Altman. Von Raab accused the law partners of

obstructing government efforts to access BCCI officials who were to be subpoenaed to testify before Congress.

Von Raab also named Robert Keith Gray, one of the most well-connected GOP insiders, who, as chairman of the Hill and Knowlton consulting firm, had also shielded his client BCCI from federal investigators. Gray, an intimate of President Bush and White House General Counsel C. Boyden Gray, was aided in his BCCI activities by Hill & Knowlton Vice President Frank Mankiewicz, a former California director of the Anti-Defamation League.

A serious probe into relations between Hill & Knowlton's Gray and BCCI might also lead serious investigators to probe the ties between BCCI and the sordid Iran-Contra scandal. As noted, BCCI's Arthur Hartmann was involved in a joint venture with Mossad-linked financier Bruce Rappaport, who has been named as a suspect in the laundering of \$10 million into the Contra bank accounts in Switzerland courtesy of the Sultan of Brunei.

Robert Keith Gray, one of Washington's most notorious homosexuals, was, while he was representing BCCI, also steering the Citizens for America political action committee, which played a pivotal role in Project Democracy. Gray was close to Larry King, the black Republican Party money-man from Omaha, Nebraska who was convicted of fraud after the Franklin Credit Union went bankrupt in late 1988 amid allegations that it washed millions of dollars illegally into the Contras.

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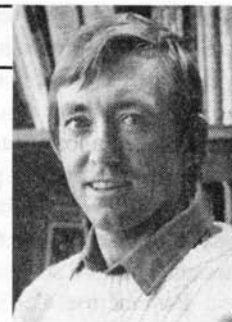
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'Australia's farmers are fed up with free trade'

Mr. Johnson, a wheat farmer, is president of the Rural Action Movement in Western Australia. He was interviewed by Marcia Merry on Nov. 30, the day he arrived to begin a three-week organizing tour of U.S. farm states, where he spoke to farmers and others on behalf of the Schiller Institute. He is planning a two-week tour of Western Australia, starting Feb. 4, to brief Australian farmers on what he learned of the crisis in U.S. agriculture, and to mobilize them to fight the policies of the multinational grain cartels.

The farmers' protests during President Bush's visit to Canberra, Australia on Jan. 2 (see article, page 42), received widespread international media coverage. As can be seen from Mr. Johnson's discussion below, however, these were just the tip of the iceberg of the rage that is building up in his country against the destruction of farming.

EIR: Could you describe for us the protest action in Australia and the upheaval in the farm sector, and what gave rise to this?

Johnson: What kicked it off initially was the fact that we lost our reserve price mechanisms, and we've had an Australian Wheat Board which was completely regulated for the last 50 years and which worked extremely well. I think the reserve price mechanism was only triggered twice in 50 years. Last year we found that the price of wheat had fallen from Aus \$195 to Aus \$115 a ton. We, a group of farmers up in the northern wheat belt of Western Australia, thought that we would try and get this regulation of the marketplace back in order. We decided to take action, driving a lot of trucks into the central business district of Perth, very strategically placed in major arterial routes, where at a certain time of the morning, just before peak hour traffic, Perth came to a standstill. That was highly effective, and it created good publicity. We wanted to highlight what the problem was in the bush.

That was early in March of 1991. We were surprised that we didn't get much backlash from the city folk. They fully comprehended our predicament. We followed it up with dumping dead sheep at parliamentarians' offices in Perth, at the Australian taxation office in Parliament House, and also at the U.S. Consulate, because at the same time, we believed

that the Americans' trade laws were crippling our markets. Then we actually even threatened to destroy a U.S. tracking station. We were all pretty green at the time, and didn't know the facts, but it got to the point where they eventually gave us the Aus \$150 per ton guaranteed minimum price for wheat. That was a huge success for us.

It was totally unconstitutional, because the federal government wouldn't allow it, but the state overrode it. Fortunately, as it works out, the world market price is above Aus \$150 a ton for wheat, and so [the law] won't need to be triggered.

EIR: Your organization formed at the time in order to conduct this kind of action?

Johnson: No, we just started off as a moral action group. Then after that success, we had literally hundreds of telephone calls from all over the state, telling us, you can't stop here. And people like John Koehler [of the Citizens' Electoral Councils] told us, "Listen, you can't blame the Americans, you've got to go out and find the facts." That's why I'm over here now.

What is actually happening and what we're being told are two completely different things. The politicians are always dealing with the result of the problem, rather than the cause, and we believe we've got to get down and find the real cause of the problem, and then we can go out there and find out who we're exactly fighting. We are trying to find out the facts.

EIR: Have you been active in the fight around the sheep kill, the wool crisis, and so forth?

Johnson: We are finding it a little bit harder to get the wool farmer motivated. For what reason I don't really know, but I think he's possibly about eight months behind us.

In fact, we just had a huge downturn in wool prices recently. It's around about 600¢ a kilo for cost of production, and only six or eight weeks ago [the selling price] fell down to about 475¢. It has picked up a bit since, to about 525¢, but at this rate, the more sheep you run, the more debt you've got, and down in the region, which is on the southern coast of Western Australia, it's got the highest debt of any farmer

in Australia. So they really can't absorb any more debt, and the situation is getting critical.

Farmers are starting to see that there is definitely something wrong. They don't know what the answer is. They have placed a lot of faith in the Western Australian Farmers Federation, which is their industry leader, and the people, like even their politicians, and there they're starting to see that they're being, I suppose, sold out. We are a growing organization, and we will continue to grow, providing we can give them the right information, and not just go at them and be right-wing extremists, or rebels, or radicals.

EIR: Now, Washington has sent some delegations to Australia in order to keep the fire burning in the name of free trade, because of the Cairns Group in GATT.

Johnson: Industry leaders are firmly committed down the path of free trade. But the greater percentage of the farmers—possibly 90%—know full well, after being involved with the free trade scenario for some 80 months, that it's simply not working. We all had the wool pulled over our eyes some 12 months ago, and we were prepared to give it a bit of a trial period, but over that trial period, things have gone from bad to worse. Farmers are fed up to their back teeth, and they are prepared to take any sort of action to try and get out of this free trade mechanism, because it's simply not working. It works to the demise of the agricultural base, so you know it's having a devastating effect on the Australian economy.

EIR: What about the general picture of agriculture? What is the condition of the railroads, urban water supplies, the inputs that you need for your farm?

Johnson: The infrastructure as such is very good. All there is, is a liquidity problem, through the monetary system. And once we can get a debt moratorium, and get interest rates down to a reasonable level, then the infrastructure's there for us to market wheat and produce and do what we normally do best. That's not a real problem in Western Australia, and I would suggest that for right across the board in Australia.

It's no different to the last Depression. Everything was there, there was just a liquidity problem. . . .

EIR: Have you been working on debt relief arrangements?

Johnson: We have a national party which is one of the third political parties over in the West, and they put up debt moratorium legislation which was very similar to the old 1930s legislation, except it didn't cover the unsecured creditors, which is fair enough. Fifty years ago, even the unsecured creditor was controlled, and the little fellow who had a Aus \$2-3,000 account to the fuel agent, or a couple hundred pound bill to the food merchant—he missed out. So this particular bill was looked at quite strongly and it was altered and amended, and we believed it wasn't a be-all and end-all, but it was a very good appeal, right to appeal, against the

banks, which are basically the umpire in the game, and they make the last decision.

Unfortunately, through the lack of foresight by the three political parties, they decided to toss it out, but there was huge support in the bush, simply because there's huge debt. But it will come in, and good evidence of that is the fact that some finance companies are asking farmers to even come and rewrite their mortgages, and have got in the fine print that no moratorium shall apply to this deed.

So, they are two or three steps in front of us, but we are catching up to them pretty quickly.

EIR: And you're going to keep fighting on this front as well?

Johnson: We certainly have to. In the Rural Action Movement, the basic platform that we stand by, is to keep any farm or associated business on their property, unless they voluntarily decide to leave, and if we have to smack someone on the nose to stop them from buying another farmer out, or drop them in the pit if they make a bid, well, so be it, but that's what we're going to stand by.

I think it's only a matter of time before farmers unite and realize that what is happening is a plan, an open plan, and that you can't trade your way out of it, and purchase your next door neighbor's property and transfer the deeds. When they realize that, then there will be no more sales, and then we can start to deal with a few more of the issues a bit more concretely.

EIR: Australia is one of the top six in terms of any exportable world food, and there's such a crying need for food now. What is the true picture of the wheat harvest in Australia this last season?

Johnson: Back in 1990, globally, we had marvelous wheat production, and Australia grew something like 15.5 million tons of wheat, which was about third on record, I believe. This year, we've had widespread drought on the East Coast, and certain pockets in the West, and we've dropped down to what the experts believe is 9.5 million. As a matter of fact, I'm in the middle of harvest myself, so I know there's not the wheat around, so you could even drop it down to 9 million.

We've possibly lost 45% of our export potential, over last year's export potential. That's going to have a devastating effect on our markets. We're pushing very hard into the Southeast Asian markets and the Japanese markets, and that is going to have a devastating effect on those markets; we could lose those markets, and in fact, there's even talk that we might have to buy some subsidized wheat from the U.S.A., particularly on the East Coast, which farmers just need for stock feed, which would be an ironic twist.

We were warned that in the first place, unless we got that guaranteed minimum price from a federal perspective, then the hectareage that was going into cropping would fall dramatically and we might be pushing this scenario anyway, so that the drought brought this to a head.

ADM pushes ersatz milk

While attention is focused against bovine growth hormone, the food cartel gears up for "vegetable milk."

Over this past winter, Archer Daniels Midland (ADM), the soybean wing of the world cartel of food companies, added a new twist to its Sunday morning television advertisements on the network news shows: shots of luscious, flowing milk. But look again. The pitch is for vegetable milk, not cow's milk. This is not said in words, but the milk spots are spliced into scenes of vegetarian "meat" burgers—ADM's new direct-marketing product.

What this dramatizes is that the food cartel has placed ersatz milk next on the national menu for the United States, following the example of how cartel policies succeeded in pushing margarine, vegetable fat, to replace butter. In England, for decades, the "ice cream" most commonly consumed has nothing to do with milk or cream. It is also a vegetable-fat product.

ADM, a Decatur, Illinois-based giant company that functions as the soybean-processing arm of the Cargill empire, has positioned itself to promote and dominate a new vegetarian era. ADM is the largest soybean-processing company in the world, and plans to make big bucks off the new meatless, milkless age.

This is part of the necessary context in which to view the controversy over the synthetic bovine hormone that can cause cows to produce more milk, and whether it should get Food and Drug Administration (FDA) approval. There has been a hue and cry that approval for the hormone's use would cause a flood of milk onto the market, that will drive farm milk prices

down and bankrupt the independent family farmer. The public is told that the milk from cows receiving the hormone would be tainted.

In reality, thousands of family dairy farms are being bankrupted right now, without the availability of the growth hormone. Fighting against its approval has been a distraction while farmers are being ruined, and people's diets continue to deteriorate for lack of milk and the means to buy quality foods.

The veterinary science, and food chemistry, of the issue is clear cut. The hormone, known either as BGH (bovine growth hormone) or BST (bovine somatotropin), causes no problem in the milk. If the hormone is administered during the lactation period, the cow will give more milk. But more feed is required, and the years of productive lifespan of the animal may be decreased.

Therefore, whether to give an individual cow, or a herd, BST is an animal husbandry decision best left up to the farmer who owns the livestock.

It may be some futuristic speculation to anticipate the day when giant factory farms are run by cartel hiredhands, where dairy herds shot up with BST give floods of milk. True, the cartel crowd would find such a vision acceptable. The rationale you would hear is, "Milk is milk," just as such "free market" fanatics as Milton Friedman say, for example, "Money is money, even if it comes from dope."

But one is falling into wishful delusions if they presume that provision will be made to supply milk to the

general public, if the cartels continue to determine food and farm policy. At ADM's annual stockholders meeting three years ago, ADM chairman Dwayne Andreas spoke glowingly of the day when soy milk would displace cow's milk. He pointed to its acceptance in Asia, and said that acceptance may come slowly in the United States. But, he said, "it will come."

In the meantime, even without the FDA's decision to approve the use of BST, dairy farmers are going under, and more and more children are going without milk. That is the moral issue to fight over, *not* the pros-and-cons of BST's safety. Technically, it is safe. But that is not the issue.

There is no "free market" in operation in which "supply and demand" determines farm milk prices. Right now, farm milk prices are being kept artificially low by collusion between the U.S. Department of Agriculture with the food cartel (Nestlé's, Unilever, Kraft, LaBatts, the chocolatiers, and a few others).

To meet all his costs and get a fair return, the dairy farmer should receive at least \$26 for a hundred pounds of raw farm milk. At present, the highest level of prices is only around \$15. What is required is the \$26 per hundredweight price, or parity price, and that is the issue.

The fight is over a moral and competent food policy. There is a shortage of milk for quality dairy foods in the daily diet in the United States, and a drastic shortage in milk output worldwide. Global milk production in 1991 fell 2% from the year before. According to a special analysis of the world dairy situation by the U.N. Food and Agriculture Organization, based in Rome, last November, the fall of "effective demand"—referring to the inability of people to afford to buy the milk products they want—is masking the falling output of milk.

The policymakers are bankrupt, too

The House Banking Committee identified the problems in hearings Jan. 3, but no solutions were offered.

Watching the maneuvering in and around Washington these days, one gets the distinct impression that the only thing more bankrupt than the U.S. banking system is the policymaking apparatus.

That point was driven home at the Jan. 3 House Banking Committee hearing on the recent "policy clarifications" on commercial real estate lending issued jointly by the Office of the Comptroller of the Currency, the Federal Reserve, the Federal Deposit Insurance Corp. (FDIC), and the Office of Thrift Supervision.

The purpose of these so-called clarifications was to bash federal bank examiners into helping the banks cover up their staggering real estate loan losses, thereby hiding the fact that the banks themselves, along with most of the rest of the financial and real estate sectors, are insolvent.

To make sure the examiners got the message, the regulators called them in to a Dec. 16-17 meeting in Baltimore, Maryland where they were pointedly told that their job was to "promote economic growth" by giving banks "the benefit of the doubt" about bad loans.

By ordering bank examiners to assist the banks in perpetrating this massive fraud, the administration is guaranteeing a replay of the S&L fiasco, but on a much greater scale.

Committee chairman Rep. Henry B. Gonzalez (D-Tex.) made just that point in his opening statement, calling the regulators' policy an "exact repeat" of the "timid supervision and the outright forbearance" that contributed to the collapse of the S&Ls in the late

1980s.

"It is a dangerous move, unbelievable to me, that could have long-lasting and disastrous consequences for proper supervision of the nation's financial system," Gonzalez warned. He blasted the bank examiners' conference as a "forbearance school" and accused the administration of trying to "scapegoat" the examiners.

Gonzalez also blasted the administration's new "Star Chamber" appeals process, in which bankers could make "secret appeals" directly to Washington, were an examiner to look too closely at a banks' loans. "Few examiners are going to risk these secret protests about their work," Gonzalez said. The result will be that "problems will be allowed to fester and become risks for the banks and the deposit insurance funds, and the taxpayers. The secret, back-door appeals process is a certain trip down the forbearance highway."

Gonzalez also directly attacked the administration's contention that the professional judgment of bank regulators should be subjugated to the administration's political needs.

"The regulatory agencies and their examiners are not responsible for the economy or the political fortunes of anyone," he said. "This is not their job. The greatest bulwark we have against unsafe and unsound use of insured deposits is the independent judgment of examiners. . . . Their independent judgment cannot be thrown away for short-term gains, political or otherwise."

Comptroller General Charles Bowsher, head of the General Account-

ing Office, warned the committee that the administration's effort to "bend the facts" to hide the condition of the banks was "very dangerous." Bowsher said he was "concerned about the health of the banking industry today. I think the fact that we've had so many banks go under; we've lost the fund literally. We've used up the FDIC fund. . . . Not since the '30s has the banking industry I think been in as serious condition as now. . . . I think we have a very serious problem here."

Several flash points were identified during the hearing.

Rep. James Moran (D-Va.) estimated that as much as \$200 billion in short-term commercial real estate loans are coming due during 1992 and 1993. These short-term loans were made in the expectation that permanent financing would later be arranged, but the Federal Reserve has estimated that as much as 93% of the \$200 billion will not qualify for long-term financing. Were these refinancings denied, Moran said, in Northern Virginia "we could see as much as a 30% reduction of the value of real estate, commercial real estate particularly, over the next couple of years."

Bowsher warned that the large U.S. banks and other financial institutions "could well be facing some difficult financial issues or crisis here in the next 24 months" that could have "a domino effect" on the economy. They "could get us in a lot of trouble," he said.

Rep. Charles Schumer (D-N.Y.), in opposing the concept of truth in bookkeeping, was even more blunt: "If we mark the whole banking system to market," Schumer said, "it would go bust and has been for years."

Which, of course, it is. The problem is, no one in Washington is willing to openly say so, because they haven't got a clue as to what to do about it.

Business Briefs

Environmentalism

Study finds UV radiation down

Levels of ultraviolet radiation have decreased globally by as much as 18%, according to a study just published in the December issue of *Geophysical Research Letters*. The evidence presented in the paper contradicts the main contention of environmentalists, that an increase in UV radiation has occurred due to ozone depletion.

The environmentalists claim that there has been an approximate 8% depletion in the ozone layer. If the claim were true, UV radiation reaching the Earth should have increased by 16%. The researchers' paper instead shows a decrease by about that amount.

The authors seem to apologize for exposing the ozone hoax by saying that the decrease in UV radiation reaching the earth is the result of urban air pollution. However, since UV measuring stations on top of mountains have detected the same decrease, that is an unlikely explanation.

Health

AMA wants right to test for AIDS

The American Medical Association has called for physicians to have the right to test a patient for the HIV virus, which causes AIDS, without the patient's specific consent. The policy proposal was made in the form of a resolution passed by the AMA House of Delegates at year's end.

"Gay activists" and other groups within the AIDS lobby are opposing the measure on the grounds that physicians only wish to protect themselves from exposure to the disease, and will use the test results to limit treatment and access to hospital facilities by those infected.

Doctors currently are not required to ask permission to test for any number of deadly communicable diseases, but must do so in a number of states when it comes to AIDS.

The National Association of People with

AIDS fears that insurance companies will gain access to the confidential test results, and implement discriminatory health care policies, which will then become the subject of litigation.

The AMA also called on HIV-infected physicians to cease performing "exposure-prone procedures" and said that HIV-infected doctors who "repeatedly violate practice limitations should be reported to state licensing boards."

Eastern Europe

Depression called worse than '30s

The industrial depression in eastern Europe is worse than the depression of the 1930s, said Gerald Hinteregger, executive director of the U.N. Economic Commission for Europe (ECE), in an interview with the Vienna daily *Die Presse*, the daily reported. The average drop of national product by 29% in the 1930s has already been exceeded by the eastern European economies today.

Using the category of "net material product" which excludes service sectors of the economy, Hinteregger said that in the three-year period since 1988, the East European "NMP" has already dropped by 25%, of which 10% occurred in 1990, and 20% this year. Compare this to the United States during the first Great Depression, when the biggest recorded annual drop in industrial output was 8%.

According to official estimates, unemployment in the three East European states of Poland, Hungary, and Czechoslovakia was 3.1 million workers and employees by September 1991, to which another 3.9 million must be added in the other states, the ECE says.

Without going into details, Hinteregger urged western states to launch a second "European Recovery Program" (Marshall Plan) and help to stabilize the governments in the East before "disappointment, frustration, and populist tendencies" take over.

Meanwhile, Valtr Komarek, former Deputy Prime Minister of Czechoslovakia and now director of the Forecasting Institute of the

Academy of Science in Prague, has authored a commentary for the *New York Times* entitled "Shock Therapy and its Victims." It is a sharp attack on the radical "free market" changes drawn up by the likes of Harvard Prof. Jeffrey Sachs, and imposed on Poland and other eastern European nations by western nations and the International Monetary Fund.

Komarek calls economic shock therapy a "grave error . . . that will have enormous and dire consequences." It is "defined by armchair western economists," is "untested beyond the economic laboratories of Cambridge, Massachusetts," and is "out of touch with reality."

He blames the United States and the International Monetary Fund for Czechoslovakia's 58% inflation rate and mass unemployment and disinvestment. He calls instead for funneling tax revenues "into infrastructure projects" which would work "much the same way that public works like building a highway system or putting a man on the moon do in the West."

Above all, Komarek said, "Eastern Europeans need to draw on their strengths in key manufacturing sectors, like precision instruments in Czechoslovakia, in order to join the world economy."

Trade

Industrial figure scoffs at Bush 'mission'

W. Edwards Demming, the American-born dean of Japan's industrial engineering community, scoffed at George Bush's "free trade" mission to Japan in an interview with columnist Hobart Rowan. Demming told the columnist that there is no reason for American auto executives, or other business leaders, to stomp off to Japan, when the real problem with the American economy is largely of their own making.

Demming, a statistician and production manager, was exiled from American corporate life by Harvard Business School gurus such as Peter Drucker and Harold Geneen. Their "systems analysis" and "cost effectiveness" approach to production, and Benthamite theories of labor productivity, have become dogma in U.S. management circles, while Demming,

Briefly

who revolutionized Japanese quality control and production management practices in the 1950s, has become a national hero in Japan.

Demming, now in his 90s, is delivering a series of lectures on this subject to groups of managers in Detroit, Michigan and elsewhere. But, of course, the top corporate managers from Detroit and elsewhere are off in Japan with Bush, demanding that they lower themselves to American levels of economic incompetence.

Foreign Debt

Will Nigeria survive as a nation?

Nigerian President General Babingida has said that Nigeria will not survive as a nation if it is obliged to service its international debt in the coming year, the BBC reported Jan. 1. In a speech on the Nigerian budget to inaugurate the new year, Babingida said that Nigeria, Africa's most populous nation, must seek and achieve substantial debt relief in the coming year.

Nigeria's debt is \$33 billion, and the country has experienced serious economic problems due to the fall of oil prices last year. Its debt service for 1992 alone will be \$5.5 billion, which is already over half of expected foreign exchange earnings.

Russia

Moscow signs trade pacts with E. Europe

A number of new trade agreements have been or soon will be signed by Russia with East European states. These are for the most part barter-type deals:

- In early January, Russia and Estonia signed an agreement by which the Estonians will be allowed to lease R.S.F.S.R. oil wells in return for oil supplies. The leasing rates will be paid to the Russians in commodities from Estonian production, and the trade bill will be

accounted on a ruble basis.

- Russian President Boris Yeltsin and Armenian President Ter Petrossian signed an agreement that promises the Armenians economic support from Russia.

- Russia and Ukraine signed an agreement for a limited volume of food supplies from Ukraine, in return for agricultural and other light machines from Russia.

- Russia and Poland signed an agreement for R.S.F.S.R. oil for Polish food products.

- A similar agreement will be signed in mid-January with the Czech and Slovak Federated Republic in the context of Czechoslovak Prime Minister Marian Calfa's visit to Moscow. This deal will involve Russian oil in return for C.S.F.R. food products and machine parts.

Technology

Germany to announce maglev success

The German Transport Ministry and Research Ministry have disclosed the results of secret tests on the magnetic levitation train. According to an Associated Press story printed in the *Chicago Tribune*, Transport Minister Günther Krause has announced: "The train may be ready to be developed. A first stretch could, for example, be Hamburg-Berlin. Experts tell me the first train could possibly run in eight years."

The 310-mile-per-hour *Transrapid* has received a \$1.3 billion investment by the Germans. The fastest passenger railway currently operating is France's 200 mph *Train à Grande Vitesse* (TGV).

The U.S. news agency dispatch complains sourly that if "the train is technically feasible, the government would have to decide whether it has the money. Budgets are strained by the cost of German unification. There are also environmental objections to train noise."

The United States currently has less rail-road track mileage than it had more than a century ago, in the 1880s. One bright spot is in Texas, where the state legislature recently voted to commission the French to build a Dallas-Houston TGV-type magnetic levitation rail line.

- **ZALES**, the largest U.S. discount jeweler, has closed half of its retail outlets and filed for bankruptcy due to its inability to refinance junk bonds. Seaman Furniture, which was a junk bond take-over in 1987 by Kohlberg Kravis Roberts, will close 15 stores. KKR staved off bankruptcy in 1989 by exchanging more than \$150 million in debt to bondholders for a one-third stake in the company.

- **25 PERCENT** of Africa's workforce will be wiped out by AIDS by the year 2010, according to official estimates reported at the Sixth International Conference on AIDS in Africa. Economists warn that the AIDS pandemic threatens Africa with economic chaos beyond anything it has yet endured, and will kill 5 million or more adults in the next eight years. One in every 40 adults in Africa is already infected.

- **EVERY THIRD CHILD** in Albania under the age of three is starving, and in urban areas every second child is undernourished and eats only one meal a day, reported a Unicef delegation returning from Albania.

- **PERSONAL** bankruptcies in the U.S. shot up 24% in the 12-month period ending Sept. 30, according to American Financial Services, the trade association of non-bank providers of consumer credit. Bankruptcies rose to 849,000, compared with 685,000 in the previous 12 months.

- **CHINA** has announced it is selling a 300-megawatt nuclear reactor to Pakistan and that both sides have vowed it would be dedicated to the peaceful use of nuclear energy. China recently agreed to sign the Nuclear Non-Proliferation Treaty and place the project under the International Atomic Energy Agency.

- **FINANCIAL** Times editor Peter Norman has called for Britain to change its economic policy: "There is an obvious need for Britain to improve its infrastructure, especially in the field of public transport."

What climate models really show about global warming

Greenhouse "experts" point to the fact that temperature has risen over 100 years, and that six of the hottest years have been in the last decade, to prove their claims. Part 2 of Gerd Weber's report.

*We continue our slightly abridged serialization of Chapters 3 and 4 of Gerd R. Weber's forthcoming English-language book *Global Warming, The Rest of the Story*, which first appeared in German under the title *Treibhauseffekt: Klimakatastrophe oder Medienpsychose?* (Wiesbaden: Böttiger Verlags-GmbH, 1991).*

In Part 1 last week, Weber set right some of the most prevalent misconceptions about the greenhouse effect and "climate change." Weber defines climate as "the average state of the atmosphere and of such parameters as temperature or precipitation, [and] also the variability and range of those parameters over an extended period of time . . . usually 30 years." From that standpoint, Weber then begins a critical look at the different computer models that predict global warming based on a doubling of carbon dioxide, or the equivalent in trace-gases, SO₂, methane, and chlorofluorocarbons. Part 2 continues that examination.

For reasons of space, we are not able to reproduce all of the graphics, and for clarity, they are numbered consecutively as they appear here.

If you stuck your head out the window, would you not see it?

Since we are now in the middle of "what if" wonderland, i.e., what happens if climate model forecasts are right, we will now consider—in passing—how human beings might perceive such a drastic temperature increase.

The field in meteorology concerned with the impact of weather and climate on man and his health is called biometeorology. In biometeorology, several indices have been developed which attempt, one way or another, to measure "climatic stress" on human beings. Usually this is done by selecting a base temperature at which most people appear to be comfortable (there may be some argument as to what such a temperature might be) and then, for a given location, adding

up the departures from that temperature in terms of either hourly, daily or monthly values. One example for this procedure is the heating/cooling degree-day-index. Here, a base temperature of 65°F is chosen and the sums of the fluctuations of daily average temperatures above 65° are cooling degree days and those below are heating degree days.

In addition, human beings usually do not respond to temperature stress in a linear fashion, but rather feel disproportionately stressed the more the actual temperature moves away from the temperature they feel most comfortable at. This phenomenon is often accounted for by letting the temperature stress increase with the square of the temperature difference to the "comfortable temperature:"

Example: Let us assume you feel comfortable at 70°F. Then at 50°, 20° lower, you would get somewhat uncomfortable, but at 30°, another 20° lower, you would not simply be twice as uncomfortable, but four times as uncomfortable and freeze tremendously if you were unprotected, not to mention what would happen at 10°F, wind-chill factor excluded.

One such example of a comfort index is presented in **Figure 1**. It shows in relative units, the level of comfort you—or an average person—would experience under the presently observed climate at any given location on the map. The scaling is such that the higher the numerical value, the more comfortable you feel. If we now take up the examples we used before, and let Chicago have the climate of Nashville, that would result in an overall increase in comfort almost entirely due to the milder winters.

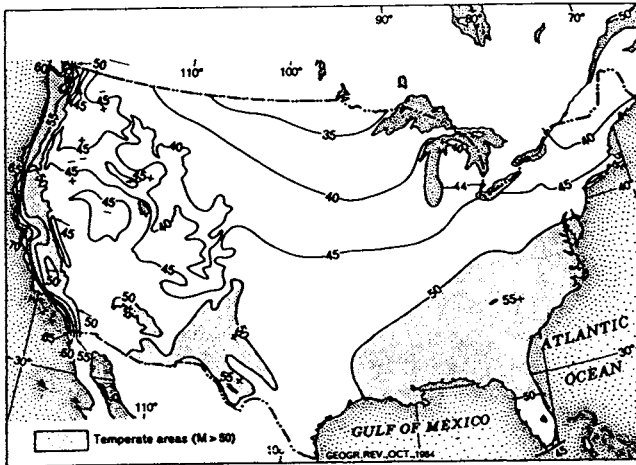
If, on the other hand, we let New Orleans have the climate of Miami, we would decrease the comfort there almost entirely due to the hotter, unbearable summers.

We realize, then, that climate change, if it progresses the way the models predict, is a mixed bag indeed, since it appears that people in the southern states will on average suffer under this change, whereas people in the northern states will

FIGURE 1

Geographical distribution of a climate stress index over the United States

Temperate areas ($M > 50$)



Source: *Global Warming, the Rest of the Story*; R.E. Munn, *Biometeorological Methods*, 1970.

actually feel more comfortable in the warmer climate of the future. It may be noted that no allowance for humidity has yet been made here. If this is done, as it should be, the pattern is liable to change somewhat.

Let us instead direct our attention to four specific items related to the climate change issue which frequently come up in public debate, and which are most commonly cited when it comes to describing the negative impacts of global warming: 1) the shifting of climatic zones; 2) the melting of polar ice caps; 3) rising sea levels and inundation of coastal lowlands; 4) increasing frequency and severity of droughts in the American corn belt.

At this point we will *only* be concerned with the question of whether or not these impacts can be deduced from current best available model predictions, but we will *not* be concerned (yet) with the question of whether we can already see any such effects or really have to expect them. What we are trying to do, then, at this point is determine whether there is any basis in model predictions for the horror stories one hears so much about in the media, or if some of the model results got lost or altered in the process of transmission from the scientific community to the media.

1) The shifting of climatic zones

Life on Earth is adapted to the way climatic zones are arranged. The position of those climatic zones is determined by the large-scale atmospheric circulation: The tropical zones along and within some distance of the equator with their frequent and abundant rainfall, the trade wind region, the subtropical high pressure belt with hyperarid regions, such as the Sahara Desert, at a distance of roughly 30° latitude,

followed, toward the poles, by the prevailing westerlies, in which most of the U.S. is located, and in which low pressure systems track eastward, guided by the polar jet stream at about 50°.

The position of the main features of the general circulation is determined first of all by Earth's rate of rotation; second, by the temperature contrast between equator and pole; and third, by the distribution of land and sea on Earth.

Notably the location of the subtropical jet stream, which governs the position of the subtropical high pressure belts and therefore the arid zones, but also the location of the polar jet, which is much more variable, and determines which way the rain-bearing storms move, depend on the temperature gradient between the equator and pole in the following manner: If the gradient (or contrast) decreases, the jet streams move toward the poles; if it increases, the jet streams move toward the equator. Therefore, a changing position of the jet stream as a result of a change of the equator-to-pole temperature gradient would result in an alteration of the circulation regime, either turning a dry region into a wet one or vice versa. It may again be noted that it is not so much the impact of the changing temperature itself which has an adverse effect, but rather the changing pattern of water availability, since so much of our life depends on water.

As we saw before, and according to model predictions, in a climate warmed up by trace-gases, surface regions near the poles would warm up much more than regions near the equator, thereby reducing the temperature gradient between equator and pole—which would then result in a poleward shift of the jet streams by a few degrees latitude. Hence, regions at the poleward boundary of the subtropical dry areas would experience less frequent incursions of the polar jet stream with its rain-yielding storm systems. The climate zones would shift—with particularly detrimental effects at the equatorward margins of the westerlies, which would then turn into arid zones.

So far, so good. Turning again to the models, there is one small item someone must have overlooked: It is not the temperature gradient of the surface layers which is important for the position of climatic zones, but the temperature gradient of the *entire* troposphere. And here the models almost unanimously come up with a very surprising result: Even though there is a large warming of the surface layers of high latitudes, and small warming at low latitudes, there is large warming in the upper troposphere at low latitudes and only small warming at high latitudes. As a result, the warming averaged through the entire troposphere is fairly uniform, so that the gradient does not change very much, even though there is warming everywhere.

Consequently, none of the models expects a shift in the position of the major jet streams and of the way the climatic zones are delineated by the circulation regimes. The warming itself does not constitute a shift in a climatic zone the way it is often portrayed by the media. This misconception probably arises from the simple notion that if it gets warmer at any

given point, the climate there will be replaced by a climate that is normally observed some distance closer to the equator. But to repeat this point, the climatic zones are defined not only by temperature, but also, and in some cases more importantly so, by precipitation or water availability in general, which is tied not so much to temperature alone but to the position of a geographic area within the general circulation of the atmosphere.

To elucidate this point, think of two places in the U.S. which are roughly at the same latitude and which have approximately the same average annual temperature, namely Los Angeles, California and Savannah, Georgia. As anyone knows, "It never rains in southern California," whereas there are lots of "rainy nights in Georgia." In bare numbers, Los Angeles receives about 15 inches of precipitation and Savannah close to 50 inches, resulting in rather sparse vegetation in southern California and a lush biosphere rich in species abundance in Georgia. The obvious difference in climate, despite similar temperatures, is entirely due to the different position of the two cities within the general circulation.

2) The melting of polar ice caps

Almost nothing in the global warming debate heats up the public like "the melting of the polar ice caps" and the ensuing negative impacts of rising sea levels, inundation of coastal lowlands, and so on.

It sounds so horrific and truly threatening, and it is still one of the biggest misconceptions about the impact of the greenhouse effect. Why? Well, here it goes:

Let us first differentiate between the two polar ice caps on Earth, i.e., the one in the Arctic and the one in the Antarctic.

The Arctic "ice cap" is an ocean which is frozen over and which is surrounded by the land masses of the North American and Eurasian continents. The north polar ice cap is sea ice which is *floating* on the ocean. The GCM model results, in a 2-times-CO₂ scenario, expect this *sea ice* to melt somewhat and to retreat polewards by about 200 miles, but never to melt substantially or even completely.

What would the implications of that melting be then for the sea level? Exactly none. This is simply because, as the *floating* ice melts, it only takes back the sea water volume it displaced when it was floating on the water as ice. You don't believe it?

The situation would be somewhat different, however, in the Southern Hemisphere, because there the ice cap sits on a continent which is surrounded by the oceans. The waters surrounding Antarctica also freeze over and, as in the Northern Hemisphere, the models expect some melting of that sea ice as well, pushing the ice line back toward Antarctica. In terms of sea level rise, we know by now what is (not) going to happen.

Let us assume the wintertime greenhouse warming over an area of Arctic and Antarctic ice is 20°F. During the winter, the actual temperature over most iced-up areas is substantially below 0°F. In other words, even if the temperature rose

by as much as 20°F, we would still be very much below the melting point of 32°F.

Furthermore, the large warming expected by most models in high latitudes must not be viewed as the cause of the ice melt but rather as the result of it—for the following reason. As we saw before, all GCMs computer their climate parameters on a net of grid points, which are spaced, depending on the model, 500-1,000 km (300-600 miles) apart. We also saw that a sea-ice melt is expected to extend about 200 miles toward the poles. Over these areas, which would then be ice free—200 miles—temperatures would be in the mid-30s, typical values for the open Arctic ocean, whereas before, over the ice, they were substantially below 0°F. It thus follows that the warming which occurs in the narrow de-iced strip is possible of the order 40°F. This very large warming now is, by the averaging procedures applied in the models, drawn out to the neighboring grid points, spaced 300-600 miles or 5-10° latitude apart, giving the impression that a large area between latitudes 60° and 80° is warming up—not by 40°F but possibly by a still substantial 20°F.

Therefore, because of the internal workings of the GCMs, a warming is predicted which would never exist in reality, even if the general warming projected by the models were to occur. The actual retreat of the sea-ice would result from the more moderate warming of high-latitude oceans, which might be in the neighborhood of 5°F.

We mentioned earlier that the Antarctic is a block of ice sitting on a continent. In fact, more than 90% of all the ice anywhere on Earth is located there. (Greenland accounts for only 5%; the rest is in various glaciers around the world.) Given the alarm over global warming, which is supposed to be particularly large at high latitudes, scientists have tried to estimate what would happen to the Antarctic ice shield in a 2-times-CO₂ scenario. As we have just seen, there would be no significant melting of that shield itself, but only some melting of the sea-ice surrounding Antarctica. If the Antarctic ice shield itself melted completely, which could only happen under much higher temperatures than expected from a CO₂ doubling, and which would take thousands of years because of the slowness of response of that large an ice mass to changed conditions, sea levels would rise by 150 feet, a figure sometimes seen in the media. But clearly, this is not only the concerns of the current debate and may only underscore the fact that, things sometimes appear in the media about the greenhouse effect which have a questionable scientific basis at best.

Back to the Antarctic ice shield. Scientists analyzing its response to a temperature increase which GCMs expect from a CO₂ doubling found out—perhaps to the disgruntlement of many doomsday preachers—that it would *grow* and not melt.

Now why is that? First, as we have seen, since Antarctica is quite cold, even a substantial warming would not result in any significant ice melt. But second, and more important, since the air over and around Antarctica is supposed to warm up so much, it can hold much more water vapor than it

can now. The capability of air to hold water vapor roughly doubles with each temperature increase of 20°F. Some of that water vapor would be converted to precipitation and fall out—at the prevailing temperatures in the Antarctic—as snow. That snow would simply stay there and accumulate—eventually thickening the ice pack.

Yet this is in essence a net transfer of water from the oceans to the Antarctic, where it may remain for thousands of years—taken away from the oceans—and actually lowering the sea level by about a foot.

Although this seems completely surprising to many people, climatologists have known it for quite some time. In fact, there is some research which indicates that, over geologic times, there were periods when the sea level was much lower during warm than during colder episodes. This obviously runs counter to the expected sea level rise thought to result from global warming. You might then ask, since the polar ice caps are not going to melt, and in fact may even grow (not in extent but in thickness), why is the sea level expected to rise?

There are two reasons. One, sea water expands as it warms, as all things do. Most of the expected rise in sea level is related to the envisioned warming of the oceans.

Two, because of the expected general warming in the interior of the continents, some melting of the glaciers is thought to occur which would also add to the sea level rise. How much rise from melting of inland glaciers is highly debatable, but definitely less than the rise from ocean warming. But this is minimal with respect to the rise expected due to ocean warming.

3) Rising sea levels and inundation of coastal lowlands

One of the most serious impacts of a global warming must be seen—if correct—in the rising sea level.

In the preceding paragraph we have already seen that outlandish claims of a sea level rise of the order of 150 feet are not supported by modeling results of any possible climate change which might occur from rising trace-gas levels in the next 100-300 years. Such a rise would require a melting of the whole Antarctic ice sheet, which no one expects to happen even from a several-fold increase of CO₂. Even a melting of the so-called West Antarctic ice shield, which rests on a sloping rock plateau below sea level is not expected from any warming of the magnitude envisioned for the next few centuries.

If it melted, sea levels may rise by about 15 feet.

What is expected, then, is a rise of 1-4 feet, mainly as a result of thermal expansion of the ocean waters and some glacial melt in the continental interiors.

But even a rise of only 3 feet would pose almost insurmountable problems to many nations, including the United States. It has been estimated that the damage of this seemingly small rise to a city such as San Francisco alone would be in the billions of dollars.

This picture becomes even gloomier if we consider coun-

tries like Bangladesh, which might be flooded to a considerable extent, without having the technological and financial clout to do anything about it.

Recently, scientists seem to have more closely considered the real impact of higher temperatures on polar ice shields, and have consequently lowered their estimates on greenhouse-related sea level rise to about a foot or so for a CO₂ doubling. Indeed, observations indicate that ice shields in Greenland and the Antarctic have been growing in recent years. Less gloom by the day.

4) Increasing frequency and severity of droughts in the American corn belt

The American corn belt is not only the breadbasket of America, but also of a substantial portion of the entire world. If some adverse climate changes were to occur there, the ramifications would not be confined to the farming sector, but would have repercussions on the economy and prosperity of the entire nation as well. For that reason, a thorough examination of possible future changes appears to be fully justified.

For present purposes, let us define a drought as an extended period of hot weather combined with a lack of precipitation. Since hot weather occurs mostly in the summer half of the year, which is also the growing season, when an adequate supply of water is quintessential and substantial negative impacts on plant growth might result from either a reduction of precipitation or an increase in evaporation, or a combination of both, we can limit the present discussion to the summer months.

A little earlier [see *EIR*, Jan. 10], we examined model-predicted temperature and precipitation for a few selected American cities in summer. We concluded that temperatures increase by about 7°F in cities close to the corn belt (Chicago), while precipitation would not change significantly.

However, an increase in temperature will then in general lead, other things being equal, to additional evaporation and therefore additional drying of the surface soil. Therefore, if the model predictions are correct, we can indeed expect, if not an increasing frequency of droughts, an increasing severity of droughts. The impact of additional drying would be particularly detrimental in those areas which receive marginal precipitation to begin with, namely the Southwest and also the western parts of Oklahoma, Kansas, and Nebraska.

There are two silver linings in this generally gloomy cloud, however, which is, fortunately, still a “what if” scenario. For one thing, because of increasing precipitation in the winter half of the year, which the models expect in their 2-times-CO₂ version of tomorrow’s corn belt, there might be some way to store the water and use it during the summer (in an irrigation system such as that proposed by NAWAPA—the North American Water and Power Association) and second, land in more northern regions, which has not been suitable for agricultural use up to now because of cold temperatures, might become suitable in a warmer world.

Furthermore, some of the adverse effects of high temper-

atures on agriculture could be avoided by planting earlier in the season, which would still be moist and cool enough. The length of the growing season is expected to increase in a warming climate.

The acid test: models vs. reality

Well, now it's finally curtain time! Now we can *finally* find out whether we have been in the land of make-believe or in the land of reality, whether our method was science or science-fiction, whether we should really head for high ground, move north, sell land in the corn belt, or whether it all was a figment of our imagination, a gigantic oops!, in other words, the *real* rest of the story. Contrary to many public declarations that there would only be losers in a trace-gas induced climate change—although politically quite understandable—it is quite obvious that areas in the mid- and higher latitudes only stand to gain from a climate change as projected by the models; this is particularly true when the beneficial effects of an increased CO₂ level on the biosphere are factored in.

However, there can be no doubt that the possible adverse impacts in other areas of the world warrant serious consideration of remedial and/or preventive measures against such a change—if it will really occur.

The scope of the envisioned changes, but also the scope of the remedial measures are horrendous. It would in fact change the basic frameworks of our societies either if those climate changes really occurred, or if some of the proposed measures had to be adopted. It is absolutely necessary at this point to critically examine those model forecasts before a decision can be made on any course of action to counter a possible threat to the climate.

The usual way to check a forecast is to wait and then compare predictions with observations.

Another way would be to wait for maybe 10 or 20 years, and then see if temperatures have really risen to an extent compatible with model predictions, but still small enough not to have caused any of the expected damage. This is an approach which might not seem the worst of all strategies if one considers, as we will a little later on, that those eras in climate history which were warmer than today by about 2 to 4°F were called “climate optima”—and for good reasons as we shall see. This approach simply assumes that we can afford to wait, because the worst that can happen in coming decades is a slight warming moving us into another climate optimum but giving us more *time* to devise the *best* counter-vailing measures.

But we can do better than that. We know that trace-gases have already risen for more than 100 years: CO₂ has gone up from about 280 ppm to 350, roughly 25%, other trace-gases, mainly methane and, after World War II, the CFCs have risen much more in percentage terms, so that we now have about 50% of the additional man-made greenhouse effect from all trace-gases combined (or radiative forcing) thought to occur from a doubling of CO₂ alone. It may be noted at

this point that the greenhouse effect does not increase linearly with trace-gas concentrations, but at a lesser rate. That means that the emission of a fixed amount of a trace-gas between, say, 1950 and 1980 enhances the greenhouse effect much more than the emission of that same amount between 1980 and 2010, because the earlier emission has—to some extent—saturated the absorptive regions in the spectrum.

The obvious question then is: If the models are right, should it not be possible to see a warming due to the trace-gas buildup which has already occurred?

Simple question, simple answer: Yes! Then let us examine how much global temperatures should have risen if the model predictions were correct.

To do this, models could be run not only in a 2-times-CO₂ mode, but in a 1.25-times-CO₂ mode, or in a slightly higher mode, to account for the additional trace-gases which have built up in our atmosphere—or they could also be run in a mode where trace-gases are continuously added to the atmosphere—thereby simulating real life events. Those models are called “transient response” models.

After carrying out those calculations, the result is that there should have been an “equilibrium warming” of about 2.2°F. We remember that the equilibrium warming is the warming reached after the greenhouse effect has worked its way through all compartments of the—modeled—climate system and after all feedback mechanisms have acted.

As we have seen before, the oceans have a very important function as a sink for atmospheric carbon dioxide and may act as a retardant sufficiently large as to delay a doubling of CO₂ into the 22nd or even 23rd century. But not only do they act as a sink for carbon dioxide—they are also a sink for heat. Some of the heat generated in the atmosphere by the greenhouse effect is transferred into the oceans and stored there. As a matter of fact, the complete and final atmospheric warming will only be achieved after heat transfer equilibrium between oceans and atmosphere has been reached.

The current state of the art of modeling would predict that, due to the oceanic slow-down of atmospheric warming, we should now (in the early 1990s) see a warming of about 1.5°F due to the buildup of all trace-gases. This assumes that the climate would warm by 6.5°F in the case of a CO₂ doubling, approximately two-thirds of the equilibrium warming of 2.2°F. **Figure 2** shows the manner in which trace-gas-related warming should have progressed since the latter half of last century. The warming of 1.5°F will be the yardstick against which to compare the observed temperature trend in the real atmosphere.

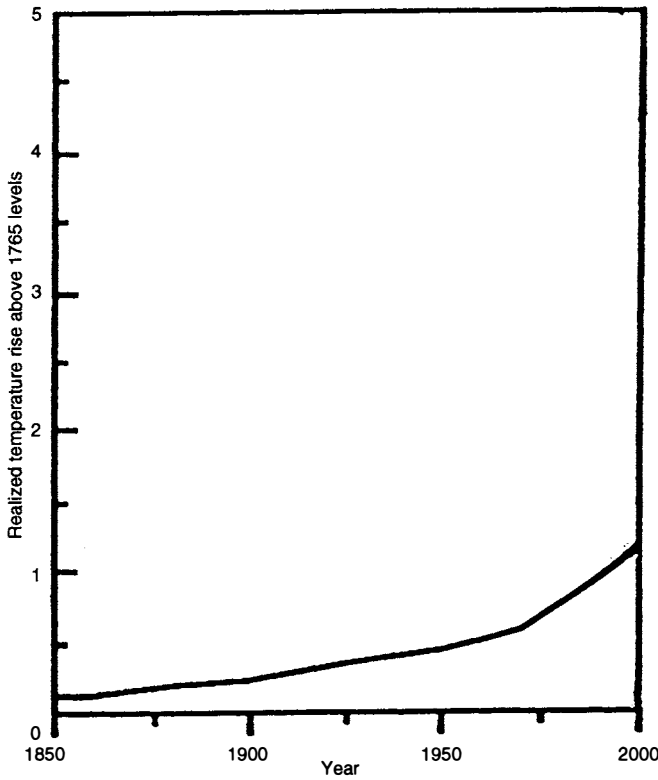
To do this, we will first have to settle the issue of what temperature a modeled rise of 1.5° has to be pegged against. Everyone would agree that it should be the average, long-term state of the atmosphere, unperturbed by the anthropogenic influences we are trying to see.

Going back to the section where we defined climate [see *EIR*, Jan. 10,], we realize that it has to be at least a 30-year period; to eliminate “climatic fluctuations,” which are

FIGURE 2

Simulation of global mean temperature rise between 1850 and 1990 thought to have resulted from the observed trace-gas increase

(in °C)



Source: *Global Warming, the Rest of the Story*, after the Intergovernmental Panel on Climate Change, 1990.

characterized by variations in temperature from one 30-year period to another, an average over several 30-year periods would be better yet. This might then characterize an unperturbed, long-term climatic state against which we wish to assess the impact of a trace-gas-related warming.

Since trace-gases are not the only factor which has a bearing on climate, we may face very *long-term* natural climatic variations acting on the same timescale as the ones presumed to occur from a trace-gas buildup, and which may act to confuse a trace-gas related temperature trend with one due to natural causes. We postpone that aspect for the time being and only wish to ensure at this point that trace-gas-related temperature changes are not confused with *short-term* temperature fluctuations due to different causes.

A reasonably reliable temperature trend for the Earth as a whole has only been compiled for about the last 140 years. Moreover, we cannot even speak of a truly global trend, because most temperature measurements were only taken over *land*, and therefore, most of the global, Northern Hemi-

sphere and Southern Hemisphere trends talked about in public, and the ones we will be concerned with, are in fact “land-based” temperatures. Let us pause for a moment and consider the implications of that. You may ask: What significance does a land-based temperature trend have if nearly three-quarters of the Earth’s surface is covered by oceans? And are we not comparing apples to oranges, when we compare an *observed* land-based temperature trend with a *modeled* temperature trend which includes the oceans? Might it not be that we see a trend over land, which is nullified or at least tempered by a countervailing trend over the oceans?

The greenhouse/global warming debate would not have grown to such proportions had it not been for the fact that the temperature of the climate did indeed increase over the past 100 years, and not only that, six of the warmest years occurred within the last decade, namely 1990, 1988, 1987, 1983, 1989, and 1981 in that order. Some scientists have gone so far as to claim that this is the final proof that the greenhouse effect is indeed with us, and furthermore that the warming we have seen over the last 100 years, which, according to the land-based records, is 1.3°F, is right where it should be according to the models. As a result, they say, we had better be prepared for the full treatment of the model-predicted 6-7°F temperature rise for a doubling of CO₂ and act immediately to stave it off.

Of dips and spikes

Let us start out by considering the land-based temperature trend of the Northern Hemisphere, the Southern Hemisphere and the Earth as a whole for the last 140 years.

Those temperature trends are shown in **Figures 3 and 4**. They have been compiled by a climatic research group in the U.K. Their work is generally perceived to be the most reliable, which is why it is shown and used here.

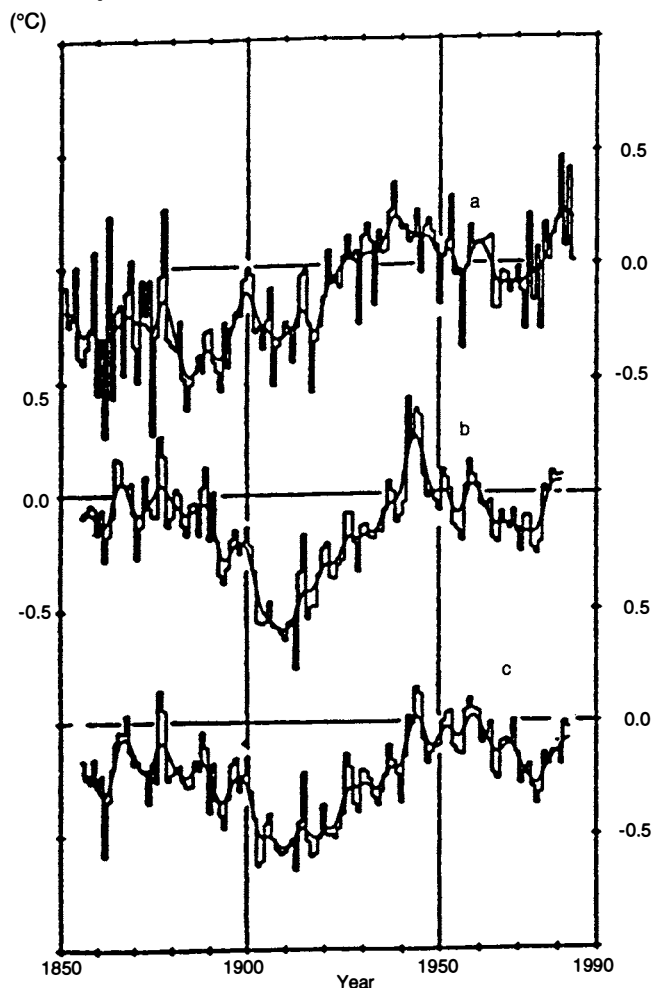
The temperature curve in this diagram is a so-called filtered curve, designed to suppress the short-term variations we are not interested in. It shows temperature departures from a base period. If we now look at where this line was in 1880, we find it at -0.9°F and if we look again at 1980, we find it at 0.4°. The difference is 1.3°F—Bingo! Just what the models ordered, and there is your “proof.”

But let us now remember how we have defined climate. For the purpose of detecting a trace-gas-related warming we have to compare the current climatic average to an earlier, unperturbed, long-term climatic average, because without that comparison we run into the danger of relating shorter-term fluctuations, which may occur on time scales of 10 to 30 years, to a presumed trace-gas-related warming.

Hence, we should compare the current, 30-year average to an earlier, unperturbed one.

We now have to determine a span of time in which the climate may be considered to be unperturbed, even if we assume that the modeled temperature increases did in fact take place. For most practical purposes, we may assume that climate remained undisturbed as long as the modeled

FIGURE 3
Observed temperature trends in the Northern Hemisphere since 1850



Source: *Global Warming, the Rest of the Story*, Jones et al., *Journ. Clim. Appl. Met.*, 1986a.

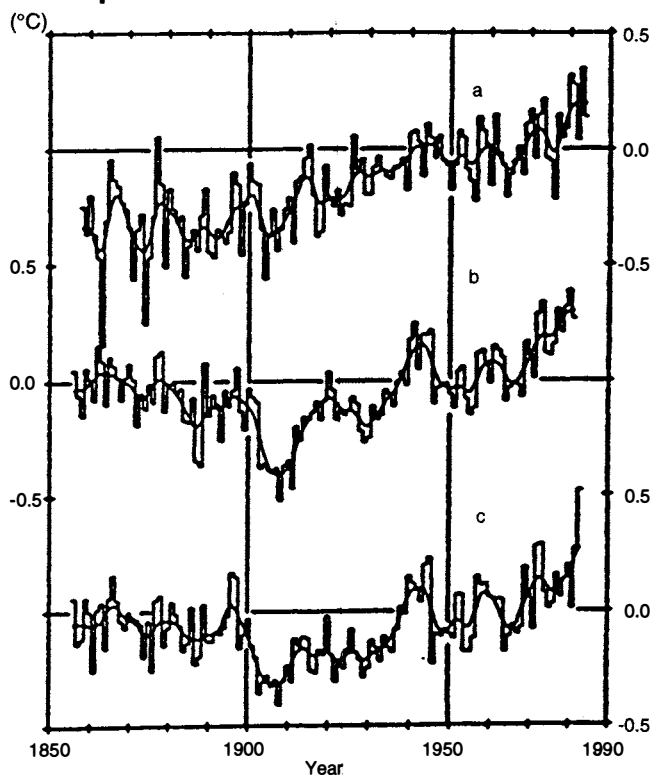
The temperatures were observed a) over the continents; b) over the oceans; c) of sea surface temperatures. The smoothed curve shows 10-year averages.

temperature increase due to trace-gases remained below about 0.2°F, because 0.2° would be below the limit of detectability and well within the range of natural variability.

We can now look that time up in Figure 3, and we find it to be about 1900. If we now take an average of the temperature between 1850 and 1900, a climatically relevant timescale suitable for our purposes, we find the temperature to be not -0.9° anymore, but -0.5°. If we apply the same kind of averaging procedure to the period between 1960 to 1985, for example, we arrive at 0.2°. If we did the same for the Southern Hemisphere temperature trend, the result would be approximately the same—within the limits of measurability and detectability.

Therefore, if we attempt to estimate the true, i.e., climati-

FIGURE 4
Observed temperature trends in the Southern Hemisphere since 1850



Source: *Global Warming, The Rest of the Story*, Jones et al., *Journ. Clim. Appl. Met.*, 1986a.

The temperatures were observed a) over the continents; b) over the oceans; c) of sea surface temperatures. The smoothed curve shows 10-year averages.

cally relevant, temperature change over the land masses of both the Northern Hemisphere and the Southern Hemisphere between the latter half of the 19th century and the latter half of this century, we arrive at 0.7°F as opposed to 1.3°. The larger figure of 1.3° is then due to the impermissible gauging from a temporary dip in the temperature curve to a temporary spike.

But those dips and spikes have nothing to do with what is called "climate," let alone climatic change, which is what we are interested in.

You may notice that we have determined the actual, climatically relevant temperature increase over the continents to be only about two-thirds of what it should have been—according to best available model calculations (see Figure 2)—on the average from 1960 to 1985.

Doesn't the ocean count?

However, we are not really concerned with the temperature trend over the land masses alone, since a "global" trend obviously cannot ignore 70% of the Earth's surface, and must encompass the trend over the oceans as well.

Therefore, if we really want to compare observed “global” trends to the model-calculated “global” trends, it is also necessary to consider the temperature trends over the oceans, because all model-predicted temperature changes include the oceans as well. The problem here is that data coverage is much worse than for land areas, and the problem becomes really dramatic the further back in time we go—especially in the Southern Hemisphere.

Scientists have attempted nonetheless to reconstruct a temperature trend over the oceans back to about the middle of last century. Needless to say, extreme caution should be exercised when interpreting the early portion of the data. This is particularly the case in the Southern Hemisphere, where an oceanic temperature trend for the areas between 45° and 65° South latitude cannot essentially be determined for the second half of last century.

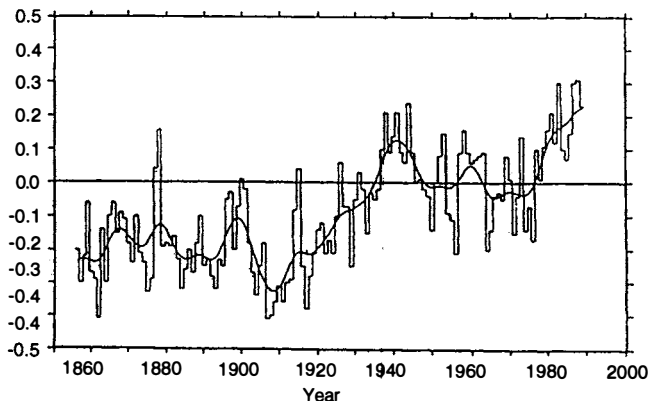
Consequently, any temperature trend for the Southern Hemisphere oceans should be viewed with a considerable amount of caution. Temperature trends over the oceans can be determined in two different ways: First, by directly measuring the sea surface temperature (SST) (to which we would have no objection, since according to the models, the SSTs are supposed to warm up by an amount comparable to the warming of the lower atmosphere directly above them), and secondly, by measuring air temperature directly above the water. To reduce unwanted interferences from direct solar radiation and heat trapped onboard the observing platforms, usually ships, of course, which are much worse in the daytime, nighttime temperature records (NTMAT) are used in long-term temperature analyses over the oceans.

Both sets of records are shown separately for the Northern Hemisphere and the Southern Hemisphere in Figures 3 and 4. You will notice that in both hemispheres, the SSTs and the NTMATs, which are also filtered in the same way the land-based temperatures shown above them are, run very much parallel, as one would expect them to, since, in a long-term average, trends of SSTs and the air temperatures directly above the sea surface should not differ to any great extent.

If we compare the marine temperatures with the land-based ones, we notice a remarkable difference between the two before and around 1900: While there is an almost continuous warming over land between 1880 and 1980, the marine trends show rapid cooling up to the early part of this century, and then warming from then on until about 1960, followed by cooling in the Northern Hemisphere and continued warming in the Southern Hemisphere. In other words, there are some considerable differences between hemispheres and between land and marine trends—particularly in the early portion of the data. There is no reason to doubt the reality of those differences, although we might raise questions about their magnitudes. Let us now progress the same way we did before with land-based temperatures, and define the unperturbed temperature as the average 1850-1900; again, we take the period from 1960-1985 as the recent, trace-gas-tainted period. In the Northern Hemisphere, the average 1850-1900

FIGURE 5
Global temperature trend since 1850 according to IPCC

(averaged over oceans and continents, in °C)



Source: *Global Warming, the Rest of the Story*; after the Intergovernmental Panel on Climate Change, 1990.

would be about -0.4° and the 1960-1985 value would be -0.2° , yielding an increase of 0.2° ; the corresponding figures for the Southern Hemisphere would be -0.2° last century and 0.2° this century, yielding an increase of 0.4° F.

Thus, the temperatures over water and the SSTs have increased by about half the amount for temperatures over land. Other research groups have even concluded that there has been no warming at all over the oceans since the middle of last century, and instead a very slight cooling. If their estimates are correct, there has been no global warming at all if oceans and continents are considered together.

But let us stick to the former estimates, which are probably more widely accepted. If we now appropriately weigh those figures according to the fraction of the Earth covered by land and sea in both hemispheres, and calculate a “true global” temperature change which is climatically meaningful, and takes account of the trend over land *and* sea, and which we can therefore compare with the modeled trend, we arrive at a value of about 0.5° F.

This figure is indeed very close to the one arrived at by the Intergovernmental Panel on Climate Change (IPCC). Their global temperature curve is shown in **Figure 5**. It implies—as our figure does—that previous estimates of global warming over the last 100 years or so have to be slashed in half. We now look again at Figure 2 to recall the modeled temperature change for the average 1960 to 1985 and we arrive at 1.3° F. We now realize that the modeled temperature change is larger than the observed one by a factor of nearly three.

This realization may make life harder for greenhouse activists! On the basis of what we have found out so far, we may therefore be justified in seriously questioning not only the correctness of the model projections, but also the demands advanced under the assumption that those projections were correct.

What's really wrong with the U.S. auto industry

by Marcia Merry

On Dec. 18, 1991, General Motors announced a job elimination plan to lay off 74,000 GM workers over the next four years, and close 21 of its 125 auto plants. Wall Street called this needed "downsizing," and George Bush used it as his focus for touring Asia, to blame the U.S. economic mess on the Japanese, and demand dollars of trade tribute. When Congress opened Jan. 3, House Majority Leader Richard Gephardt (D-Mo.) chimed in.

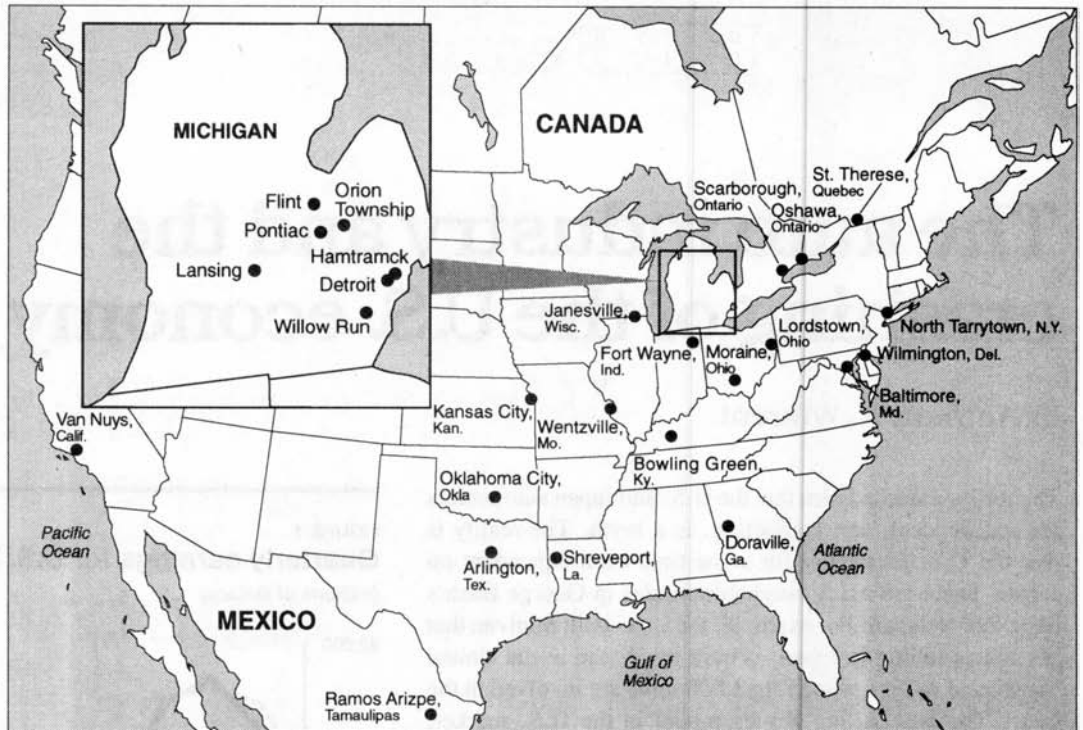
In Tokyo on Jan. 7, Bush stood in front of a shiny red toy car, at the Toys-R-Us opened in Japan by the U.S. merchandising chain, and called for more U.S. car sales in Japan, just as U.S. toys sell there. For the United States, Bush is talking of a tax rebate of \$300 or so per person, so that the taxpayer can go out and buy a car.

Reality is no toy shop. The GM layoffs mark a new phase collapse of the U.S. economy. The elimination of 74,000 GM jobs will translate into eliminating a total of 500,000 jobs in the general economy, according to calculations by the University of Michigan's Office for the Study of Automotive Transport, because there is a multiplier of 7 or 8 non-auto jobs lost, for every 1 auto job gone. There are overall 7.4 million jobs dependent on vehicle manufacturing.

In terms of resources and materials used in the auto-manufacturing industry: 16% of national consumption of steel is used; 50% of national consumption of synthetic rubber; and 17% of national consumption of aluminum, to cite several examples. GM auto assembly plants are located in 16 states, two Canadian provinces, and Mexico.

What the automotive job cuts signify is that the industry is at a crossroads where the only serious response is to intervene for emergency protection of the work force and capital base, in order to salvage what is left of the manufacturing sector for restoration and future production. Instead, the heads of the Big Three automakers themselves went along with Bush and 18 other corporate executives on the Asian junket for an exercise in name-calling and griping, although the auto executives, and their predecessors, have connived to create the crisis. For decades,

FIGURE 1
Main General Motors assembly plants in United States, Canada, and Mexico



GM refuses to specify where layoffs will be made, terrorizing labor and maximizing chaos.

Sources: Ward's Automotive Yearbook and wires.

they have followed Wall Street "business practices" until the companies are insolvent, the auto plants shut down, and the work force displaced and pauperized.

Typical of Detroit's Wall Street approach of "free trade," even in human flesh, GM head Robert Stempel has made known that the specific assembly factories to be shut will not be identified, but will be contingent on local work forces competing against each other. In Arlington, Texas, at the GM plant, workers have reportedly opted for a 10-hour day and a four-day work week, to allow three different production crews to jack up output.

In contrast, the excitement in the auto industry in Japan has been the announcement of an advanced battery that will power an electric car for 100 miles, and need only 15 minutes to recharge. This Future Electric Vehicle (FEV) was demonstrated at the 1991 Tokyo Motor Show by the Nissan. It is the latest development in a series of technological milestones toward the day when electric-powered vehicles can supersede internal combustion engines. A U.S. consortium has also been working on a prototype electric car, though without the breakthrough in the battery so far. Typical of the Detroit approach, the GM prototype car, called the Impact, is aimed at being another expensive yuppie toy, not a new wave of transportation that could benefit society.

Forty years ago there was still a semblance of an integrated transport system in the United States—continental and local rail service, waterways, urban mass transit, airlines, and the individual car. Then the network was dismembered. The rail system has contracted by thousands of miles. Water-

way transport capability shrank. Twelve years of deregulation have bankrupted airlines, and killed passengers. Urban mass transit systems, where they still exist, are death traps. No one can afford a car. And now the announcement is made that what is left will be "downsized."

For 25 years, LaRouche has called for revamping the motor vehicle industry, in order to turn out the range of vehicles needed for a working economy, such as tractors, trucks, and construction equipment, along with aerospace and mass transportation components. With the industry nearing chaos, an assay is all the more required of what the auto manufacture network could produce, and measures are required to protect and deploy it. While only the "Productive Triangle" region of central Europe (Paris-Vienna-Berlin) is capable of mass production on the level to restart the world economy, the U.S. auto sector could be deployed to turn out key numbers of vehicles for Third World use. After 1942, by emergency decree, the U.S. auto sector stopped producing for private personal use, and switched to war-determined needs. In 1985, LaRouche issued an emergency prospectus for the auto industry, calling for a switchover to higher quality auto units, that would last twice as long, in order to free up assembly manufacturing capacity for the tasks of supplying Third World needs.

That is the vantage point from which to look at the GM layoffs. The *Feature* package below covers key points of the last 25 years of auto industry devolution; the current crisis of the Big Three; and a report on the new technologies of the battery-powered electric car.

The auto industry and the crashing of the U.S. economy

by Anthony K. Wikrent

The media-enforced idea that the U.S. and Japan auto sectors are independent, and competing, is a myth. The reality is that the U.S. sector has for some time been dependent on Japan. There are many laughable ironies in George Bush's trade tour to Japan. For example, the U.S.-built minivan that is cited as selling in Japan, is built by Nissan in the United States; and so far a whopping 3,000 units are involved in the trade. The best selling Honda model in the U.S. market, the Accord, is fully built in the United States. Most Nissan vehicles selling in the U.S. are made in the U.S.A. Dozens more examples of interdependence abound.

Moreover, the key innovations in the U.S. industry over the recent years have come from Japan—robotics and multi-valve engines.

The big push by Washington is to get the Japanese to pay for the gigantic financial losses now crushing the U.S. sector. The Japanese have made polite concessions on auto trade practices to the United States, but Bush, on behalf of Wall Street and the automaker executives, is demanding tribute money in terms of billions of dollars worth of imported U.S.-made auto parts, etc., in a desperate attempt to gain cash infusions into a collapsing industry for a few more quarters.

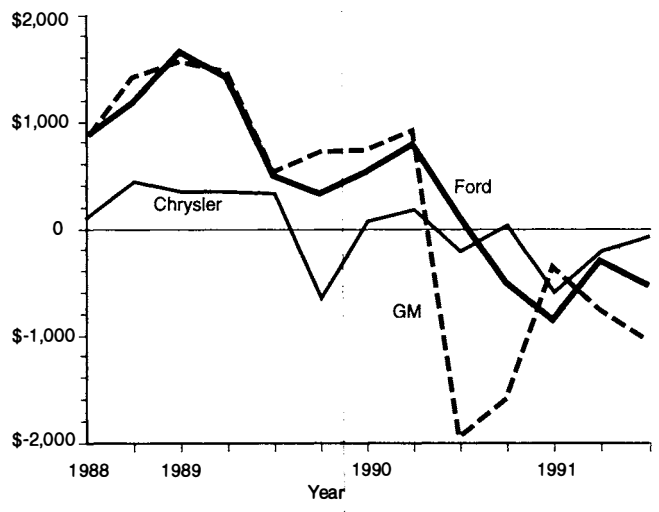
In contrast to the ludicrous conduct of Bush in Tokyo, trying to push his "Cars-R-Us" demands on the Japanese, stands the deepening crisis of the U.S. auto sector—the most far-reaching sector of the U.S. economy.

The following provides a summary picture of the financial and industrial crisis in the industry, and also the scope of the impact the industry has on the rest of the economy.

U.S. automakers can't capitalize a new doorknob

GM was seen as the most financially secure of the U.S. Big Three, before Moody's and Standard & Poor's began threatening to downgrade GM's credit rating in early November—which led directly to GM's Dec. 18 announcement that 21 factories would be closed. GM has lost \$5.817 billion in the past five quarters (see Figure 1)—almost as much as GM made in the six quarters preceding—and its North American manufacturing operations are now reportedly losing \$500

FIGURE 1
Quarterly earnings for U.S. Big Three
(millions of dollars)



million a month. GM's debt load has jumped 14% in one year, to \$9 billion.

Capital spending in 1992 through 1993 will be cut \$1.1 billion, 8% less than the \$14.1 billion originally planned. Further cuts can be expected as the U.S. economy worsens.

In addition, GM disclosed in November that it will have to write off \$16-24 billion to reflect new accounting rules for future health care costs of retirees. The new rules, mandated by the Financial Accounting Standards Board last year, will not affect GM's cash flow or its ability to pay for capital expenditures and product development. Still, if the write-off is taken in one period, most of GM's \$28.05 billion in equity will be erased. If the charge is instead spread out over 20 years, GM estimates that net earnings will be reduced by \$400 million to \$2.6 billion per year.

Ford has lost \$2.301 billion in the past four quarters, more than it made in the five previous quarters. Ford closed

Who can afford a car?

In line with Bush's line that "now is the time to buy a car," somebody in Washington has hatched the idea of offering a "tax incentive" for people to replace the estimated 60 million cars on the road that were built before 1980. The highest figure mentioned so far has been \$1,000. What are the chances that someone so poor that he is driving a car that is 12 years or more old will scrape together the other \$8,000 or more needed to purchase a new car, or qualify for a loan in like amount? The folks in Washington clearly are leaking brain fluid.

In 1989, almost half of all Americans who filed income tax returns earned less than \$20,000. Another 35% earned between \$20-50,000. Between 1980 and 1989, the income of this segment of the U.S. population—the 85% who earned less than \$50,000 a year—increased only 2% per year on average. During the same time, the cost of living was increasing over 5% each year on average. Thus, 85% of Americans are actually 30% poorer than they were 10 years ago.

This slow but steady erosion of the real earning power of 85% of the U.S. population has had a devastating effect on new car sales:

- In 1972, a new car cost the average person just

under 21 weeks worth of paychecks. This year, it costs over 30 weeks of paychecks. That means that a new car now eats up nearly 50% more paychecks than it did 20 years ago.

- In 1972, a new car cost 40% of the average family's income. This year, it costs nearly 60%. Again, a 50% increase.

Car prices relative to family income are now at a 22-year high. According to David Litmann, an economist at Manufacturer's National Bank in Detroit, the average American worked 24.9 weeks to earn the \$15,281 average price of a new car in 1990, compared to only 18.7 weeks in 1980.

The impoverishment evident in this area of the U.S. economy was largely covered up by radically increasing the length of a car loan, to keep the monthly payment "affordable." The average length of a new car loan in 1990 was 54 months, compared to 45 months in 1980, and the 84-month (seven-year!) car loan was introduced that year. According to the Federal Reserve, the average cost of a new car in the early 1970s was \$3,500 and the average loan was \$3,100, taken out for less than three years at about a \$100 monthly repayment schedule. Now, a three-year \$20,000 car loan at 12% interest would cost \$664 a month. Even with the seven-year alternative, the monthly payment is still \$353.

the year with almost \$9 billion in debt and about \$7.3 billion in cash, compared to almost no debt and \$10 billion in cash at the beginning of 1988. Part of the stark reversal in its cash and debt positions can be accounted for by the early 1990 acquisition of Jaguar for \$2.7 billion. But the financial losses are undoubtedly hurting. Ford recently decided to triple the size of a new offering of preferred stock to \$2.3 billion, making it the largest such offering in U.S. history. The yield on the issue was set at 8.4%, far above money market rates, which have recently fallen below 5%.

The stock sale bolsters Ford's debt-to-equity ratio, which had soared from 16% at the beginning of last year to 43%, and preserves Ford's credit rating, which would have been increasingly strained if Ford had sought to borrow the money instead. Indeed, David McCammon, Ford's treasurer, admitted in mid-November that Ford is very near a self-imposed limit on borrowing. Still, the stock sale indicates the extent of Ford's need to find outside sources of capital in the face of continuing losses.

Because Chrysler chairman Lee Iacocca initiated a severe cost-cutting program, the last of the Big Three has fared slightly better than either GM or Ford. Since 1988, Chrysler has reduced its annual operating costs from \$26 billion to

\$23 billion, while selling assets to raise \$925 million. Nonetheless, Chrysler has lost \$1.488 billion in the past two years, as much as it made in the last quarter of 1988 and the first three quarters of 1989. Earlier in the year, Chrysler's credit rating was demoted to junk-bond levels.

Despite these financial troubles, Chrysler has been the only one of the Big Three to maintain its market share in the North American market during 1991. While Ford lost 1%, and GM lost 0.7%, Chrysler gained 1% in truck sales, to move its share in combined car and light truck sales up from 10% to 10.4%. (Each percentage point share of the North American market is worth over \$1.5 billion.) But the Japanese still picked up enough market share from Ford and GM to reduce Chrysler to fifth in total U.S. car and truck retail sales, behind GM, Ford, Honda, and Toyota.

Improving productivity

Chrysler has been able to quicken the pace of its development process, bringing out the entirely new LH line in 39 months, and the Viper sports car—also new from the ground up—in just 36 months. By comparison, GM required 34 months to merely restyle the Buick LeSabre, while Ford needed 41 months to restyle the Lincoln Town Car. Analysts

believe that Chrysler is now able to design a new car and bring it to production within 30 months, compared to 36 months for Honda.

Chrysler will soon begin serial production at the new \$1 billion Jeep plant it built on the site of the old Jefferson Avenue plant near downtown Detroit. Chrysler expects to be able to build new Jeeps in the plant with one-third fewer workers per vehicle, achieving a level of productivity as good as, or better, than the Japanese. Analysts agree, expecting Chrysler to take only 20 hours to assemble a Jeep, 60% less than the time required at the Jeep plant in Toledo, Ohio.

Of note is that workers have been training for almost a year to operate the new Jefferson Avenue plant.

Chrysler's relatively brighter prospects helped attract investors to its November issue of common stock. Demand was so brisk that 2 million more shares were sold than the 35 million shares originally planned, netting Chrysler \$354 million in cash.

U.S. automakers need to achieve a capacity utilization rate of around 85% to break even. Ford is in the best shape, operating at an estimated 76% of capacity. Chrysler is reportedly limping along at 66% of capacity, while GM is at a disastrous 55%. Stempel's closing of 21 plants is intended to bring that figure up to near 100%.

Japanese technology and methods

For the past 10 years, the Big Three have tried to play catch-up with the Japanese. U.S. cars built now are supposedly of better quality than those built a decade ago, but Japanese cars are still of better quality. In 1980, a GM car coming off the assembly line had an average of 7.4 defects, a Ford had 6.7, and a Chrysler had 8.1; the average Japanese car had 2.0 defects. By 1990, the U.S. Big Three had closed the gap significantly: GM had 1.7 defects, Ford 1.5, and Chrysler 1.8. But, the Japanese had not stood still, and were down to 1.2 defects.

Japanese transplants in the U.S. have been able to achieve the same level of quality and efficiency as assembly plants in Japan, indicating that there is no essential difference between Japanese and American workers. Rather, the inability of the Big Three to achieve the same level of performance as the Japanese must be located in differences in management style and corporate culture. In the Dec. 18 *New York Times*, Doron P. Levin noted that while GM managers "wear expensive suits and spend most of their time in nicely decorated offices and meeting rooms [and occasionally] roam the plants in white shirts and ties [and] impose too much authority," the top manufacturing executive at one of Honda's plants in Ohio is "dressed in overalls, often greasy; has a desk in a room with 40 other engineers and often works near the assembly line."

A week earlier, Levin noted that workers at GM's Saturn plant in Spring Hill, Tennessee have developed a healthy obsession with the quality of the product they turn out. When

GM chairman Stempel visited Spring Hill in October, thousands of workers wore protest armbands to demonstrate their concern that quality was being sacrificed for greater output. Local United Auto Workers union president Mike Bennet told Levin that Saturn workers "are very hard on their leaders. They always want to know why [malfunctioning production equipment or ill-designed parts] aren't fixed yet." The work force at Spring Hill appears to have adapted quite well to Japanese "lean manufacturing" techniques; it is open to question if GM management has: Some 500 Saturn engineers are based outside of Detroit, 400 miles from Spring Hill,

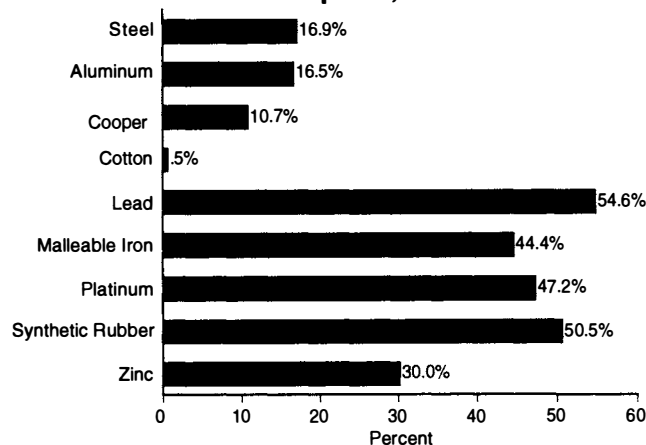
In their five-year study of the world's auto industry, researchers from the Massachusetts Institute of Technology found that Japanese-style "lean manufacturing" must be fully assimilated into a company's culture before the full benefits of advanced robotic technology can be realized in the production process. The MIT researchers concluded that "high-tech plants that are improperly organized end up adding about as many indirect technical and service workers as they remove unskilled direct workers from manual assembly tasks. What's more, they have a hard time maintaining high yield, because breakdowns in the complex machinery reduce the fraction of the total operating time that a plant is actually producing vehicles." This was a lesson painfully learned by GM when it rebuilt a plant in Flint, Michigan and crammed it full of advanced robots. GM was never able to get the plant to run right, and finally junked the robots and returned to manual assembly.

Various work force characteristics in 1989 highlighted by the MIT researchers underscore the differences between Japanese and American management in their approach to their respective work forces. Japanese workers were given 380.3 hours of training, while U.S. workers in Japanese transplants were given 370 hours of training. By contrast, the Big Three gave their workers only 46.4 hours of training. Workers in Japan and in Japanese transplants were three times more likely to rotate jobs than U.S. workers. The clear message for U.S. workers is that they are expected to be little more than non-thinking drones. The effect on work force participation is startling: In the U.S., there were only 0.4 suggestions per employee, while in Japanese transplants, there were 1.4, or nearly four times as many. And in Japan, there was an astonishing 61.6 suggestions per employee.

In February 1991, *Forbes* profiled the Ford Taurus plant in Atlanta, Georgia, which has achieved performance levels similar to Honda and Nissan. One of the MIT researchers was interviewed, and made the observation: "They have a kind of culture in the plant where you almost never see the managers in their offices; they are out on the floor." The different style is reflected in the attitude of the workers, who explicitly say they aim to be "number one." A month later, *Automotive Industries* magazine rated the Atlanta plant as the most efficient of the Big Three car plants. According to the report, the Japanese transplants need 3.27 workers per

FIGURE 2

The auto sector accounts for a large share of U.S. materials consumption, 1980s.



Source: Motor Vehicles Manufacturers Association.

day to build a car, while Ford was very close behind, needing 3.36, Chrysler required 4.21, and GM 5.31.

In July 1991, Honda unveiled its new "lean-burn" VTEC-E engine which, mated with an ultra-lightweight vehicle, is capable of obtaining nearly 100 miles per gallon (mpg). Honda will introduce the VTEC-E into the United States as the powerplant for the new Civic, which will give it city gas mileage of 48 mpg, and highway gas mileage of 55 mpg, slightly better than GM's popular but much smaller mini-car, the Geo Metro. Honda's announcement caused great consternation among the Big Three, because Honda had done what the Big Three had long said was impossible: equip a relatively roomy car with a highly fuel-efficient engine that delivers acceptable everyday driving performance.

Mitsubishi announced a similar "lean-burn" engine at about the same time. The *Wall Street Journal* reported that the U.S. Big Three had encountered apparently insurmountable technical difficulties in attempting to develop similar engines, causing them to rely on current engine technology.

Impact of auto production on U.S. economy

The production of motor vehicles and parts is among the largest sectors of the U.S. economy, directly accounting for \$215 billion (4.1%) of the nation's \$5.2 trillion GNP in 1989. That year, the industry paid its 843,000 employees \$37.6 billion in wages and salaries, and invested \$12.4 billion in new plant and equipment.

In addition, as can be seen in **Table 1**, employment in production of motor vehicles and parts is dwarfed by employment in other economic areas related to motor vehicles. Auto retail dealers, for example, employed 955,000 people in 1989. The total employment dependent on auto manufacture is figured at 7.4 million jobs.

TABLE 1

7.4 million jobs depend on motor vehicles

Sector	Number of jobs
Manufacturing	
Motor vehicles and car bodies	249,000
Automotive parts and accessories	510,000
Non-automotive industries producing automotive parts	525,000 ¹
Wholesaling	
Automotive vehicles and parts	433,000 ¹
Retailing	
Automotive vehicle, retail dealers	955,000
Gasoline dealers	702,000 ³
Selected services	
Automotive rental and leasing	135,000
Automotive repair shops	486,000
Automotive services, except repair	119,000
Highway, street construction, and maintenance	
Highway and street construction	284,000 ²
Bridge, tunnel, and elevated highway construction	40,000 ²
Federal, state, county and local highway departments	559,000 ³
Related Industries	
Petroleum refining	118,000
Petroleum products wholesaling	188,000
Transportation	
Inter-city bus lines	39,000 ²
Trucking, local, and long distance	1,624,000
Trucking, less-than-load carriers	430,000
Trucking terminal facilities	25,000 ¹
Total	7,421,000

Notes

- 1. 1982 figures
- 2. 1987 figures
- 3. 1988 figures

Sources: Motor Vehicle Manufacturers Association, *Motor Vehicle Facts & Figures, 1987*; Department of Commerce, *U.S. Industrial Outlook, 1991* edition; U.S. Bureau of the Census, *Statistical Abstract of the United States, 1991*.

The U.S. auto-manufacturing sector alone accounted for 16.9% of all steel consumed in the U.S. in 1986. That includes 12.8% of all stainless steel, and 22.8% of all alloy steel; 16.5% of all aluminum consumed; 10.7% of all copper; 54.6% of all lead; 47.2% of all platinum; 30% of all zinc; 44.4% of all malleable iron; 70% of all natural rubber; 50.5% of all synthetic rubber, and 0.5% of all cotton (see **Figure 2**).

In addition, the auto industry accounts for 40% or more of all machine tools purchased in the U.S. each year, and 25-30% of all industrial fasteners. The auto industry is also the largest user of ball and roller bearings, gaskets, and metal forgings, and is among the largest users of glass, plastics, valves and other flow control devices, wire and electrical connections, and electronic equipment.

The U.S. auto industry drove itself into the ditch

by Marsha Freeman

The buzz word of auto industry executives and analysts for the past decade has been "market share," the complaint that Americans have been buying imported rather than domestic vehicles, leaving U.S. producers a declining percentage of the market. But as **Figure 1** makes clear, *total* sales of cars and light trucks in the United States have been stagnant for 20 years, with interspersed catastrophic declines, from which the industry has never recovered. While it is true that imports have gained a larger and larger share of total sales, total sales are a quickly shrinking pie.

Had auto sales continued to grow at even a modest rate of 1-2% per year since 1970, the U.S. industry would have had to *expand* capacity by nearly 50%, even *with* imports. Instead, the industry today is selling little more than half the number of cars it did in 1973 and, according to an estimate in *Business Week* in December, finds itself with the prospect

of this year's declining sales leading to an incredible North American production "overcapacity" of nearly 6 million vehicles. Employment in what was the largest manufacturing industry in the country dropped from its peak in 1978 of approximately 1 million directly employed in the auto industry, and 1.4 million in secondary jobs, to about half that today. In the "Reagan recovery" decade of the 1980s, the computers-electronics-semiconductor industry passed the auto and steel industries combined in terms of employment.

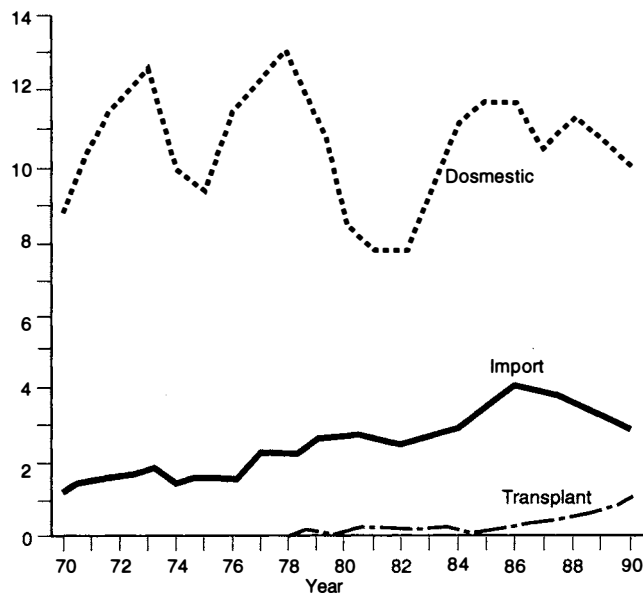
The 1970s oil shock

The first blow to the auto industry, whose impact is clear in **Figure 1**, was the Middle East war and Arab oil embargo in 1973. As the price of oil and gasoline skyrocketed, Americans delayed purchasing new cars. Then, just as auto sales were climbing back up, a one-two punch was delivered in 1979: The Iranian "revolution" doubled the price of oil and again put the security of imported oil supplies into question, and Federal Reserve chairman Paul Volcker doubled interest rates. The cost to the average American family of financing a car loan at an 18-20% rate of interest was out of the ballpark, and the effect on new car purchases was immediate. As interest rates soared from 10 to 20%, annual car sales plummeted from 10 million vehicles per year to 7 million in 1980.

On top of that, the emission standards which had been set by the 1970 Clean Air Act started coming into effect in the mid-1970s—emission standards based on climate change predictions which have been coming under increasing scrutiny and criticism. Automakers scrambled to spend research and development dollars to figure out how to cut tailpipe emissions, and then had to add the cost of that pollution control gear, mandated by federal law, onto the price of their product. Another round of more stringent regulations for emissions went into effect in 1982, again increasing the price of U.S. cars.

A study released Jan. 6 by the Automotive Consulting Group, Inc. (ACG) estimates that \$2,582 of the cost of every American car today is the cumulative effect of having to meet government regulations for emissions, safety, and fuel economy. How government regulations have contributed to driving up the price of a new car is seen in **Figure 2**, taken from the study. The end result of this strategy to force automakers to carry the cost of adding pollution control devices,

FIGURE 1
U.S. retail sales of passenger cars & trucks
(millions of units sold)

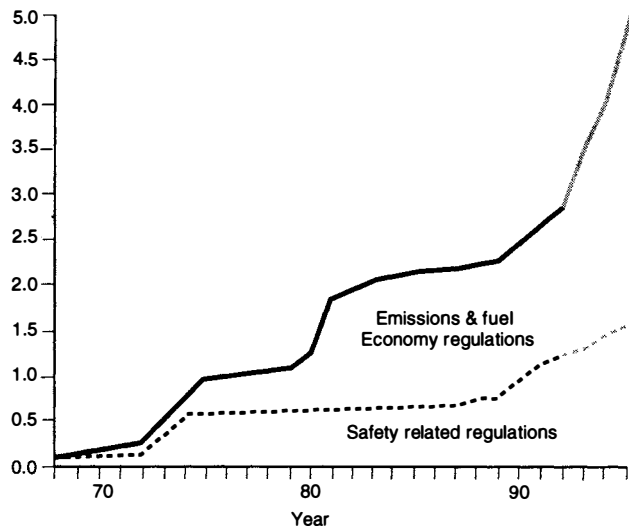


Source: Motor Vehicle Manufacturers Association of the United States Inc. and Ward's Automotive Reports.

FIGURE 2

Per vehicle cost of government regulations

(thousands of dollars)



Source: Motor Vehicle Manufacturers Association, 1991

which then are passed on to the consumer, only further cut new car sales.

Did the regulations reduce pollution, at least? It is demonstrable that older cars generally run less efficiently and release more emissions than the newer models. The ACG study reports that between 1985 and 1990 the number of cars in operation older than 11 years increased from approximately 45 million to over 57 million vehicles. This represents a 27% increase in just five years. Dennis Virag from ACG points out that meeting mandated standards in all three areas of emissions, fuel economy, and safety often includes inherent contradictions. For example, the more pollution control equipment the manufacturer adds, the heavier the vehicle becomes, reducing the mileage per gallon of gas. This leads to further downsizing of cars to reduce their weight, compromising safety.

While auto industry R&D dollars were vectored toward meeting pollution standards, the manufacturing plants producing the vehicles also had to be brought into compliance with new clean air and clean water standards. The current head of the Environmental Protection Agency, William Reilly, has bragged that American industry now spends more than \$100 billion per year to meet these regulations. It is estimated that last year, General Motors alone had to pour more than \$700 million into such an effort.

Since the early 1980s, this cost to GM, as the automaker with the oldest manufacturing facilities, has been in the tens of billions of dollars—money which could otherwise have contributed to developing new transportation technology and replacing older plants with more modern facilities.

During the 1990s, more stringent standards will have to be met in safety, fuel economy, and emissions. The ACG study estimates this could drive the regulatory-expense component of what you pay for a car up to \$5,000 per vehicle. ACG estimates that it will cost the auto industry between \$12-15 billion of research and development funds to try to figure out how to meet these new standards.

Auto sales continued their decline following the shocks of oil price and interest rate hikes in 1979, and by 1981, because the industry had been losing ground for three consecutive years, it became generally recognized that it was in dire straits. In response to the uproar over the fact that Japanese market share had gone from 18% to 27% between 1978 and 1981, which had been accelerated by the collapse of total sales, on May 1, 1979, the Japanese government announced that voluntary export restraints would be put into effect for three years. At congressional hearings during that year, analysts for the Department of Commerce surveyed the situation and intoned that “a revived economy is the only change that can be realistically expected to remedy the industry’s condition.” Nice words.

But the government, and Detroit, stumbled along from one blundering stupidity to another. What the “economic miracle” of the new Reaganomics did was to churn out consumer credit—backed by virtually no investment in productive capacity or infrastructure, creating the largest speculative bubble in the nation’s history. This bubble kept auto sales aloft until 1986, when the industry once again went down the negative growth side of the roller coaster.

Industry downsizes cars and capacity

Detroit acted dazed. According to Sean McAlinden, of the University of Michigan’s Transportation Research Institute, over its history the auto industry has planned its operations to cope with an expected ratio of three good years for each bad year, in terms of sales. The often-attacked “generous” unemployment and other benefits for auto workers were seen as necessary by the manufacturers to preserve the work force through periods of temporary plant closings expected by the industry. But now every year was a bad year.

Only an impossibly naive Detroit executive could have believed at that point that the government would intervene to restore aggregate demand for autos, because of the sheer size and impact of the auto industry on the national economy. McAlinden observed that any such agreements went out the window in 1980. No federal government policy to stimulate consumer purchases, or make cheaper credit available to the industry, was in the offing.

Moreover, the U.S. auto industry was slow off the mark when Americans began to buy smaller cars. The U.S. car buyer could not afford family-size cars—no more than he could afford decent family-size housing, and other needs. The Japanese automakers were right there with small cars. They had been ready for years, even building custom ocean

auto-freighters to handle the cargo.

Ford and Chrysler began to shrink capacity because they could not carry huge losses for long, but GM, the giant which is the largest corporation in the United States, tried to weather the storm, while it reported a loss for the first time since 1921. Detroit talked about the U.S. trend toward smaller cars being "temporary," and talked of an upturn.

Reality prevailed. Consumers still bought smaller cars. As of 1980, U.S. producers found themselves still managing an industry 60% of whose capacity was designed and tooled to produce intermediate and full-size cars. Smaller "economy cars" had been historically viewed as the bottom of the sales market, priced cheaply enough for lower-income consumers to buy, but not profitable to the corporations. Their bread and butter, through higher mark-up, came from the larger and luxury models, which Americans could not afford.

To try to adjust, the industry both accelerated shutdowns of older plants and those producing unpopular models, and embarked on an impressive \$80 billion capital investment program, starting in 1978, to re-design its products and rebuild its manufacturing base. But it had already lost more than a quarter of the car market to imports.

General Motors got started later than Ford or Chrysler in its capital spending program because its bankers did not want to have to amortize such a capital investment program over more than a few years, and because, due to its sheer size, the company thought it could weather temporary losses. But GM did spend \$40 billion in the 1980s under Roger Smith, following upon investments by Ford and Chrysler, in a program which included the construction of nine new assembly plants at a cost of nearly \$1 billion each. An additional \$40 billion was spent over the 1980s on product development and R&D. A new division was added to GM to build the Saturn car, and the company made an attempt to introduce robotics and other automation technology into its assembly operations. The new plants were supposed to increase productivity by 25%. But the economic climate in the nation only worsened while the auto industry was plunking down billions to upgrade and restructure its facilities. GM's new assembly plants never had the opportunity to prove whether or not their new technology increased productivity, because, thanks to shrinking sales, the plants never ran anywhere near full capacity. Even when total car sales inched back up past the 11 million mark in 1986, the *domestic* industry was selling over than 2 million fewer cars than at its 1978 peak. There was only continued decline in domestic production.

In 1981, when the Japanese government's three-year voluntary restraint on exports began, the "Big Three" were bleeding red ink. The largest industry in the nation was facing catastrophe while it had been scrambling to make the changes necessary to compete with the Japanese. Short-term financial measures were seen as a way to restore some profitability to the industry, while it made the investments to allow it to introduce fuel-efficient, reliable cars down the road.

'Diversifying' out of auto into finance

Following in the 1970s footsteps of the shrunken steel industry, in the 1980s the "Big Three" automakers were seized by what *Business Week* described as "acquisition fever." What made this attractive, in addition to the promise of quick revenues and profits while the industry retooled, were the myriad banking deregulation and other policies which would have made it more advantageous to sell paper than automobiles, even if the car market hadn't been collapsing.

According to Sean McAlinden, the end of the Kennedy-era investment tax credit in the 1986 changes in the federal tax code, plus the miserly tax credit which could be garnered from investment in R&D, ended the era of large-scale capital investment in the auto industry. Even if companies were actually losing money on their financial investments, the tax advantages still made them more profitable than selling cars. As it became more and more difficult for the auto companies to borrow money due to their own declining financial position, they transmuted themselves into virtual banks, to help acquire new loans which were secured by the property their financial subsidiaries now held.

Ford Motor Co. went into S&Ls, buying First Nationwide Financial Corp., in addition to other "assets." Chrysler turned its financing operation toward commercial lending and leasing, and by 1990 half of Chrysler Financial Corp.'s revenues were from non-automotive financing transactions. GM bought Hughes Aircraft and the EDS company. *Business Week* compared this industry-wide "diversification" to U.S. Steel's ill-fated purchase of Marathon Oil.

The General Motors Acceptance Corp. (GMAC), which had been established in the 1920s to finance the purchase of GM cars by dealers and consumers, bought into the mortgage servicing market, insurance, and other financial services. GMAC's growth has been breathtaking, spurred by the steady erosion of bank and finance regulation. In 1985, GMAC had assets of \$54.4 billion, with half of that in property mortgages. By 1987, assets had nearly doubled to \$96 billion, growing at a rate of 22% per year.

Car loans, even for new Toyotas, were being offered at half the interest rate charged by banks. Though GMAC could not make a profit loaning money for new cars at just over 5% interest, the loss was carried by the parent company because it was more profitable to carry a loss in its financial services than to sell cars by giving huge rebates to customers.

By 1991, GMAC's assets had topped \$100 billion. If GMAC were a bank, it would be the nation's fifth largest. If last year's banking deregulation legislation had been passed, it is likely that would have happened. But as financial operations were nearly the only thing the auto industry found that would keep at least part of the industry in the black, it was financial operations which dictated last month's dramatic announcement by GM which will permanently "disappear" a large chunk of what was the greatest mass production industry in the world.

The myth of the Made-in-the-U.S.A. car

When Japan announced in 1981 that there would be a three-year voluntary restraint on exports to the United States, Japanese auto companies realized that to continue to expand sales in the American market, they would do best to set up factories and produce right here. These "transplants" use American workers and some domestic parts to produce cars that are either sold here or are exported. Most importantly, however, the companies have access to cheap Japanese credit and years of top quality Japanese small-car engineering and production experience, which makes them more competitive than American companies from the get-go.

In addition to building their own dedicated manufacturing plants here, Japanese auto companies have teamed up with all of the Big Three in joint ventures. On the same day that it ran coverage of GM's announcement of its cutbacks in December, the *Los Angeles Times* also ran an article entitled "Ford Unveils Japanese-Designed Minivan." The vehicle was designed by engineers from Nissan, and will be sold by Nissan as the Quest and by Ford as the Mercury Villager. The *Times* remarked that such joint ventures have "drawn the two sides into close working relationships even as they fight an increasingly bloody battle over trade policy."

Ford already builds its Probe in Nissan's plant in Flat Rock, Michigan. GM builds cars with Toyota in Fremont, California, and Chrysler has shared production facilities with Mitsubishi. Because of Chrysler's financial difficulties, Mitsubishi Motors Corp. agreed to buy Chrysler's half-interest in their joint venture of Diamond-Star Motors last October. This move was not Mitsubishi's effort to take over the company, but was a \$100 million cash infusion for Chrysler, pushed by the American partner. It also ameliorates a politically embarrassing situation, because Chrysler chairman Lee Iacocca constantly levels harsh criticism of Japanese trade practices. Chrysler owns an 11% share of Mitsubishi Motors.

Japanese introduce robotics

One of the technologies U.S. automakers knew in the 1980s they had to try to master and apply to their mass-production industry if they were ever to compete with the Japanese, was robotics. General Motors introduced robotic systems into some of the new assembly facilities built in the past decade, but the effort was a disappointment. Sean McAlinden points out that automating only the assembly part of the process, even if it had been done more successfully, does not increase productivity enough to make a significant difference. Apparently the Japanese introduced robotics into their auto industry suppliers as well as their own assembly operations so that there are 100% automated tool and die shops in Japan, and increased productivity.

GM certainly understood, when it became interested in robotics in the early 1980s, that Japan offered technical expertise as well as shop-floor experience in this technology.

Therefore, in June 1982, GM formed a joint venture with Fanuc Corp. to create GMFanuc Robotics Corp. A year and a half later, GMFanuc was the third largest producer in the robotics industry, with 9.3% of the market share. One year after that, GMFanuc was the industry leader, with 26% of market share. In 1985, the company established German and Canadian subsidiaries and sales grew to one-third of American robotic systems.

In 1986, GMFanuc was hit with capital spending cancellations and, therefore, robotics cancellations by the auto industry. A company half-owned by auto giant General Motors was forced to increase its sales to the non-automotive markets in order to try to make up for the cutbacks. International sales accounted for more than one-third of the company's sales, and half of the total sales were non-automotive. Using Japanese technology, manufacturing, industrial experience, and contributed capital, GM has bought its way to the top of the robotics industry.

Richard Florida, a professor at the Carnegie-Mellon School of Urban and Public Affairs in Pittsburgh, has conducted a study of Japanese investment in American industry—not investments in financial instruments such as federal debt, real estate, or entertainment companies—but the auto, steel, machinery, rubber, and related heavy industries. As American industry has been shutting down over the past two decades, he points out, much of the argument used to supposedly account for its uncompetitiveness was the high cost of labor. Acting on this opportunistic analysis, one of the strategies used by the auto industry during the early-1980s crisis was to open union contracts and extract concessions from employees—along with the search for cheap labor in the non-unionized southern U.S. and in Mexican slave labor camps called *maquiladoras*.

Professor Florida points out Japanese companies investing in basic industrial facilities here, using the most modern plant and equipment and generally paying union wages, are competitive, while American companies insisted that paying union wages destroyed their competitiveness, and embarked on a campaign to slash labor costs.

All told, Japanese companies have invested more than \$25 billion in U.S. heavy industry and Japanese transplants have created more than 100,000 jobs in the United States. Is this pure altruism? Hardly. Voluntary car export restraints, plus import quotas for steel, left joint ventures or wholly Japanese-owned transplants the only option for Japanese manufacturers to increase their business in the United States. In the process, the Japanese companies have brought their most advanced industrial technologies to the United States.

President Bush, Congress, and the chief executive officers of GM, Ford, and Chrysler can rant and rave all they like at the Japanese. Unless there is a complete turnaround in U.S. economic, credit, tax, and investment policies, there will not be a U.S. auto industry in the near future.

Japan powers up electric car battery

by Mark Wilsey

Electric vehicles have not yet developed to the point that they represent a practical replacement for internal combustion-powered vehicles. However, this seems to be the next phase for individual vehicle transport, and efforts are under way to develop the technology needed to put large numbers of electric vehicles on the road.

At the 1991 Tokyo Motor Show, the Future Electric Vehicle (FEV), unveiled by Nissan, caused a stir. The advance embodied in the car was the low time required to recharge the battery. The battery will power the FEV for 100 miles, and then take only 15 minutes to recharge. "The time it takes for a cola," say FEV promoters.

The car signifies that with the right scientific commitment and capitalization, the electric car era may not be far off. On that count, U.S. automakers will be left in the dust unless there is economic emergency intervention. There is research into advanced electric cars in the United States, but no assurance that production can be carried to fruition.

There is a striking difference between the present crop of electric cars and those offered just a decade ago. Those of the past generation had the appeal of a golf cart, and their performance was not much better. Although some elements of these earlier efforts may carry over, the new generation of electric cars are a breed apart, built from the ground up with state-of-the-art technology.

Pressure for 'clean air'

The shift in attitude toward electric vehicles among automakers, from modest budgets for research to major commitment of resources for development, has been brought on by a number of factors.

The least of them is the pressure to meet the wave of new clean air regulations. A few years back, the Environmental Protection Agency, under provisions of the Clean Air Act, decreed that the air quality in the Los Angeles area must be brought up to standard by 2007. A recent ruling from the California Air Resources Board mandates that for all auto manufacturers planning to sell more than 5,000 cars in California, starting in 1998, 2% of those sales must be "zero-emission vehicles." This number goes to 5% in 2001, then jumps to 10% in 2003, or an estimated 100,000 cars a year.

But beyond all the new regulations—most of which originated from quarters wanting to strangle industry—there is the interest in technological advance for its own sake. In this regard, not only the battery-driven car, but hydrogen fuel is

a prospect for the post-gasoline era. In an *EIR Quarterly Economic Report* for 1985, the state of research into hydrogen-powered automobiles was reviewed: "Researchers have been investigating ways of storing hydrogen, as a gas, in metal hydrides. In this system, the hydrogen is released when the temperature rises, such as in an automobile engine. For the system to be efficient, the density of the hydrogen in the hydride must be high. Otherwise, you are carrying around a lot of weight for a small amount of fuel.

"In Germany, liquid hydrogen-burning auto engines have been developed and are in use experimentally. For the consumer to 'tank up' with liquid hydrogen at his neighborhood filling station, a considerably safer and more complex station than operates today with gasoline, would have to be designed. In the United States, researchers at the University of Miami have completed work for the Department of Energy, which included building and testing 19 hydrogen-burning auto engines."

A quick recharge

The FEV rolled out by Nissan at the Tokyo Motor Show last October is a 2+2 (two adults, two children) coupe, designed for the "urban family." The big news is its battery, which can be recharged to 40% capacity in six minutes and 100% capacity in 15. Most other electric vehicles take 6-8 hours to recharge; some can be force-fed in an hour. The nickel-cadmium battery used in FEV achieves its feat by using new, stronger materials with reduced electrical resistance. The battery is thinner with increased surface area for greater heat dissipation.

Nissan has formed a consortium with Tokyo Electric Power Co., Japan Storage Battery Co., and Hokuto Denko Co. to study what systems and infrastructures are needed for expanded use of electric vehicles. Recharging stations could be located at auto dealers and supermarkets. Electric cars could facilitate extensive underground parking since design problems in tunnels and underground parking facilities are greatly eased by eliminating the fumes and smoke problem.

The GM 'impact'

Two years ago, on the eve of Earth Day, GM announced that it planned to put an electric car on the market by the mid-1990s. Current plans are to convert a Buick plant in Lansing, Michigan for electric car production, to be ready as early as 1993. The car GM unveiled was an electric-powered, two-seat sports coupe called Impact. It boasts an acceleration from 0 to 60 miles per hour in eight seconds, a top speed approaching 100 mph, has a range of 120 miles at 55 mph, and takes eight hours to recharge. It is designed to maximize aerodynamic efficiency, and has a drag coefficient of a little more than half that of most cars. It uses special tires with half the rolling resistance of conventional tires and yet maintains sufficient traction. Every effort has been made to minimize weight. Impact's body is made of composite materials and,

to stretch energy economy, even a portion of the energy used in braking is recovered.

The Impact's powerplant is made up of two alternating current (AC) electric motors which provide 114 horsepower to the front wheels. The AC motors have twice the power output per pound than direct current (DC) electric motors. Two space-age power converters from Hughes Aircraft, a GM subsidiary, transforms the DC battery power into AC for the motors. This power comes from 32 ten-volt, lead-acid batteries that have been developed for high-energy storage. GM claims Impact's batteries will last 20,000 miles before they need replacing, which is estimated to cost about \$2,000, and would have operating costs up to that of a standard car burning \$2 a gallon gas.

There is some doubt as to whether these batteries will last that long. Lead-acid batteries do not hold up well to frequent rechargings, particularly if repeatedly run down to exhaustion. The advantages are that they are relatively cheap, readily available, and their manufacturing processes are well established.

To this end, GM last January joined with Ford and Chrysler to form the U.S. Advanced Battery Consortium (USABC). In addition to the Big Three, the Electric Power Research Institute (EPRI) and the U.S. Department of Energy (DoE) have joined USABC. The deal with the DoE is a jointly funded, four-year \$260 million research project to develop new batteries. At present, there are several possible options in battery technology. The "brass ring" would be a system that could power an electric vehicle for 300 miles on a charge and last 100,000 miles. At current research levels, it will be well into the next century before such a system is developed. Among the technologies that USABC is focusing on are the nickel-iron battery and the sodium-sulfur battery.

Nickel-iron batteries have been around since 1910. They are durable, hold up well to repeated recharging, and out-perform lead-acid batteries with 30-50% greater energy capacity and peak power. However, they give off hydrogen gas which must be vented and could be hazardous in confined areas. A certain water level needs to be maintained; if the battery goes dry it quits working, and nickel is somewhat expensive.

Sodium-sulfur batteries have 2-3 times greater energy storage and power than lead-acid batteries. Their big drawback is that they require a temperature in excess of 500°F to operate.

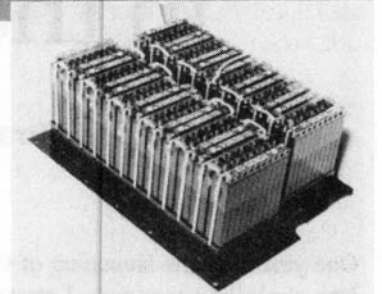
To provide an adequate power supply, Southern California Edison estimates that 1 million electric vehicles traveling 15,000 miles a year each could use 7.5 billion kilowatt-hours of electricity annually. EPRI figures that the country has enough off-peak generating capacity to support the overnight recharging needs of 50 million electric vehicles. But assumptions can change and greatly affect projections; electric vehicles may produce more demand for electricity than expected.

Vans, prototypes, and hybrids

Chrysler is testing an electric van, called TEVan, which is powered by 30 six-volt, nickel-iron batteries. Ford plans



Nissan's Future Electric Vehicle and its new battery, fully rechargeable in 15 minutes.



to produce a fleet of 70-100 electric Escort vans for evaluation which will feature sodium-sulfur batteries. GM also has an electric van project. Electric vans are thought to have a potential market in fleet sales.

Among European efforts, BMW has a prototype electric car, the BMW E-2, which uses sodium-sulfur batteries. Fiat has been selling its electric car, Panda, for two years now. Peugeot plans to add an electric car to its line; it already sells electric vans. Higher fuel prices in Europe make such cars more attractive than in the United States.

Another line of development is the hybrid electric vehicle, which uses a small gas engine to supplement its electric power and extend the range of the vehicle. Volkswagen's experimental hybrid car is called Chico. It uses a two-cylinder, fuel-injected engine in tandem with its electric motor and nickel-cadmium battery to boost its range to 250 miles. GM is working on a hybrid van, the HX-3, that uses an engine-generator to provide charge to the batteries to extend their discharge time.

Last September, a hybrid from Sweden, the LA301, was named the winner of the Los Angeles Electric Car Initiative, a competition intended to put 10,000 electric vehicles on the streets of Los Angeles by 1998. The manufacturer of the winning design is to receive \$7 million to subsidize the vehicle's development. LA301 was developed by CleanAir Transport. It uses a 220-volt, lead-acid battery pack, a DC electric motor, and an auxiliary four-cylinder, 33-horsepower gas engine to give it a range of 150 miles and a top speed of 75 mph.

Who won the war in the Persian Gulf?

by Muriel Mirak-Weissbach

One year after the launching of George Bush's war against Iraq, the killing continues. Latest estimates are that the aftermath of the precision bombing of infrastructure, in addition to the ongoing embargo and sequestering of Iraq's monetary assets, has killed from 70,000 to 90,000 people. Many of these are children who cannot get medical treatment, or the required nutrition.

Yet the Gulf war has not accomplished its authors' major objective—the breaking of the spirit of the Iraqi population. That population refuses to be intimidated out of its fervent belief that it has a right to technological progress and dignity, and this attitude threatens to create the conditions for a boomerang against Bush's new world order.

Rebuilding

In March 1991, an Iraqi priest told me confidently, "Don't worry, you will see. We will rebuild Iraq, in a couple of years." Then, he corrected himself, "No, not a couple of years, but one year, you will see, if they only lift the embargo." Though it sounds preposterous, that is what is happening, at least within the straitjacket of the continuing blockade.

First, the facts: An ambitious reconstruction effort is indeed under way. As documented in a film issued as far back as July, by the Construction and Housing Ministry, and confirmed by eyewitness reports, the Iraqis have managed to mobilize existing resources, both material and human, to restore and repair what the six-week-long bombing raids had destroyed. The first requirement following the official cessation of hostilities was to take stock of the damage done, an awesome task considering that the paralysis in communications made it impossible to assemble data for the whole country. Once an overview had been pieced together, priorities were not difficult to identify; since it was the infrastructure

breakdown that was subjecting the country to slow death, the primary task was to restore basic services. This meant generating electricity, to run facilities in hospitals and public buildings, as well as to run water purification plants, to stop the spread of deadly epidemics. Although the lack of raw materials and spare parts due to the continuing embargo still severely limits the extent to which normal economic activity can be reactivated, social services, such as the health system and schools, have started operating again, contributing to a sense that life is returning.

Certain infrastructure projects were seen as key to the overall effort. For one, the bridge across the Euphrates at Ramadi, on the road from Amman to Baghdad—the main artery connecting the capital to the rest of the world. Another was the Al-Jumariya bridge in downtown Baghdad, an important link in the urban transportation chain. Both were fully operational by November.

It happened before

The government film issued to document this effort is titled "Sign of a Miracle," but in fact it is not. Looking back into the history of Iraq's industrial development in the period prior to the 1991 war provides a glimpse into the dynamic now operating in the reconstruction process. The German economist Eugen Wirth published an article on this subject in the September 1990 edition of the German Orient-Institut's quarterly journal, *Orient*, called "Iraq on the Eve of the Invasion of Kuwait." Wirth, who decidedly opposed Saddam Hussein's invasion of Kuwait, is, however, not thereby blinded to the achievements made in the economy, from the early 1970s. From the 1973 oil price rise, in particular, he shows that the government had financial instruments with which to launch "many great projects of economic development and building up the country, without

having the population pay for it through high taxes or higher costs." Such high oil revenues made it possible for numerous small and medium-sized private enterprises to be encouraged, alongside the state-sector investments, through government subsidies or interest-free loans. The results were visible in 1980, in a high living standard and a foreign currency reserve position which was greater than that of the U.S., Japan, France or Britain.

Although the attrition war with Iran stunted this process somewhat, Wirth shows that even during the 1980-88 war period, Iraq put out tens of billions of dollars, aside from military expenditures, to build up an efficient infrastructure. These investments, though increasing the country's foreign debt, led to those "roads, railroads, dams, irrigation canals, power plants, airports, hospitals, schools and universities and, last but not least, social housing" which have made the country unique in the Gulf region. Though not generally mentioned in press reports, two of the dams built in the period, at Haditha on the Euphrates and Eski Mosul on the Tigris, are of comparable dimensions to the Syrian dam at Tabqa on the Euphrates and the Turkish Keban dam. Many of the great projects, dams, highways, and housing were undertaken with participation of German industrial groups. Simultaneously, the regime spent massive amounts, up to \$2 billion a year, for food imports, again during the war years, which, all told, sucked up its foreign reserves by 1984.

At the end of the war with Iran, Iraq started a reconstruction effort aimed at wiping out the signs of war. A crash program approach was used, whereby the construction firms nationally were deployed all together, first in Baghdad, then in Basra, and finally in Mosul. One factor behind the flexibility demonstrated by the economy in this effort was definitely Iraq's private sector. Wirth shows that throughout the 1980-88 period, private companies took over increasingly to produce, transport and repair goods needed by the Army, and that other industrial sectors were also in private hands. The state would allocate land for enterprises and supply road, electricity and water connections. With this policy, Iraq succeeded in laying the seeds for the development of an economic middle class.

Against this background, the reconstruction effort launched following the Feb. 28, 1991 cease-fire emerges as an attempt to replicate what was done after 1988, drawing on whatever still remains of the economic fabric that had been woven in the 1970s and 1980s. But it has to be underlined, that the project is totally precarious as long as the embargo continues. Unless the blockade is lifted unconditionally, allowing in industrial equipment, there can never be a stop to the killing, or stable reconstruction.

Waiting for Iraq to blink

This poses an awkward problem for the "victors" in the anti-Gulf coalition: if the purpose of the war were to drive Saddam's forces out of Kuwait, then the war has been won

by Bush, Major et al. But if the aim was to bomb Iraq back to the Stone Age, such that it would never reemerge, then the victory seems less clear-cut. If the aim were to oust Saddam from power, as both London and Washington have openly stated, that seems not to be a near-term gain.

Bush speculated that Saddam Hussein would not accept the U.N.'s resolution 706, allowing Iraq to sell \$1.6 billion of oil but stipulating that Kuwaiti reparations and U.N. costs would be paid for before medicine and food could be purchased with the funds. Bush calculated that if Saddam rejected the offer, the Iraqi leader would be branded as responsible for the premature deaths of thousands of starving children. The U.N. would have shown its willingness to provide humanitarian relief, etc. Thus, the justification would exist to maintain sanctions.

Yet, it now seems that some loosening of the sanctions may be in the offing. The anti-Iraq coalition found itself in an untenable position, not only morally, as the drama of Iraq's children intensified, but also financially. And money speaks more eloquently in certain quarters than morality. At year's end, the Memorandum of Understanding regulating the humanitarian effort in Iraq expired; it was prolonged by the U.N. and Iraq for six months, but no funds were available to continue the program. Donor countries, which provide the funds for stationing of the 500 guards, as well as other U.N. programs there, were refusing to contribute, arguing that Iraq should pay, through the mechanism of Resolution 706. Without funds, the U.N. began withdrawing its contingents of guards. This tactic sent the predictable shock through the spines of the donor countries, and within days, \$9 million were pledged; the guards returned to their places, and money seems to be there—for a few weeks at least. But unless the U.N. finds a way of getting Baghdad to accept 706 and pump oil for revenues it, the U.N., can access at least in part, then the U.N. will be forced to pack up and go home.

This may help explain the rumors abounding in diplomatic circles regarding an imminent "breakthrough" on 706, through negotiations in Vienna which began Jan. 9, negotiations in which the U.N. will have to make concessions. Financial considerations of a similar nature may help explain why, following Britain's release of \$125 million in frozen Iraqi assets, in exchange for the release of a jailed British businessman, Switzerland followed suit, and Germany appears not far behind. The assets frozen in Germany, already allocated for purchase of food, medicine and spare parts for sanitation systems, amount to a neat \$100-150 million. The U.S. is holding about \$2 billion in frozen funds.

In short, the anti-Iraq coalition seems to be realizing that the cost of the continuing embargo can also be computed in terms of contracts lost in the West. Iraq's ambitious infrastructure development program after all entailed significant technology transfer from Germany, France, Britain and the U.S., not to mention the massive food imports. It awaits for the embargo to be lifted.

Leading economist: Georgia can contribute to Europe's development

On Jan. 7, EIR correspondents in Dusseldorf, Germany interviewed Dr. Vladimir Kilasoniya, head of the finance and economics commission of the National Congress of Georgia, the umbrella organization for all opposition groups in Georgia. Dr. Kilasoniya is also a member of the National Democratic Party, Georgia's oldest and largest party. An accomplished economist and scientist, he could assume a senior economic post in a potential future civilian government in Georgia. Dr. Kilasoniya had been met by a Schiller Institute delegation that had visited Georgia in August. At the turn of the new year, he made his first visit to Germany, at the institute's invitation.

The interview was conducted one day after news had come from the Georgian capital Tbilisi, that the presidential palace had been stormed, and that strongman Zviad Gamsakhurdia had fled the country. For the two weeks before that dramatic event, the center of Tbilisi had been the scene of bitter struggle between forces loyal to Gamsakhurdia and military forces opposed to him.

EIR: It is very confusing for many outside Georgia to understand who has been fighting whom, and for what reason. Can you explain the background to, and reasons for, the recent fighting?

Kilasoniya: You may have heard that the official government of Georgia was created last year, and during this year, the official government made policies which amounted to a declaration to fight against the opposition party, using many methods, including guns. Gamsakhurdia's government became like a dictatorship in our country. So this is why the opposition forces started to fight against Gamsakhurdia with meetings, and with other methods and forms. But some part of the official National Guards, some parts of the official troops, started to fight against the official government, and this continued more than two months, and then, something like civil war started—but civil war not around my country, but only around the building of Parliament. All opposition parties are fighting together. Some of them fight with guns, and others, like our party, take part in this fighting only with words, with some peaceful methods, and so on. Of course, we are around the opposition forces who fight against Gamsakhurdia, but we do not believe that these methods

should destroy buildings, and kill men, and so on.

EIR: As we speak, the information is that Gamsakhurdia has fled Georgia. Do you think he is really now defeated and finished, or do you expect that we are only now seeing the prelude to a widening conflict?

Kilasoniya: It is a prelude, a start of, a small civil war. It is very important to explain the Georgian phenomenon. So maybe this will continue in other regions, and I heard of many examples of terrorist acts, because Gamsakhurdia has many people who gave him their votes. So, it is a very difficult period now in the country. And if Gamsakhurdia is not in Georgia, this means nothing, because Gamsakhurdia has many many people in our country who may try to do something like terrorist acts.

EIR: Could you tell us something about your own political party, its goals?

Kilasoniya: Our party, the National Democratic Party, was founded in 1911, and now our party is the strongest and most important party in Georgia. Our party founded the National Congress of Georgia, and every meeting, political step in Georgia, good political steps, are being made by our party. Our party has more than 5,000 members, in all regions of Georgia. And also, we have many friends, members of our party, in foreign countries, for example, the United States, or in Germany, and we have also, a kind of embassy in Moscow, and also in the Baltic countries, in Ukraine, Moldova, Armenia, Azerbaidzhan, and so on. Our program is based on liberalization of social aspects and privatization of industry, including agriculture. We aim to build a human and democratic society in Georgia.

EIR: What is your party's view of the current crisis in Tbilisi?

Kilasoniya: In this moment, as I told you, all opposition parties took part in this fighting. You may know that a defense society has been created, but our party is not included in this society. We try to help, for stabilization of the situation in Georgia. What can we do? We do not like these methods. We have many meetings, many discussions in our capital, in other regions, in which we explain to people that this is not

the right method, but that Gamsakhurdia's regime is also [using such methods]. We must help the new government, and defend society, to make a stabilization, as much as possible, in the shortest possible time. Then to organize a campaign to make a new parliament, with all parties and societies in Georgia.

EIR: What would you like the West to do vis-à-vis Georgia?

Kilasoniya: You can see that now I am in Germany. I had many meetings here with, for example, members of the Schiller Institute. I think that the Schiller Institute is the highest institute, to create a human society all over the world, because this is an international institute. But it is one. I also had many discussions with officials in Germany, for example with the Foreign Ministry. I hope that the West, not only the West, but taking the West as an example, can take part, to build my country, like another country in the Third World, to make a more humanist, more independent, and stronger country.

EIR: What positive European and global role could you foresee Georgia playing, were there to be adequate political resolution there, given its history, culture, agro-industrial capabilities, infrastructure, etc.?

Kilasoniya: Of course, I could answer you that we can take part, because we have many raw materials, and our geopolitical place in the world is very interesting, most important for relations between West and East. And of course, I could answer you that Georgia, if it were a real democratic society, can take part in a movement that continues this process. But first of all, I want to see my country as a sovereign country, which is strong, because we have high potential. Georgia has only 5 million people, but we can take part, because we have professionals, so I wish that the West can understand our role in this moment of history—Georgian raw materials, or for example, the Black Sea, or the idea of building a canal between the Black Sea and the Caspian Sea. It is really the case that Georgia can take part in the world like a real member of world society.

EIR: You have had a chance to review the LaRouche "Productive Triangle" proposal for European infrastructural development. What role could you foresee Georgia playing in the context defined by the LaRouche concept?

Kilasoniya: I understand that Mr. LaRouche is aware of my idea to build a canal between the seas, and something about the idea to build from North Caucasus to Turkey, a South Caucasia railway, and so on. First of all, I want to say that the idea of Mr. LaRouche for a productive triangle, and then continued by [spiral] arms, using high-technology, from West to East—I hope maybe through Georgia also—is a very important thing for us, for me, as an economist, a scientist, and I intend to elaborate further the relation of my ideas to his Productive Triangle concept.

Gaidar says reforms will topple Yeltsin

by Denise Henderson

The widely acknowledged author of the "shock therapy" plan for the Russian Federation, Deputy Prime Minister Yegor Gaidar, in an interview on Russian television Jan. 1, was asked, "What would you like to wish yourself in the new year?" Gaidar, the patsy for Harvard Prof. Jeffrey Sachs, made the startling reply that he should like to see his own government, headed by President Boris Yeltsin, ousted: "I should like to wish that our government quietly resigns some time by the end of the next year, after financial stabilization has been achieved, to the deafening and angry shouts of indignation from the people and Parliament and amid the general lack of confidence in the government. . . . Resignation in Parliament, resignation after a vote of no confidence. This is how I would put it: No confidence in the budget for 1993 in parliament. This is my dream."

Gaidar's "reform" was implemented with a vengeance on Jan. 2, when price controls were lifted, sending the prices of all consumer goods up through the stratosphere. His cynical view of the democracy in whose name he is now supposedly governing, is apparently much like that of the Trilateral Commission: namely, that it does not work. "It is well known," he shrugged, "that the first government that starts a price liberalization almost always has to resign. There is nothing terrible in this fact by itself, because it is quite obvious that something has to be done and somebody has to pay a political price for this. Somebody has to begin. . . . But I am not concerned about this, nor are my friends. A price will have to be paid anyway, but we need support in our efforts."

Gaidar is thus stating that the first democratically elected government in 74 years is to be sacrificed to free market economics, to implement the shock therapy program being recommended by 13 foreign economists of the same stripe as Harvard's Sachs. Gaidar went one step further, anticipating that his reforms could bring in an "undemocratic government" which would complete phase two of the shock therapy plan.

Price reform called 'suicide'

It is unclear whether Gaidar's willingness to sacrifice himself on the altar of free trade reforms is shared by Yeltsin

and others in his cabinet. Although Yeltsin's recent interviews indicate his commitment at this time to the Gaidar-Sachs plan, the question is whether Yeltsin himself will have enough common sense to bail out before it's too late, or whether he intends to go all the way with reforms, which are opposed by public figures such as Vice President Aleksander Rutskoy, and by seven prominent Russians who issued a "Cri de Coeur" through the newspaper *Pravda*.

The "Cri de Coeur," titled "Free Prices in Our Conditions Is Suicide," stated: "The liberalization of prices in conditions where there is a state monopoly, unprecedented corruption, crippling shortages, monstrous lawlessness, virtual anarchy, and the absence of guarantees of social protection . . . a fall in production, and reluctance on the part of private business to invest capital in productive spheres, will be counterproductive . . . and will lead to real famine and to social explosions which will sweep away everything and cause total destabilization, with the potential loss of control of globally lethal structures."

The seven also referenced the Polish economy:

"In Poland the population's economic situation deteriorated after prices were liberalized. And this is evidently precisely why in the recent parliamentary elections representatives of left-wing forces came in second. . . . Rejection of free prices and a catastrophic crash inevitably lie in store for us too."

Gaidar did not basically disagree with this analysis, in an interview on Jan. 5 with Russian television and radio. He admitted that the situation will get worse before it gets better. "This will be a period when prices will be growing still very fast," he said, "while no goods will be yet readily available. This stage of price liberalization is always the most politically painful and hard to endure." He forecast a drop in real incomes, but said that in three or four weeks, things should start to improve.

Market? What market?

Asked who is exercising control over prices now, Gaidar retorted, "Price control? Prices are largely uncontrolled because it is the market which is to set prices now."

Interviewer: "But there is no market yet."

Gaidar: "The market is emerging. It will inevitably come to be in the nearest weeks and months. There is, however, no special instrument or body which would control market prices. There is no need to invent such a mechanism. There is the Price Committee with the Ministry of Economics and Finances. The committee is in charge of controlling prices. There is the State Statistics Committee engaged in recording prices and informing the government and the parliament on their dynamics. There are local administrative structures which also regulate prices for particular products."

In other words, there are the pre-existing structures of the socialist command economy—and a growing "market" of organized crime and speculation. Not much else.

Bush seeks apparatus to control East Asia

by Lydia Cherry

George Bush's waning prestige did not stop the U.S. President from attempting to use his four-nation Asian tour to shore up Washington's imperial rule, both by insisting that U.S. allies bail out the U.S. economy and attempting to stifle all regional initiatives that the U.S. does not control. That Bush is convinced that it is the United States that must set the agenda, rather than the Association of Southeast Asian Nations (ASEAN) as a group or Malaysia's Dr. Mahathir Mohamad in particular, became especially evident in Bush's initiative-packed stopover in the island nation of Singapore Jan. 4-5.

In Singapore, Bush made three announcements: 1) that an agreement had been reached to shift the command of the U.S. Seventh Fleet from the Philippines to this island nation that sits on the tip of the Malay Peninsula; 2) that the United States is strongly opposed to Dr. Mahathir's proposal for an "Asian only" trade group, the East Asian Economic Caucus (EAEC); and 3) that U.S. government and non-governmental agencies have drafted a many faceted environmental policy plan for Asia.

From the time Bush arrived in Canberra, Australia, his first stop, on Jan. 2, he was hit with demonstrations. He was greeted by a 16-foot by three-foot sign, "LaRouche for President, Bush for Jail," at the front of a demonstration of 1,500 angry farmers. Other signs said: "Bush Is a Thug!" "New Wheat Orders, Not New World Order!" Bush's response was vulgar, making an obscene hand gesture at the crowd.

While demanding that other countries engage in the "free-trade" dogmas of Adam Smith (which, unfortunately for that nation, Australia is following to a tee), the U.S. now collaborates with cartels such as Cargill, Con-Agra, and Louis-Dreyfus to dominate the world grain markets, and in recent months has taken over what were previously Australian markets in the Middle East. Australian farmers attempted to nail Bush on the contradiction involved in his blathering about how Asian countries must open their markets to the United States, while he takes no heed of the impact of U.S. and grain cartel actions on Australian farmers. Bush smirked: "We've never said we're totally pure," and blamed the problem on Europe's refusal to give up the protection of its agricultural production.

In Melbourne, demonstrators carried banners reading: "Stuff Bush's New World Order!" Here, with only about 500 demonstrators in the streets, fights broke out and Australian

mounted police battled demonstrators who were focusing on Bush's "criminal" role in the war against Iraq and the fact that Iraqi children are continuing to starve because of the U.S.-led embargo.

The battle of the blocs

In Australia, Bush drew the line against Dr. Mahathir's East Asian Economic Caucus, which is backed by the six nations of ASEAN. Addressing the Parliament, Bush commended Australia for taking the lead in the formation of the U.S.- and Australia-dominated Asia Pacific Economic Cooperation bloc (APEC), which was established in 1990. "We were especially encouraged by Australia's leadership in the APEC," he said. "The success of the November APEC ministerial in Seoul was proof that APEC is emerging as *the* economic forum in the Pacific and is increasingly fostering a sense of community around the Pacific Rim. North America—Mexico, the United States, and Canada—is part of this community." ASEAN countries have kept their distance from APEC because they know it is controlled by the U.S. and Australia, and they are acutely aware that both of these countries' economies are collapsing.

Later, in Singapore, Bush personally attacked Dr. Mahathir's proposed EAEC. Malaysia had been hopeful that Singapore, a strong proponent of the EAEC, would encourage the Bush administration to be reasonable. There now seems to be heightened concern in Kuala Lumpur that the U.S. might go even further to stop the plan. The Malaysian daily *The Star* reported that Dr. Mahathir has "expressed concern that Washington might resort to some form of action to negate Malaysia's effort in forming the EAEC." Mahathir said that Malaysia would raise the issue at the ASEAN summit in Singapore in January.

South Korea protects rice farmers

In his visit to South Korea, Bush did not succeed in forcing President Noh Tae Woo to yield on opening the country's rice market. The week before Bush arrived in Seoul on Dec. 27, Korean farmers had delivered to the U.S. Embassy a petition weighing 4.5 tons and bearing 12.93 million signatures opposing U.S. pressure to open South Korea's rice market. Over 2,000 farmers, housewives, students, and officials from the National Agricultural Cooperatives Federation marched through downtown Seoul in protest. Some 31% of the entire South Korean population had put their names on the petition, according to the South Korean news service Yonhap.

Speaking at a Chamber of Commerce luncheon Jan. 5, Bush laid out the spiel he had tried out on audiences throughout the tour: "Let me tell you why I am here. As you might expect, with tough times at home in the United States, my highest priority is stimulating economic growth and jobs for Americans. . . . The business executives [accompanying Bush] . . . believe in building stronger economic ties with you. . . . Korea must address fundamental problems that

stifle the ability of foreign firms to compete in your great country."

Lines clearly drawn in Singapore

The announcement in Singapore that the U.S. naval logistics element from Subic Bay in the Philippines will be relocated to Singapore caused quite a stir. From Malaysian press accounts, it is clear that U.S. officials leaked the news, which made leaders in Singapore very unhappy. At a Jan. 5 joint news conference with Bush, Singapore Prime Minister Goh Chok Tong said that details were still to be worked out. U.S. Ambassador to Singapore Robert Orr admitted to Malaysia's *Business Times* that Singapore's announcement of an agreement in principle rather than a full accord was because of the U.S. leak. In any case, Indonesia and Malaysia, who were apparently not consulted beforehand, reacted immediately and indignantly, and were given heavy press coverage in the Indian capital of New Delhi. Indonesian Foreign Minister Ali Alatas was quoted saying, "Indonesia is still waiting for an explanation from Singapore about the agreement."

The U.S. Defense Department insisted that Singapore will not become another Subic Bay. In fact, the move is in keeping with the Bush policy of dismantling the U.S. defense capability against any serious threat from a formidable power, while preparing for Iraq-style actions against weak Third World opponents. The Malaysians appear to recognize this. An editorial in the Malaysian *Business Times* Jan. 7 noted that although the security threat to Asian nations is "way, way down," the United States, under Bush, is not functioning as a political ally. The editorial read: "His [Bush's] contention for a U.S. military presence was debatable, that should there be a regional conflict, it will be needed. This is exactly the reason why many countries in the region are against a foreign military presence—interference in regional matters that will most likely only worsen things, especially when President Bush clearly said that such interference will only be to serve U.S. interests."

Officially, Deputy Foreign Minister Datuk Dr. Abdullah Fadzil Che Wan was quoted saying that his government "will keep a close watch on plans by the United States to move its naval logistics facility to Singapore," and that Malaysia and its ASEAN partners would oppose any move to set up an American naval base in Singapore.

Bush also claimed that the United States was developing a "creative approach in partnership with Asia to better address the challenge of balancing environmental protection with development," and said that a new institution called the U.S.-Asia Environmental Partnership (US-AEP) would be set up. Malaysia's *New Sunday Times* quoted Bush: "This will be good—good for Asia's environment, good for American jobs." U.S. officials added that the plan will help open a vast market for pollution control equipment, noting that this is an area in which the U.S. enjoys a commanding technological and marketing lead.

'Peace accord' hands El Salvador to Reds

by Gretchen Small

Under the gun of Bush administration and United Nations pressure and blackmail, at midnight Dec. 31, the government of El Salvador signed a "peace agreement" with the Farabundo Martí Liberation Front (FMLN) which, if implemented, guarantees that El Salvador will become a new Cuba before the end of 1992. Only this time, the imposition of the communist dictatorship is to be policed by supranational forces led by the United Nations.

The pact has "Made in Washington" stamped all over it. Twice in the last year, the U.S. ambassador to El Salvador traveled to FMLN strongholds to map out joint strategy for the negotiators with FMLN field commanders. In the last days of 1991, Bush administration officials shuttled back and forth between U.N. negotiators, Salvadoran government officials, and the terrorists to ensure the accord was signed—no matter what.

The Bush administration immediately moved to make official its direct relations with the FMLN. A Jan. 5 *New York Times* article detailed how Assistant Secretary of State for Inter-American Affairs Bernard Aronson accompanied by the head of the U.S. military delegation to El Salvador, and went to a FMLN hotel room in New York City on Jan. 1 to communicate directly to the top six commanders of the FMLN that the United States "wanted to make peace" and "believed in the reforms that had been negotiated." Aronson later told the *New York Times* that his discussions with "the *compañeros*," which lasted several hours, were "poignant and useful."

Back in El Salvador, the FMLN proclaimed themselves victors, painting wall slogans all over the country which read, "The FMLN Has Won the Peace. The Front Is Coming."

Worse than Carter

The one thing that this pact with the devil will not bring is peace. George Bush's "peace" agreement, carried out under the lie that the narco-terrorists in Ibero-America were weakened because of the collapse of the Soviet Union, will soon make Jimmy Carter's handing over of Nicaragua to 10 years of destruction under the Sandinistas look like a mere warm-up. Given that the FMLN is well-known as the narco-terrorist force in the Americas closest to Castro's Cuban dictatorship, the message delivered to all sides is that the narco-terrorist forces rampaging in such countries as Guatemala, Colombia, and Peru, if they follow the FMLN's strategy of allying with the Bush administration while yielding not

an inch of their military positions, can also expect that their turn in power will come soon.

The center of the agreement is the destruction of El Salvador's military. During the course of the next two years, the military is to be confined to some 100 special zones in the country, the *Washington Times* reported Jan. 3, while a special commission, whose members must be approved by the U.N. and the FMLN, decide one by one which officers can continue to serve. One-half of the military's ranks—some 26,000 soldiers—will be fired.

Just as the FMLN demanded, doctrine and training for the new army will be revamped, eliminating all responsibility for the military to defend "national security," or fight communism. The national police has also been disbanded, to be replaced by a new force in which FMLN terrorists are welcome to serve.

Civilian institutions are also overturned. The agreement specifies that virtually all the country's civilian institutions are to be restructured, including the judiciary and electoral procedures, as demanded by the FMLN. The agreement guarantees that the FMLN can keep agricultural lands in the areas of the country where it has ruled through terror.

For all this, the FMLN has agreed to gather its 6-7,000 combatants at 50 "isolation points," protected by U.N. troops, to whom it will turn over its weapons by Oct. 31—provided the government implements all the agreements it has signed.

The FMLN forces are jubilant at their victory. "We will not be disarmed by the army. . . . There has been no defeat," Communist Party head Shafik Handal (one of the six FMLN commanders with whom Aronson met) told a Colombian radio interviewer Jan. 2. *If all goes according to schedule, we will demobilize, he added.*

El Salvador's elected government has been effectively supplanted by this accord. If any obstacles come up in the implementation of the agreement, the U.N. Security Council is empowered to impose its terms. U.N. troops and "peace-makers" are to control the transition process. The reason the accord will work, the *Washington Times* emphasized on Jan. 3, is that El Salvador "is crawling with international observers, and in some respects, the judiciary is so independent of pressure from the rest of the national government that it is no longer a Salvadoran body but rather an international one."

The accord was immediately hailed as a model for all Central America. Honduran President Rafael Callejas hailed the agreement because it "opens the door for the armed forces in the rest of the region to adapt themselves to the new Central American society." The president of the Congress in Guatemala, Catalina Soberanis, took the same line, telling Guatemalan media that the accord in El Salvador could lead to "a redefinition of the role of the armed forces" in the rest of Central America. Indeed, Aronson told the *Baltimore Sun* on Jan. 3 that setting up a similar deal in Guatemala will be next on his agenda.

New Age 'culture' advances in Argentina

by Cynthia R. Rush

Columnist Carlos Manuel Acuña, writing in the Buenos Aires daily *La Prensa* in mid-December, offered several examples of how far efforts to create a "New Age" culture in Argentina have advanced. Precisely because the country has always enjoyed the highest cultural and educational standards in Ibero-America, it has been targeted by the same Anglo-American forces which imposed the rock-sex-drug counterculture in the United States and Europe. The imposition of such "culture" is an adjunct of the International Monetary Fund's free market lunacy, embraced by President Carlos Menem, which is rapidly eliminating any hope of a productive future for an entire generation of Argentine youth.

This campaign has reached such an extreme, Acuña reports, that "beginning several months ago, most television programs have begun to violate not only good taste, but even the most elementary moral guidelines. . . . Not a few programs directly or indirectly promote violence, lack of discipline among the young, and drug consumption—a type of reaction against parents, altering family structures, as well as attacking religious sentiment and demanding elimination of all limits on social behavior."

It started with Alfonsín

As the columnist correctly noted, this offensive against Christian culture in Argentina is an escalation of what was begun under the 1983-89 presidency of social democrat Raúl Alfonsín. With the alleged return of democracy to Argentina, following the 1976-83 military government, Alfonsín also "democratized" culture. That is, he opened the doors to the counterculture which so destroyed the youth of the United States beginning in the 1960s, as well as to overt attacks on the Catholic Church and its role in education.

There was nothing accidental about the Alfonsín government's "cultural" program. Run by Culture Minister Marcos Agunis, a Freudian psychiatrist who also ran one of the national television networks, it reflected the thinking of the Frankfurt School, founded by Georg Lukacs, whose ideologues and allies—most of them avowed Bolsheviks—worked from the 1920s onward to undermine the very basis of western Christian civilization in Europe and the United States. Their purpose was to abolish cultural and technological optimism and the Christian notion of the dignity of the

human being, replacing these with the existentialism, pessimism, pornography, and even satanism associated with today's pluralist culture.

Like the Frankfurt School, which claimed that such cultural values as the emphasis on the nuclear family were "authoritarian," Alfonsín's government outlined a 10-year National Program for Democratization of Culture, which called for putting an end to "authoritarian educational tendencies." According to an article published in the magazine *Destino Histórico* in July 1988, this program was to have been coordinated with Unesco, the United Nations agency which not only has been directly involved for years in undermining western culture, but whose high-level officials have been implicated in sex and child pornography scandals.

Absolute values banned

Directed by the same social democratic forces which shaped the Alfonsín program, Menem's government has accelerated the cultural assault. Exemplary is the Radiocommunications Law, decreed in September 1991 but still not finally approved, due to fierce opposition from pro-family and religious groups. The law is supposed to regulate the content of what appears in the media.

What has enraged citizens' groups is that the current version of the law eliminates clauses of an earlier version that called for "strengthening the family unit, using the Spanish language, and showing programs in the interest of youth, as well as the related need to uphold moral values and abstain from all obscene expressions, images, and gestures; deal appropriately with everything related to the so-called occult sciences; and abstain from any apology for crime or violence."

As Carlos Acuña reported in *La Prensa* last October, one of the decree's most ominous aspects is that it "doesn't prevent portraying suicide as a solution for any type of human problem; it doesn't prohibit the use of the subliminal system for propaganda purposes . . . or exalting the triumph of evil over good or using [expressions] . . . which attack a positive concept of natality."

Some Argentine sources have told *EIR* that the role of Anglophile Foreign Minister Guido Di Tella is key in this cultural offensive. In the 1960s, while working at his family's Di Tella Institute, he launched a project to introduce "modern culture" in every field—music, art, and theater. The emergence of several "native" rock groups was one of the results. In an article published in the Dec. 8, 1991 issue of *El Cronista*, Di Tella insisted that it was a grave mistake for Argentina's educational system to have "inculcated in children the notion that there was nothing better than to be an Argentine; that Argentina had a role of tremendous importance in the world." Instead of a sovereign, economically developed nation, Di Tella prefers to have Argentina enjoy what he recently described as a "carnal relationship" with the United States.

Bush, OAS insist communist be premier

by Carlos Wesley

Ousted Haitian dictator Jean-Bertrand Aristide agreed to demands from the Organization of American States (OAS) and the United States, that Haiti's Communist Party chief René Theodore be appointed compromise prime minister. The agreement was announced by OAS special negotiator Augusto Ramírez Ocampo in a Jan. 8 radio interview with Colombia's Radio Caracol, following three days of talks between Aristide and a delegation of Haitian parliamentarians headed by the leader of Haiti's Senate Dejean Belizaire and by House leader Duly Brutus. The talks were held in Caracas, Venezuela where Aristide has been living in exile since he was ousted from Haiti's presidency in a coup on Sept. 30. The appointment of a compromise prime minister, agreeable both to Aristide and to the majority of Haiti's Parliament, was demanded by the OAS as a precondition to pave the way for the suspended priest's return to power in Haiti.

The selection of the communist Theodore was dictated by the Bush administration, which deployed U.S. envoy to the OAS Luigi Einaudi to personally supervise the talks. Einaudi, known as "Henry Kissinger's Kissinger for Latin America," was flown to Caracas aboard a special plane sent by Venezuelan President Carlos Andrés Pérez, a member of the Socialist International, who has been demanding Aristide's restoration, even if it takes a foreign military invasion. There were also reports that U.S. Ambassador to the U.N. Thomas Pickering, the rabid malthusian who just helped negotiate the agreement to hand power over to the El Salvador's Marxist FMLN guerrillas, was tapped for the Haitian negotiations. Theodore's selection was hailed by the U.S. State Department, which called on Haiti's Parliament to immediately ratify the appointment of the communist prime minister.

Critical of Aristide's use of mob rule and his other dictatorial methods, Communist Party boss Theodore had earlier indicated he would only take the job if he was backed by all factions in Haiti, including the majority of Parliament and the Armed Forces, and if the international community lifted the embargo, unfroze Haiti's assets abroad, and provided economic assistance. In fact, the talks in Caracas were almost canceled, because Theodore pulled out at the last minute saying he did not have sufficient support. His two rivals for the post—former World Bank official Marc Bazim, who is

close to U.S. intelligence circles, and socialist Victor Benoit, said to be Aristide's preferred choice—also stayed away. According to Reuter, just before Theodore was named, Jean-Claude Bajeux, an Aristide backer, said, "It is up to [U.S. Ambassador] Alvin Adams to decide" who would be prime minister.

In order to force the Haitians to accept the restoration of Aristide, on Oct. 29 the Bush administration imposed an economic blockade that will cause widespread starvation among Haiti's population, the poorest in the western hemisphere. Haiti's parliamentarians agreed to the talks because they both seek to end the embargo, and they wish to avoid a threatened military invasion by the U.S. and others.

Among those calling for an invasion to restore Aristide is Guillermo "Porky" Endara, who was installed as President of Panama by the December 1989 U.S. invasion. Similarly, former U.S. Attorney General Ramsey Clark, a critic of the Panama invasion and of the use of military force against Grenada, Libya, and Iraq, on Dec. 30 called in New York for the U.N. to "immediately create a force to conduct Aristide back to Haiti to resume the government." Others pushing for an invasion include Rev. Jesse Jackson, Harlem's Rep. Charles Rangel (D-N.Y.), and Argentina's President Carlos Menem.

At the time he was deposed, Aristide, a suspended priest of the Theology of Liberation cult, was recruiting former members of the Tontons Macoutes, the death squads organized by the late dictator François "Papa Doc" Duvalier, into his own private militias. In a telephone interview on Jan 9, a spokesman for the Apostolic Nuncio, the Vatican's diplomatic representative in Haiti, said that they are still housed in provisional quarters exactly a year after a mob of Aristide supporters destroyed the Nunciature. In that rampage, which Aristide has never condemned, Msgr. Leone Galenga of Zaire, the Nuncio's secretary, was beaten to within an inch of his life, Nuncio Giuseppe Leanza was assaulted and forced to leave Haiti, and the Old Cathedral in Port-au-Prince was burned to the ground by the Aristide mob, said the Vatican spokesman.

The deal in Venezuela will not necessarily solve the crisis. Aristide is insisting on the ouster of Army Commander Gen. Raoul Cedras, whose removal, say diplomatic sources, would increase the country's instability. Most objective observers admit that the return of Aristide, a self-avowed follower of Mao's methods of political "control," will lead to uncontrollable civil war and bloodshed.

Officials loyal to Joseph Nerette, who succeeded Aristide as President, say Nerette remains the legitimate President in accordance with the Constitution. Just before departing for Caracas, Senate leader Belizaire and House leader Brutus ratified Nerette. One Haitian official said that Aristide no longer has any authority to negotiate the appointment of a prime minister to replace incumbent Jean-Jacques Honorat, Haiti's best-known human rights activist. Honorat is calling for new elections.

Why the FIS won in Algeria's elections

by Jacques Cheminade

Algeria's ruling National Liberation Front (FLN) and the secularist Front for Socialist Forces (FFS) are moving to negate the results of the first round of national elections that took place on Dec. 26, on the basis of alleged widespread voting irregularities. With more than 3 million votes, the fundamentalist Islamic Salvation Front (FIS) won 188 out of the 430 seats in parliament, as against only 15 seats for the FLN, despite their 1.5 million votes. The FIS could win enough additional seats in the Jan. 16 second round voting to secure a two-thirds majority, allowing them to rewrite the Constitution. Reuters quoted newly elected FIS member of parliament Abdelkader Moghni, "On Dec. 26 the Algerian people said its last word. It was the victory of Islam and the defeat of democracy, which is pure atheism."

The government declared that the first-round FIS victories were partly a result of ballot tampering, and announced that they had received about 300 election complaints. The London *Financial Times* reported that vote fraud complaints received by the constitutional court affected 100 out of the 430 constituencies. The *New York Times* reports fears among the French establishment of violence from the fundamentalists if the elections are annulled, and fears by the Algerian government of violence from the anti-fundamentalist democrats if the FIS takes power.

However, it was not so much the attraction of Islamic fundamentalism as the popular hope for a radical rupture with corruption and economic decline, that led to the FIS victory.

FLN defeated itself

The first cause for the success of the FIS has been the economic situation: There was a profound crisis in which unemployment, overcrowding, inflation, and lack of transportation, housing, and even drinking water have drawn the wrath of the people, with the youth in the front ranks. Poverty, excessive prices for food staples (a kilogram of meat costs 15% of the Algerian minimum wage), inadequate supplies of semolina, the hundreds of thousands of unemployed youths without hope, have sapped the regime. The 22% devaluation of the dinar on Sept. 30, added on to the constant price hikes, made things even worse. Corruption and the black market are rampant, and their beneficiaries are visibly among the powers that be.

Second has been the generalized mood of being fed up

with the regime, first seen during the municipal elections of 1990, where there was a heavy protest vote against the FLN. After having sought the support of the International Monetary Fund and complacently implementing its disastrous "structural adjustments," Prime Minister Sid Ahmed Ghozali and his predecessor Mouloud Hamrouche were hardly in a position to then blame the IMF for the country's ills. Rather, they themselves suffered the full force of the shock in return for their cooperation.

Third, in spite of mistakes by FIS municipal governments, the party as a whole has profited from having a martyr image. With the imprisonment last June of the two principal leaders of the FIS, Abbassi Madani and Ali Belhadj, "the head of the movement has been decapitated," some high FLN dignitaries congratulated themselves. But again, they missed the point: With youths wandering the streets of every town because they cannot find work, whole families crowded into tiny quarters, and the stores displaying only their bare shelves, the FIS knew how to become the refuge for discontent.

The "democratic" parties, FFS, RCD, and others, were themselves unable to mobilize this discontent, because they simply acted like dissidents, and the people wanted a break. Their long and fastidious speechifying on the television or radio, measured up against the true problems of the citizen, hurt them more than it helped at the polls.

Islamic fundamentalists, free-marketeers

The FIS has not the slightest program and is at least as divided as the Iranian integrists. It supports absolute economic liberalism, at which some American leaders and other "strategists" from the CIA have not looked askance. To have in Algiers a power whose economic convictions are not opposed to shock therapy and the free market, and which comprises a permanent blackmail instrument against France and Europe, adds up to an interesting prospect for the Project Democracy types.

How else to explain the subsidies that the FIS has been receiving from Saudi Arabia, but the benevolence of Washington's allies in Riyadh? But the FFS or the RCD could not for a moment figure out how to attack this aspect of the FIS, which sports "nationalist" and "Islamicist" appearances, but willingly receives a handout from the "Great Satan."

Algeria sits on the razor's edge, with a nearly bankrupt economy, between twin threats: that the FIS would install an Islamic state "for real" and would write laws assailing republican principles; and that the Army will intervene to sweep out all the politicians, Islamicist or not, but without itself having any program or perspective. The future of Algeria, rather, depends upon a program that would seriously build the infrastructure, industry, and agriculture the country needs, as the basis to unite political life with an Islam rediscovering the ways of the modern world, and an Army truly defending the cause of the national interest and democracy.

'Bush Manual' plot to dismantle military ripped by Ibero-Americans

by Gretchen Small

Bush administration officials stationed in Ibero-America were busy in December denying accusations that the United States has a strategy to dismantle the national armed forces of Ibero-America, and that any "Bush Manual" elaborating this strategy exists. Their protestations, however, did little to calm civilian or military leaders in the region, who have begun to rebel against the assault on every aspect of national sovereignty, including the military, which the U.S. government and the international financial institutions are carrying out.

The sharpest public confrontation occurred in Bolivia, where press revelations at the beginning of December of the existence of such a "Bush Manual" created such an uproar, crossing all normal ideological dividing lines, that the debate was reported from Mexico to Peru.

"Bolivia was born through the armed forces. As long as Bolivia exists, the Bolivian Armed Forces will continue to exist," the president of the Revolutionary Left Movement Party, Oscar Eid Franco, told the La Paz Radio Fides Network on Dec. 4. Senate President Guillermo Fortún Suárez agreed, stating that U.S. reports that the Bolivian government will allow the dismantling of the armed forces are not true.

"The armed forces have emphatically rejected the possibility of their abolishment. This is a project considered by the Bush plan, under which the armed forces of Latin American countries will be gradually reduced. This report has created reaction in all circles of our country," Televisión Boliviana reported the next day. The station interviewed Armed Forces Commander Gen. Alejandro Camponovo, who affirmed that this "study by some analysts or politicians" has been "emphatically rejected" by the majority of the Bolivian people. "We know that our armed forces were born with the country on Aug. 6, 1835. We are part of the people. . . . We wear a uniform but we are Bolivian citizens fulfilling our obligations," the general stated.

Acting President Luis Ossio Sanjines added that abolishing, or even reducing, the armed forces would be as absurd as abolishing "any other basic institutions of the country, such as the Catholic Church, the National Labor Federation, or the universities"; the military has an "essential" role to play in ensuring national integration, development, and sov-

ereignty, he said.

La República newspaper reported Dec. 12 that only time limitations kept the Parliament from approving a resolution, introduced by Deputy Filomeno Escobar on Dec. 10, which defended the armed forces as a part of "the very life of the republic." Escobar, who reported that U.S. plans were directed against the armed forces of other Ibero-American countries as well, told the Parliament that they must "defend our armed forces against the intentions of the government of the United States."

The U.S. Embassy in La Paz rushed to deny that any "Bush Manual" proposing the substitution of the armed forces by national gendarmes existed. "If the Bolivians wish to discuss the future of their armed forces, that is a sovereign right," an official note from the Embassy stated patronizingly. "But to involve the U.S. government and the Bush administration in this debate is dishonest and unjust."

In other countries, U.S. officials have attempted to squelch the debate over the anti-military strategy by dismissing all reports of such a strategy as having been invented by this magazine. *EIR*, those officials have insisted when questioned about Bush military policy, ought to have been adequately "discredited" when its founder, Lyndon H. LaRouche, was rushed off to jail at the beginning of the Bush administration.

The growing hostility U.S. officials face in the region is not of *EIR*'s making, however, but is a result of the genocidal anti-sovereignty policies which the U.S. government continues to pursue.

The U.S. government-financed project to transform the Ibero-American militaries into small, U.S.-directed national gendarmes, for example, is promoted in the book *The Military and Democracy: The Future of Civil-Military Relations in Latin America*. A review of that book, published in *EIR*'s Spanish-language edition, *Resumen Ejecutivo*, under the title, "Bush Manual to Eliminate the Armed Forces of Ibero-America," has circulated widely.

Because people have corroborated *EIR*'s report by reading the original book, lying U.S. Embassy denials that any such "Bush manual" exists, only angered people more.

The policy of eliminating national militaries in favor of

supranational forces under the control of a U.S.-dominated United Nations, is, after all, no secret. Former Costa Rican President Oscar Arias, a favorite of Washington, went so far as to announce on Dec. 7, after a meeting of 18 Nobel Peace Prize winners in Norway, that not only was Panama scrapping its armed forces, but that "we have reason to believe that other Latin American states could also disarm themselves in the near future." Arias urged the newly freed nations of eastern Europe to dismantle their armed forces as well.

These are the realities which have turned the special issue of *Resumen Ejecutivo* on "Bush's New Order: Eliminate Sovereignty and the Armed Forces of the Ibero-American Nations," published in June 1991, and a more recent videotape produced by *Resumen* on the same subject, into hot items in many countries of the region.

Backlash spreading

Bolivia is not the only point where the anti-military strategy has been denounced.

In Venezuela, Defense Minister Gen. Fernando Ochoa Antich blasted U.S. pressures to dismantle the armed forces, in a speech given Dec. 13 at a seminar on "The New International Order, Peace, and Security," organized by the Defense Ministry's National Defense Institute for Advanced Studies. His speech was a direct answer to one given the day before by U.S. Ambassador to Venezuela Michael Skol. Skol had urged that the role of the armed forces should be "reformulated," to take on a more limited mission of fighting drugs.

The Venezuelan defense minister retorted: "The armed forces of our countries, and many political spokesmen, refuse to assume police roles, which weaken our strategic function as guarantors of the national interest, in the international arena. . . . A kind of supranationality is being created outside of the framework of international organizations, through which the powers seek to become the overseers of their respective areas of influence, disregarding the traditional concepts of sovereignty and self-determination which has regulated international relations up until the present time."

In Mexico, the daily *La Jornada* on Dec. 13 pointed to the U.S. invasion of Panama and imposition of a puppet government there, under the pretext of fighting drugs, as an example of U.S. strategy toward the region. "It is a fact that the existence of [Ibero-America's] own armed forces constitutes one of the characteristics that determines the existence of national, sovereign states. To suppress them and replace them with foreign police and military forces can only lead to control by the United States," *La Jornada* wrote.

And in Brazil, the daily *O Estado de São Paulo*, which generally speaks for monetarist banking circles, warned on Dec. 17 that the debate over whether or not Brazil needs an army, was turning "acrimonious," and could lead to "perverse results" for the Brazilian state. A Dec. 23 editorial proffered that discussion of any such policy should be carefully limited to the need for "restructuring" the military.

Documentation

Will usury be allowed to bury Ibero-America?

The following article was published in a special supplement issued by EIR's Spanish-language edition, Resumen Ejecutivo, in January 1992, dedicated to the national-military crisis in Ibero-America.

As 1992 opens, Ibero-America faces a crisis more profound than any it has confronted since the evangelization of the region began five centuries ago. Despite all the chatter from President George Bush and the Presidents of Ibero-America, the decisive battle facing the continent is *not* that of "democracy" vs. "dictatorship." Rather, Ibero-America must choose between genocide and development.

The policies imposed by Anglo-American finance have brought genocide to Ibero-America, through starvation, epidemics, and the rampages of narco-terrorist armies in Central America and the Andes. The economies of every country are being Africanized, as their governments dutifully pay their debts through the brutal methods prescribed by the International Monetary Fund. As a result, the social order in many nations is also collapsing. And on top of this, the Anglo-American establishment has launched a violent assault on the fundamental institutions which are the last support of the nation-state in the region, in particular the military and the Catholic Church. To do this, the U.S. government is actively promoting governments made of communists and narco-terrorists in Ibero-America—all in the name of "democracy."

The very existence of the nation-state itself is now called into question.

Some say we exaggerate? In Peru, the Catholic Church is being driven underground by the narco-terrorist Shining Path. A prominent bishop reported in December that Shining Path had promised to kill the priests in his diocese, if he did not leave his post—and that therefore for two months he had not appeared in public. "We are halfway to the Church of the Catacombs," a Catholic missionary told the *New York Times* of Dec. 10.

Or take the case of Colombia, where the military, ordered to stop its war against the drug cartel, is now deployed to *protect* the cartel chieftains in the luxury "jail-plantations" which the government constructed for them! "From soldiers, thanks to the weakness of a few, we have become prison guards. The soldiers of the 4th Brigade—always proud of their successes against the FARC and ELN guerrillas, against the [M-19's] Popular Militias, against the cartel hitmen and common criminals, we

'men of iron,' symbols of the Army's dignity," were stripped of our role as defenders of the nation, and turned "from persecutor to bodyguard, by the force of circumstances, and because of a sick obsession for a peace that we did not deserve," wrote Col. Augusto Bahamón Dussán (ret.), former second in command of the 4th Brigade based in Medellín, in his just-published book, *My War in Medellín*.

It is no exaggeration to say that either this genocide will be stopped, or future historians may write that 1992 was the year in which the great Ibero-American civilizing project which began in 1492, was buried.

To aid that battle against genocide, *Resumen Ejecutivo* is issuing this supplement, reprinting two crucial reports from 1991.

No illusions about the enemy

The first is *Resumen Ejecutivo's* report on the defense presented in an Argentine courtroom in August by the leading officers of Col. Mohammed Seineldín's *carapintada* movement [the "painted faces"—a reference to the camouflage paint worn by soldiers—ed]. There the officers, including Colonel Seineldín, explained why they chose to act, rather than sit back and watch Argentina disintegrate under George Bush's new world order. Colonel Seineldín himself warned that the Bush government intends to dismantle the military throughout Ibero-America.

What is unique in Ibero-America, thus far, about Colonel Seineldín and his movement, is their recognition that Argentina, and the region as a whole, faces imminent total destruction at the hands of a foreign enemy—the Anglo-American financial empire—which seeks nothing less than to eradicate their nation, by destroying the institutions and the very culture which gave it birth. They have refused to accommodate to the demands of the enemy, instead laying their careers and their lives on the line to rally the Army and the nation against that threat.

At present, the officers are jailed with lengthy sentences, with Colonel Seineldín condemned to life imprisonment. Far from being crushed, however, their example is giving courage to others to act. Thus, they are better situated to defend their nation, even from jail, than those who still have illusions that there might be some deal which could be arranged with the United States under current policies of the Anglo-American financial establishment, or illusions that half-way measures can defend their nation, without confronting the Anglo-American empire.

Economics as a weapon of war

The second report is the *Resumen Ejecutivo* study which demonstrates that, not only did Ibero-America pay *more* in interest payments in the decade of the 1980s than the total foreign debt owed in 1980, but that when capital flight is added in, the total wealth looted from the region over the decade rises to an astounding half-trillion dollars! That is

straight usury, whose effects can be counted in lives. Had only a portion of that capital been invested in sanitation and water purification facilities, for example, there would be no cholera epidemic in the region today.

Since 1981-82, when the debt crisis first broke, most governments and leaders of Ibero-America have repeated the litany that the foreign debt must be paid, no matter what the cost in human lives. Instead of listening to Pope John Paul II's warning that "the debt cannot be paid with the hunger of

It is Bush administration policy today to bring into power communists and narco-terrorists in the Americas, as an efficient means to impose IMF policies and to eradicate finally the nationalist institutions and culture which defend these nations.

the people," they have religiously applied the programs of the International Monetary Fund (IMF), which channeled all national resources toward payment of the foreign debt, and in that way propped up the bankrupt banks of Wall Street and the City of London.

Now, 10 years later, we are told that "modernization" requires even more drastic application of those policies and programs, if Ibero-America is to be permitted entry into the almost mythical "global marketplace." One of the new conditionalities demanded by the IMF and the creditor banks is that Ibero-America's military budgets be slashed, so that the money thus "saved" can be used to bail out the Anglo-American financial system. Former World Bank president Robert McNamara demanded this explicitly in April 1991. And at its 1991 annual conference, IMF director Michel Camdessus announced that he agreed with this idea.

The Presidents of Ibero-America insist—as did Mexico's Carlos Salinas de Gortari during his December visit to Washington—that there is no alternative to these policies, because "to live on the sidelines of the currents of change is, in addition to being unuseful, a grave risk for the very existence of nations."

But nothing so threatens "the very existence of nations" as the insistence on paying that usurious debt through IMF policies! In 1982, when the debt crisis first broke, Lyndon LaRouche, the leading opponent in the United States of the Anglo-American establishment and its policies, outlined a strategy for Ibero-America to defend itself from this usury, and to develop. To survive as sovereign nations, Ibero-America must form a Debtors Club and jointly drop the "debt bomb" by declaring a debt moratorium, LaRouche argued in his *Op-*

eración Juárez proposal. He specified the measures necessary to form an Ibero-American Common Market under such emergency conditions, arguing that in this way, the region would be able to mobilize sufficient resources to survive retaliatory economic warfare from the creditor countries. Only when faced by such decisive defense of sovereignty, will the industrialized nations accept more sane and more moral international monetary arrangements, LaRouche argued.

Ten years later, LaRouche's strategy still stands as the only viable alternative to watching one's nation die. Its author, Lyndon LaRouche, is today a political prisoner of the Bush administration, serving a 15-year sentence.

U.S. allies with the narco-communists

The Anglo-Americans have demonstrated that unless they are stopped, there is no limit to how far they will go to crush opposition to their policy. Look at their reaction to the collapse of the Soviet empire. Instead of welcoming it, the British and American governments went into public mourning over Mikhail Gorbachov's sudden loss of employment. Bush insists that no country should recognize Croatia and Slovenia, because it is U.S. and British policy to *support* the Serbian communists in their slaughter in Croatia.

These actions make clear that the Anglo-Americans are not concerned with either freedom or democracy, but seek instead to ensure that the collapse of their condominium partner in Moscow does not also bury the policies upon which that condominium was based.

The same picture has emerged in the Americas. Even as the hammer and sickle are removed from the Russian flag, the Bush administration is doing everything in its power to have that symbol of oppression imposed upon the flags of Ibero-America. That policy is being sold under the argument that because communism has collapsed in the Soviet Union, "peace" can now be reached with the communists in the Americas.

Let there be no mistake: *It is Bush administration policy today to bring into power communists and narco-terrorists in the Americas, as an efficient means to impose IMF policies and to eradicate finally the nationalist institutions and culture which defend these nations.*

Take the case of Haiti. The Bush administration has imposed an economic embargo upon the poorest country in the western hemisphere, and seeks to force Ibero-American nations to join a "multinational" force to invade the island. Why? In order to reinstate as President, the ultra-leftist liberation theologian, self-avowed follower of China's Cultural Revolution, "Papa" Jean Bertrand Aristide, whom the Haitian military overthrew, in coordination with the majority of the Parliament. The military had acted because Aristide was ruling through unconstitutional means, including creating a parallel private army and encouraging his Jacobin supporters to "necklace"—burn alive—their opponents in the streets.

But George Bush calls that horror "democracy." Aristide,

remember, had signed a deal with the International Monetary Fund, and promised to pay Haiti's debts through their policies. The Anglo-Americans prefer liberation theologians and followers of Pol Pot who will pay the debt, to military nationalists who want development. Such is the "anti-communism" of the U.S. State Department today.

Few voices of protest have been raised against Bush's campaign for the Haitian Pol Pot. As with the U.S. offensive against Panama before, Haiti's crisis is often dismissed as "a special case." In the same way, many Ibero-American military officers tolerate the anti-military propaganda coming out of Washington, arguing that "excesses" were committed by the military in other countries, but since "their" military is different, it will not come under attack.

But Haiti is not an "isolated case." In El Salvador, the Bush administration has demanded that the United Nations force through a "peace" agreement before the end of 1991—an agreement in which the military is to be reduced and purged according to the narco-terrorist wishes, and control of the National Police handed over to the Farabundo Martí Liberation Front. The FMLN, their top spokesmen argue, now advocates "free trade" instead of "Marxism."

In Peru, as Shining Path and the MRTA kill at will, the Bush administration cut off its aid for the military, because of alleged "human rights" violations. Who benefits?

In Colombia, the M-19 holds cabinet posts, while the Attorney General's office seeks to sanction General Arias Cabrales, the officer who directed the operation to recapture the Justice Palace from those same M-19 killers in 1985. The negotiations with the M-19, their participation in the Colombian government, and the M-19's all-out assault on the morals of the country, have all occurred with the prodding and the insistence of the U.S. State Department and Embassy in Bogotá—which now insist that the FARC and ELN be included also. All of this, they explain, is good for "democracy."

Moment of opportunity

Yet the current success of these imperial policies is due, not to the strength of the enemy, but to the lack of political will of those who might oppose them. The Anglo-American empire is collapsing from within under its own policies. The U.S. and British economies are in a deepening depression, their banks increasingly insolvent. The Anglo-Americans' communist ally in the East has been buried, while many leaders of the newly freed nations seek partners that can help rebuild their economies after decades of communism. The time has come to deal a decisive blow to Anglo-American power, before no capability is left standing to do so.

Thus there is one question before Ibero-America in 1992: Who will say "enough" of this genocide carried out in the name of "democracy"? Who will stop the payment of the debt, and ally with those internationally who also seek to reestablish an international order based on justice, sovereignty, and development?

KGB employed Danish anti-LaRouche agent

by Poul Rasmussen

The opening of the files of the former East German secret intelligence service, the Stasi, is casting light on the activities of thousands of communist agents all over Europe, and many of these low-life types are now scurrying for cover. The dissolution of the Soviet empire might also bring some answers to the question many have asked themselves throughout the past 20 years: "Who is saying all these nasty things about Lyndon LaRouche, and why?" Part of the answer to that question found its way into the pages of most of the Danish press during the second week of January.

For the past 17 years, Denmark has had the "honor" of hosting one of the small handful of journalists worldwide, who are purveyors of the voluminous slanders of Mr. LaRouche. In the United States, hardly any slander has ever been written against LaRouche which did not originate from the pens of either Dennis King or Chip Berlet, two New Left scribblers who formerly wrote for the marijuana lobby's magazine *High Times*, and who were recruited by the Anti-Defamation League of B'nai B'rith (ADL) to do their "journalistic" dirty work for them. In Denmark, similarly, the press attacks on LaRouche can be ascribed to one person, Jørgen Dragsdahl, a journalist at the small left-wing newspaper *Information*.

On Jan. 5, *Extrabladet*, the largest tabloid in Denmark, carried a centerfold with the banner headline, "Editor of 'Information' Was a KGB Spy." The article was an exclusive interview with Oleg Gordievsky, a former colonel of the Soviet KGB who had defected to the West in London in 1985. According to Colonel Gordievsky, Jørgen Dragsdahl has been operating as a Soviet agent of influence and spy since the middle of the 1970s. In the KGB files, Dragsdahl carried the code name "STOT."

Gordievsky identified the two KGB officers who controlled Dragsdahl as Mikhail Petrovich and Stanislav Chebotok. *Extrabladet* also claimed that Dragsdahl had received large sums of money from these controllers on at least two occasions, in two secret meetings in Budapest and Vienna.

The strategic stakes

Dragsdahl has denied all the allegations of espionage, but if the information printed by *Extrabladet* is true, it certainly sheds some interesting light on a man who built his career by vile attacks against LaRouche and his associates.

As *EIR* has documented in numerous articles in the past, the international media attacks against LaRouche centered around four principal events: 1) the publication in 1978 of *Dope, Inc.*, which sent the ADL and British intelligence into apoplexy, for its identification of their roles in the international drug trade; 2) LaRouche's 1982 back-channel diplomacy on behalf of what later became the Strategic Defense Initiative (SDI); 3) LaRouche's call for the Third World to break the grip of the Anglo-American monetary system; and 4) the victory of two associates of LaRouche in the Illinois Democratic primary race for high state offices, which showed that the LaRouche candidates' movement could win.

In an article dated March 9, 1990 ("Gordievsky on the LaRouche SDI Plan"), for example, we showed, through recent press interviews given by the KGB colonel, how the Soviets had deployed in 1982-83 to block LaRouche's influence in the Reagan administration.

According to *Extrabladet* and Gordievsky, the KGB's keen interest in Dragsdahl started in 1976. In a document from the files of the KGB, dated Sept. 13, 1976, published by *Extrabladet*, Dragsdahl is referred to by the new code name "STOT." The KGB report refers to an espionage operation against the Danish prime minister's office. The KGB officer in charge suggests involving agent STOT.

Dragsdahl's defense against this charge is that it is not possible, because Dragsdahl was in the United States at the time renewing his contact to his old friends in the Black Panther Party and the New Left (most likely including Dennis King and Chip Berlet).

When Dragsdahl returned to Denmark in August 1977, the KGB immediately reestablished contact, according to the Danish newspaper's account. One of the very first things Dragsdahl wrote on his return to the country was a vicious slander against LaRouche, published in *Information* in December 1977. In this article, LaRouche and his associates were for the first time accused of being agents of the CIA.

This article was followed by other slanderous attacks on LaRouche at the beginning of 1978. This is obviously the beginning of Dragsdahl's new career as the "Dennis King" of Denmark. Parallel to this, Dragsdahl also builds a reputation as a "strategic expert"—more truthfully, an advocate of Soviet strategic interests. He authored innumerable anti-American and anti-NATO articles in the Danish press.

In view of his anti-U.S. attitude and his secret contacts to the KGB, Dragsdahl's career as a LaRouche-hater reached an interesting inflection point in 1989. When Lyndon LaRouche was thrown into jail, his associates in Denmark contacted numerous prominent lawyers in order to solicit international support for the legal fight to free LaRouche. Some of the lawyers contacted the U.S. embassy in Copenhagen and requested information on the LaRouche case. The embassy answered by sending a package containing several of Dragsdahl's slander articles against LaRouche. The KGB must have been very happy.

Germany again under terrorist attack

Left-wing terrorism is still alive, and new threats emerge from right-wing extremists, as official probes begin.

On Dec. 26, Heinz Anussek, the head of the State Agency for the Protection of the Constitution in Berlin, held a press conference on the recent rise of right-wing extremism, notably violence-prone neo-Nazi groups. Anussek said his agency was worried over evidence of contacts between the right-wing extremist scene and militant U.S. racist groups like the Ku Klux Klan.

An official probe into activities of the KKK and the circulation of its material has been launched in Berlin, Anussek said. He specifically mentioned a German-language edition of the KKK publication *Cross of Fire*, subtitled "White Survival," that had been seized by police. So far, weapons used by these groups have included knives, baseball bats, and metal chains. But also firearms, hand grenades, and other war matériel, mostly from disbanded East Germany Army stocks, have been found. There have already been incidents in which firearms were used in attacks on foreigners or leftist groups.

The right-wing violence, and the role of the KKK (among others) in training this new generation of terrorists—the rebirth of the infamous right-wing Organization Consul of the 1920s that killed several top politicians of the post-1918 Weimar Republic—deserves special attention. An official probe into KKK activities has also been launched by the Federal Prosecutor of Germany in Karlsruhe where the Constitutional Court is also located.

The rise of right-wing extremism is very much at the center of public attention and debate these days, but it must not seduce politicians and terror-

ism experts into underrating the threat that is still posed from left-wing extremist groups and the Baader Meinhof (RAF) terrorists.

Having recently discovered two secret depots of arms and explosives, anti-terrorism officials warned against renewed Baader Meinhof attacks on select senior politicians, industrial managers, and military figures. In a year-end interview with the *Quick* weekly, Hans-Ludwig Zachert, the head of the Federal Anti-Crime Agency, the BKA, said: "We're expecting attacks by the RAF at any time. The anniversary of the discovery of America that has just begun could be the starting point for operations of the terrorists."

This, experts told *EIR*, may mean attacks on Spanish institutions in Germany—Spain being blamed for having first conquered the New World—but also on American or any institutions that are associated with the "500-year-old imperialism" in the minds of left-wing extremists and the relics of the pro-communist movement among German intellectuals.

In an incident on New Year's Day, police defused a bomb put under the car of the Spanish consul in Hamburg. There may be an attempt next to kidnap a U.S. general, or an assassination attempt like the failed ones in the early 1980s against U.S. NATO Generals Haig (bomb) and Kroesen (anti-tank missile).

In this context, the press here reported prominently that the RAF is more professional and more dangerous than before. In a feature Dec. 30, the European edition of the *Wall*

Street Journal quoted a federal investigator saying that the RAF "usually gets the sort of people who are impossible to replace."

He was referring to cases like Deutsche Bank chairman Alfred Herrhausen, who was killed in his car by a remote-control bomb on Nov. 30, 1989, and Treuhand agency chairman Detlev Rohwedder, who was shot dead by a sniper on April 1, 1991.

The article addressed the increasing evidence of operational mergers between senior ex-officers of the East German secret intelligence (Stasi) with the RAF terrorists of West Germany after unification.

The article quoted from the last interview the late head of the Hamburg state intelligence, Christian Lochte, gave last summer: RAF terrorists are helped, Lochte said, by "out-of-work intelligence agents . . . of the former East German State Security apparatus, who were responsible for handling contacts with western terrorists."

The reference is to figures like Lt. Helmut Voigt, who once headed the Stasi's Central Directorate 12th subdivision, who were responsible for terrorism. In East Germany, Voigt's subdivision trained select West German terrorists in the use of high-powered explosives, submachine guns, and in spying on target figures. This training is documented, at least for the early 1980s, in Stasi files secured by police after unification.

Contacts from that period are continuing on an operational level. "Such Stasi people (like Voigt) disappeared with millions in cash and with weapons—and with international contacts," Lochte had warned.

The CIA and other western agencies have recruited ex-Stasi personnel. Anti-terrorism experts here have expressed amazement at the professionalism of the RAF: "They are operating like a real secret service."

McNamara wins a round

Under pressure from the International Monetary Fund and World Bank, Congress reduced the military budget.

President Fernando Collor de Mello's government is fulfilling, step by step, the plan outlined by former U.S. Defense Secretary Robert McNamara to dismantle the Armed Forces of the developing sector nations, one of the central tenets of the Anglo-American establishment's "new order."

The influential newspaper of the country's capital, *Correio Brasiliense*, revealed in its Dec. 29 edition that the U.S. government, through the International Monetary Fund (IMF) and the World Bank, intervened in the last round of the government's deliberations on its 1992 military budget, to pressure the government to reduce these expenditures in next year's federal budget.

Military officials who participated in the elaboration of the budget, the paper added, charged that these multilateral agencies acted to prevent Brazil from appreciably raising its military investments up to \$9.8 billion, which would be a mere 5% of the federal budget. The IMF insisted that spending on the military not exceed 3.5% of the budget.

Acting as if funding military necessities were a crime, the United States intervened. Its threats were successful: In the last work week of December 1991, the Congress approved a 1992 federal budget which assigned the Armed Forces 3.65% of the budget.

The sum represents only 2% of Gross National Product, and is a reduction in real terms over Brazil's previous, already bare-bones, military budgets. According to a review of 1987 published by the specialized

magazine *Military Balance*, Brazil, with 3% of its GNP previously allotted to military expenditures, was one of the countries in the Americas which spends the least in this area, despite its continental dimensions and the fact that it has the largest population outside the United States.

The Brazilian Armed Forces have been fighting to preserve and strengthen the institution, especially in the face of the evident threat by the world eco-fascist lobby which seeks to force Brazil to hand over part of its sovereignty over the rich Amazon region. In the face of this situation, they had demanded an increase in the military budget as vital to simply maintain the force, let alone carry out the investments necessary for national security.

As *EIR* had reported in June 1991 that the new strategic doctrine elaborated by McNamara demands, amongst other things, a 25% reduction in military spending by Third World nations at a time when foreign pressures against any increase in the military budget began to be felt by President Collor's cabinet, Brazil's major newspapers responded by giving wide coverage to *EIR*'s press release on the McNamara doctrine.

But after the 1991 annual meeting of the IMF and World Bank in Bangkok in late September, the international financial institutions made clear to Brazil that adoption of the McNamara military doctrine had been made a condition for the promised renegotiation of the foreign debt.

The President's Secretary for Strategic Matters, Pedro Paulo Leoni

Ramos, in an interview given to *Folha de São Paulo* on Jan. 3, nervously denied reports that his ministry had ordered studies to analyze a possible reduction of the capabilities of the Armed Forces. *Folha* insisted, however, that its sources maintain the studies are going on.

The McNamara group, meanwhile, has been hyperactive in its pressure to guarantee that McNamara's plan be implemented in full. An obscure Brazilian professor, Dominicio Proença Jr., a member of London's International Institute of Strategic Studies previously only of note because of his efforts to spread the lie within military institutes that George Bush's "new world order" would not affect Brazil's sovereignty, has now been identified as one of McNamara's agents of influence on the ground in Brazil.

In an interview with Rio de Janeiro's *Tribuna da Imprensa* newspaper Dec. 30, Proença insisted that "it is worth emphasizing that military budgets, worldwide, are being cut by 25%." The paper identifies Proença as "one of the men whom former Secretary of Defense Robert McNamara is in the habit of consulting."

For his part, former Finance Minister Roberto Campos, an arch-liberal monetarist, joined the chorus on Dec. 17, suggesting slyly that "the money deployed for the construction of the nuclear submarine could be better used, for example, in investigating what threats we face."

On Dec. 17, *O Estado de São Paulo* published a long report entitled "The McNamara Doctrine gains innumerable adherents," which although it highly exaggerates the popularity attributed to the doctrine, does reflect the violent offensive against the Brazilian Armed Forces, and points to who cooked up the offensive in the first place:

Prince Bandar and the Iran-Contra crew

In a previous column (Dec. 13, 1991), we noted that Saudi Ambassador Prince Bandar's formerly secret meetings with the Israelis and the U.S. Zionist lobby, which have been going on for at least four years, have now become public. Anglo-American policy is intent on forming a Saudi-Israeli political and financial axis to dominate the Mideast, based on an Arab, especially Egyptian, cheap labor pool. This is one of the objectives of the so-called Mideast Peace Conference.

This Saudi-Zionist collaboration did not start yesterday, but dates back to World War I; more recently, the Reagan-Bush administration deepened this relationship.

One place to look for an understanding of what is going on, is at some of what has been made public in the Iran-Contra affair, particularly the case of Adnan Khashoggi. The Saudi money-man, who after being "discovered" by U.S. Army intelligence (with some help from the British), was passed along to other networks, typified by his close relationship with such Mossad officials as David Kimche, Yaacov Nimrodi, and Al Schwimmer.

According to the congressional testimony of many witnesses, the seed money for the 1984 phase of the deals began when Khashoggi transferred funds from the Monte Carlo branch of the corrupt Bank of Credit and Commerce International (BCCI), to U.S. National Security Council (NSC) accounts at Crédit Suisse in Geneva.

Consider this:

- The BCCI, busted for narcotics money laundering in July 1991 and let off on a plea agreement in December, is owned by the Abu Dhabi royal family and several luminaries in Saudi in-

telligence such as Kamal Adham. Its European operations were controlled by British Rothschild operative Alfred Hartmann.

- The NSC accounts that the Iran-Contra networks used were formed and managed by Willard Zucker, formerly the attorney for the Mossad and CIA-linked Investors Overseas Services, Ltd., and one of the operatives most carefully protected in the Iran-Contra scandal. Zucker's former law firm, Willkie, Farr and Gallagher, run by Kenneth Bialkin, controlled IOS. In fact, it was fined \$35 million in civil penalties in connection with that bank.

- Bialkin was the attorney for Khashoggi during the period that the Saudis provided funds for Zucker's NSC accounts. Bialkin was also during this period the chairman of the Anti-Defamation League (ADL), the most powerful nominally Jewish organization in the United States.

Bialkin continues to be one of the most powerful Zionists in the United States. The ADL is one of those organizations that Bandar and his aides has been meeting with.

Project Democracy targets Turkey

The National Endowment for Democracy, a "private" organization controlled by the U.S. National Security Council and funded by the U.S. Information Agency (USIA), held a conference in Bodrum, Turkey Sept. 15-20, entitled "Democracy and Liberal Economics in the U.S.S.R. and Turkey." The NED is the public front for the covert dirty tricks operation known as Project Democracy.

One hundred people attended, primarily drawn from the major groups in the former Soviet Turkic republics, especially from Azerbaïdzhân. So did Paul Henze, the former CIA station

chief in Turkey, now at the RAND Corporation, and Graham Fuller, formerly the Reagan-Bush NSC's Mideast hand. The conference was convened by *Yeni Forum*, an NED-funded magazine edited by Yalcin Aydin. Mesut Yilmaz, the Turkish prime minister at the time, who established the NED-linked Endowment for Turkish Democracy a few years ago, was also involved with it.

Some people say these are the same circles who would like to inflame the Azeri-Armenian crisis to justify an international intervention. The NED is very close to some of those strange "refugee" outfits, such as the International Rescue Committee, that are now active with the Kurds on the Iraqi border, as well as in the Caucasus.

Oily Bahrain deals touch Bush family

The fact that the Harken energy company got a huge contract with Bahrain in January 1991, within days of the war on Iraq, has become the focus of some media attention. One of Harken's directors is George W. Bush, the President's son; Sheik Khalifah, the emir who approved the deal, more recently approved setting up a U.S. base in Bahrain. One of George Sr.'s first big deals at his Zapata Oil Co. was setting up Bahrain's first offshore oil rigs. Corruption?

But a more important connection has been ignored. Harken's largest shareholder and former chairman, Alan Quasha, was formerly an attorney for Nugan Hand, the CIA bank that the Australians found had smuggled heroin when George ran the agency. The chairman of that bank, Donald Beazley, later took over Citi-National of Miami, a bank where another Bush boy, Jeb, did much business.

International Intelligence

'Black Legend' puffed up against Columbus

Germany's Hessen 3 television has taken the "Black Legend" media campaign against Christopher Columbus to new depths, broadcasting a three-part series, starting Jan. 5, depicting the explorer as a fraud, a mass-murderer, a swindler, and a liar.

Author Peter Milger uses ostensible 16th-century Spanish court evidence to "prove" that the architect and hero of the voyage was not Columbus, but Spain's Pinzon; blames Columbus, not only for "mass-murder" against the Arawak indigenous people, but also for the suffering of the people of Haiti today; asserts that Columbus and/or his son Hernando lied that Columbus's ship was named the *Santa Maria*; claims that Columbus committed "fraud" against the other sailors during the crossing of the Atlantic; and denies that Columbus possessed the qualities of "great integrity and courage" usually attributed to him.

The television show is part of an anti-Columbus media campaign exploding in Europe in the first days of 1992. The German magazine *Der Spiegel* and Britain's *Guardian* are among the print media that have joined the hysteria.

Beijing covered up thousands of detainees

Asia Watch reported on Jan. 4 that there are thousands of political detainees from the 1989 Tiananmen Square revolt in Communist China who have not been previously known to the world.

The group's report, released in Hong Kong, says that Beijing never accounted for thousands of activists reported by the official media to have been detained. "There are firm grounds to believe that a large proportion of them remain, more than two years later, behind bars," the report said. "Clear supporting evidence for this view emerged only in late 1991, when Asia Watch began to learn the identities and circumstances of

several hundred previously unknown individuals, mainly workers, who are currently incarcerated in Hunan province alone on account of their involvement in the 1989 pro-democracy movement. If extrapolated to a national level, in view of the authorities' own admission that the June 1989 'turmoil' affected every province and region of China, the total of those still imprisoned since the June 1989 crackdown is likely to rise substantially." In June 1990, Asia Watch listed 1,150 detainees.

Meanwhile, Beijing's assault against dissent expanded at the end of December, with new trials and arrests. A student activist, Peng Rong, pleaded guilty to counter-revolutionary charges, when he went on trial in Beijing on Christmas Day for his role in the 1989 pro-democracy protests. Peng headed a detachment of security forces at the Tiananmen demonstrations organized to protect student leaders.

Wu Xuecan, a former editor of the official *People's Daily* newspaper, who published a mock edition of the newspaper in May 1989 calling for the dismissal of hard-line Premier Li Peng, went on trial on Jan. 4 on charges of counterrevolution.

Police arrested at least five people for planning the Dec. 24 funeral of a dissident leader.

Did the CIA forge evidence against Libya?

Scottish Member of Parliament Tom Dalyell has charged that the CIA may have created "evidence" to make Libya take the rap for the bombing of the Pan Am aircraft over Lockerbie, Scotland in 1988. The Labour parliamentarian was quoted by Reuters on Jan. 6, saying that after talking to some people who took part in the Scottish police investigation, he was convinced that some evidence had been "placed" by the Central Intelligence Agency. He did not elaborate.

Although massive evidence exists linking Syria to the bombing, the Bush administration suddenly issued indictments against two Libyans on Nov. 14, 1991. Syria, since

supporting the U.S. in the war against Iraq, has been on Washington's "good guys" list.

According to Dalyell, Libya is terrified that the U.S. and Britain will retaliate for its refusal to extradite the two Libyans. He said that a high-ranking Libyan Foreign Ministry official had telephoned him at his home near Edinburgh to express this concern. "Libya had no part in the bombing, but certain other countries in the Middle East had," Dalyell quoted Abdullah Bibas as saying. Bibas, who heads the European section at the ministry, said that even if it were to be proved that the two Libyans had been involved in planting the bomb, they could not have been the sole perpetrators.

Serbia proclaims the 'Third Yugoslavia'

As the bloody massacres against Croatia continued, Serbian officials announced the formation of the "Third Yugoslavia" on Dec. 26, at a preliminary meeting on the subject in Belgrade. Yugoslav Kostic, a member of the Yugoslav presidency, said that this Yugoslavia will be the third after the kingdom which existed from Yugoslavia's creation in 1918, and the socialist republic set up in 1945 under Josip Broz Tito. Delegates at the Belgrade meeting appointed a committee to prepare a draft convention for a new congress.

Federal Vice President Branko Kostic, who chaired the meeting, said the presidency was drawing up a paper setting out several possible forms for the new country, in which he promised multi-party elections.

Jugoslav Kostic explained that the new state would consist of Serbia, with its two provinces of Vojvodina and Kosovo, its ally Montenegro, and Krajina—the southern part of Croatia, which is militarily occupied by the Serbian army. He also told a war veterans' conference in Vojvodina that the presidency also "hoped" that Bosnia-Herzegovina would adhere to the Third Yugoslavia. A new Serbian republic has been proclaimed by Serbian Chetniks in Bosnia.

According to this scheme, just a nominal

amount of territory would be conceded to Croatia and Slovenia, which he branded as "traitors to their country, enabling Germany to fulfill its old dream of gaining access to the Adriatic Sea."

British in Hong Kong break up families

The British colonial government in Hong Kong has forcefully split up dozens of couples and deported them to different countries, Reuters reported on Jan. 4. Mixed Chinese and Vietnamese couples, even some where the one is a Vietnamese but of Chinese descent, have been deported to their respective nations. British refugee coordinator Clinton Leeks said: "Sadly, over the years we've had to do this many times. I would put it in the dozens probably." Some couples had children, he admitted.

In related news, the colonial government said on Dec. 20 that it will scrap the death penalty, unused for 25 years. It said it feared that China could resume executions for a wide range of crimes when it takes back the British colony in 1997. Reuters reported that China's frequent public executions, highlighted by the Dec. 26 death by firing squad of three Hong Kong smugglers, seems to be changing public opinion in the colony, which once overwhelmingly backed capital punishment, legislators say.

Hong Kong's last hanging was in 1966, and although courts still frequently sentence murderers to death, the punishments are always commuted to life imprisonment.

Vatican cool to plan for Anglican-Catholic unity

The Vatican has issued a cold reply to the report of the Anglican-Roman Catholic International Commission (ARCIC), according to the Dec. 29 issue of the *National Catholic Register*, a U.S. weekly. The 12-page response to the proposals for unity was issued by the Congregation for the Doctrine of the Faith and the Pontifical Council for

Promoting Christian Unity.

Said a Vatican official: "Finally they've come out and said the Catholic faith is non-negotiable and that we're in dialogue to help people come to where we are. I don't think it's the end of ecumenical dialogue. I just think it means we'll be working on much more honest assumptions."

The *Register* notes that although the document was released "quietly," the headline in Rome's *La Repubblica* newspaper made the point clear: "Vatican Breaks with the Anglicans." Rev. Douglas Brown, director of the Anglican Center, the official representation of the Anglican Communion in Rome, is quoted: ARCIC "may have made a mistake in asking for an official response. When that happened, it brought in the Congregation for the Doctrine of the Faith, and they have a very different attitude about a lot of things."

The Prefect of the Congregation for the Doctrine of the Faith is Joseph Ratzinger.

Britain's Major: Third World may get nukes

British Prime Minister John Major said on Jan. 1 in an interview to BBC radio that he was worried about the risk of independent former Soviet republics selling their nuclear weapons technology to "unstable" Third World nations. He said he saw no short-term risk of Soviet nuclear weapons falling into the wrong hands, but in the longer term there was a possibility that some of the smaller republics "might sell all or part of their nuclear weapons armory."

Especially dangerous in Major's opinion is the possibility that some of the former Soviet Union's nuclear expertise might be bought by a Third World country. "We want to see no further proliferation of nuclear weapons and a reduction of the nuclear threshold that exists at present. So, there are real worries there, and that is why we are so keen to have a full and early dialogue with all the republics."

Major did not offer to dismantle the British nuclear arsenal, however.

● **GORBACHOV** is planning to set up and head a "Gorbachov Fund" for political forecasting, the *Times* of London reported on Dec. 31. Better luck this time, Gorby.

● **TWO BRITISH** ministers, Home Affairs Secretary Kenneth Baker and Foreign Secretary Douglas Hurd, are arriving in India in January, to discuss the terrorism in Punjab and Kashmir and to sign an agreement for the confiscation of terrorists' property and funds abroad. There will also be an agreement signed on anti-drug cooperation.

● **ROBERT MCNAMARA** and Anatoly Dobrynin, the former Soviet ambassador to the United States, visited Cuba early in January, for meetings with Fidel Castro. The trip stemmed from a project initiated at Harvard University, which brought together U.S., Soviet, and Cuban officials to reexamine the Cuban missile crisis.

● **THE ISRAELI** Mossad and Britain's MI-6 foreign intelligence service are having increased contact, the *Sunday Times* of London reported on Jan. 5, in an article on Lebanon. According to other reports, both services are intensifying covert operations in the Balkans and the southern republics of the former U.S.S.R.

● **INDIAN** Prime Minister Narasimha Rao charged on Jan. 1 that Pakistan is waging undeclared war, using separatism to undermine Indian unity. He was speaking at the Council of National Unity conference on Punjab and Jammu and Kashmir.

● **BOSNIA-HERCEGOVINA** may fall very soon into a Muslim-Orthodox religious war, a Muslim Croatian source believes. Over the last three months, 10,000 Serbian Chetniks arrived as army "reservists," and a series of provocations against the Croatian and Muslim populations ensued.

When blind justice kills, the innocent die

by Gail G. Billington

Congregation of the Condemned: Voices against the Death Penalty

edited by Shirley Dicks

Prometheus Books, Buffalo, N.Y., 1991

290 pages, hardbound, \$24.95

Shirley Dicks has contributed a useful resource book on the application of the death penalty in the United States. If you've never read a book on the subject, this one will give the outlines of the problem, with the names of individuals and organizations actively engaged to end capital punishment.

Congregation of the Condemned is a compilation of personal statements from death row inmates and their families; families of victims of capital crimes; legal and medical experts; political and religious leaders; and from organizations that actively oppose the death penalty. The consensus is that capital punishment is legalized murder, perpetuating the very crime it was intended to stop, creating its own victims, and applied arbitrarily and overwhelmingly against those too poor and disabled to defend themselves. It is a throwback to a barbaric age of retributive law and an absolute rejection of that concept of man embedded in the Gospels of the New Testament, which have been the cornerstone of our civilization since the Crucifixion of Christ.

In this review, I intend to focus on two areas, without necessarily reviewing each contribution, to highlight the most horrific dimensions of the problem. I urge those interested to consult the organizations listed in Part Four of the book for further reading materials.

When murder becomes the law

In 1972, the U.S. Supreme Court in *Furman v. Georgia* ruled 5-4 that the death penalty as then applied constituted "cruel and unusual punishment," based on its arbitrary, "freakish," and "racist" application. Four years later, in *Gregg v. Georgia* and two companion cases, *Proffitt v. Florida* and *Jurek v. Texas*, the Court ruled 7-2 to reinstate the death penalty under revised statutes that ordered judges or juries to weigh aggravating or mitigating circumstances in a separate sentencing hearing before imposing a death sentence or life imprisonment on those convicted of capital crimes. Gary Gilmore was the first to die under these statutes in January 1977. Approximately 143 others have followed, and 36 states have adopted similar statutes.

The death penalty today is as arbitrary, capricious, and racist as in 1972. Worse, in the intervening years, the Rehnquist Supreme Court has made clear its intent to strip away constitutional safeguards against wrongful executions and to kill faster and more efficiently, with fewer and fewer questions asked.

Editor Shirley Dicks's eldest son, Jeff, has spent the last 13 years on Tennessee's death row, wrongly convicted as an unwitting accessory to a murder he neither witnessed nor committed, victimized by a bungled defense at trial, where the misuse of circumstantial evidence and manipulated testimony against him were allowed, and stymied in his appeals for lack of money.

Jeff Dicks's situation is not the exception among the over 2,300 people on death row in this country. The evidence is undeniable that the majority on death row are there because they are too poor to defend themselves. At least 300 are certifiably mentally retarded; in Virginia, the estimate is that

30% are retarded, and 70% are borderline. As of February 1989, twenty-seven death row inmates were under the age of 18 at the time of the crimes for which they were convicted. In the last two years, the Supreme Court has permitted the execution of minors and the mentally impaired; at least six have been executed.

Nationwide an estimated 41% of death row inmates are black; 84% of those executed since 1976 were convicted in the murder of a white person, although half of all murder victims in the United States are black. No white has been executed for killing a black in that period. In California, the death row population is disproportionately Hispanic. Sixty-three percent of all death row inmates are in the South, where 90% of all executions have taken place since 1976. Texas, Georgia, and Florida account for three-quarters of that 90%.

Let's stop kidding ourselves about who is being given the "ultimate punishment" and why.

The United States today stands alone among "advanced," "democratic," "civilized" nations in killing its citizens. It is one of seven countries that has carried out 80% of all executions in the world in the last decade. The other six are the Soviet Union, Nigeria, South Africa, China, Iran, and Pakistan. This past year, President George Bush mounted a major fight to add 59 new crimes to the list of those eligible for the death penalty and to further strip the appellate rights of death-row inmates. President Bush, like Chief Justice William Rehnquist, has an insatiable appetite for human blood.

Eyewitness to judicial barbarism

Like Shirley Dicks, this reviewer first became acquainted with the nightmare of our criminal system through personal experience. My husband Michael, age 46, stands twice convicted for his activities as a political fundraiser for publishing companies that promoted the policies of Democratic presidential candidate Lyndon H. LaRouche, Jr. Mike was convicted and sentenced in federal court along with Mr. LaRouche on Jan. 27, 1989 on charges of "mail fraud" in the solicitation of political loans. Eight months later he was tried in Virginia, using the same loan solicitation evidence and the same witnesses, and convicted of "securities fraud." Mike received a 3-year sentence in federal court, and 77 years in Virginia for \$76,000 in loans. Shortly after I began reading Mrs. Dicks's book, Virginia's Court of Appeals upheld Mike's conviction and 77-year sentence.

I spent the better part of the last three years visiting Mike at medium-security federal prisons. I know the routine; I have run the emotional gauntlet that goes with it. There is no question that death row is orders of magnitude beyond that, but when Mike was returned to Virginia custody last year, he was on the same floor as former death row inmate Joe Giarratano, whose celebrated metamorphosis in prison best exemplifies the total bestiality of the system which denies that a human being can be thus redeemed.

The high cost of fighting for your life

If you are charged with a capital crime in this country, you'd better be rich or very lucky. The quality of legal representation in a capital trial can be the difference between life and death. David Gottlieb, professor of law at the University of Kansas, reports in *Congregation of the Condemned* on why capital cases are so expensive:

- Capital cases take an average of three times longer to litigate, with far greater use of experts and investigators. Guilty pleas are a rarity. Selecting a jury, for example, requires jury members qualified to rule on guilt and punishment, i.e., life imprisonment or death. Trial preparation in each case requires an average 800-1,000 attorney manhours.

- An entirely separate trial is required for sentencing if the jury returns a guilty verdict.

- If the death penalty is imposed, a long appeal process ensues, including direct appeal to the state supreme court, a petition for *certiorari* to the U.S. Supreme Court, post-conviction applications in state courts and appeals of those, post-conviction applications in federal court and appeals of those to a U.S. Court of Appeals; second, and sometimes third, appeals to the U.S. Supreme Court, and, finally, a petition for state clemency. The appeals process alone can take more than 10 years at a cost 10 times the ordinary murder conviction appeal.

- During this appeal process, the defendant is placed on death row, where each inmate is housed in a solitary cell and is not allowed to contribute to the costs of his upkeep by working in prison industry. The estimated costs for such a facility run from \$75,000 to \$100,000 per bed. Shirley Dicks reports that it costs the state \$800,000 to house an inmate for 20 years; the average stay is 8 years.

Former U.S. Attorney General Ramsey Clark, in commenting on the death penalty in the United States, stated that a good criminal attorney will make (or ask for) \$100,000 to \$500,000 for a capital case. Studies in Kansas, New York, and Florida show that states spend from \$1.6 to \$3.2 million to obtain and carry out a capital sentence.

Amnesty International reports that over 90% of all prisoners sentenced to death in the United States have no financial resources of their own. Others estimate that 75% did not have competent counsel at trial. Public defenders or court-appointed lawyers are overworked, underpaid, and frequently have little if any experience in capital cases, and no resources to conduct an adequate defense.

Among six Southern states with the highest rates of death penalty convictions, Texas, Georgia, Mississippi, and Alabama have no statewide public defender program; in Louisiana and North Carolina, defendants are usually assigned counsel. Alabama, Arkansas, Louisiana, and Mississippi cap total compensation to court-appointed defense counsel in a capital case at \$1,000; South Carolina, \$10 per hour up to \$1,500; Florida, \$3,500. One judicial circuit in Georgia awarded capital cases to the lowest bidder.

The result in Texas is that capital defendants represented

at trial by court-appointed counsel were twice as likely to receive the death sentence.

Capital defendants receive no mandatory aid for legal appeals beyond the first confirmation of their sentence in state court. Beyond that, prisoners are on their own or must rely on "volunteer" counsel. The one exception is Florida, which has one of the highest rates of execution. In 1985, the Capital Collateral Representative office was created to take cases past the automatic first appeal stage. With 10 staff

Professor Bedau states: "In virtually every year in this century, in some jurisdiction or other, at least one person has been under death sentence who was later proved to be innocent. Based on this evidence, it is virtually certain that at least some of the nearly 2,000 men and women currently under sentence of death in this country are innocent."

lawyers and several investigators, this office has won reversal of 50% of its death penalty cases because they have proved prosecutorial misconduct, ineffective defense counsel at trial, or the discovery of new evidence.

That there is some hope for death row inmates or capital defendants in the South is largely due to the heroic efforts of people like Joe Ingle, cofounder of the Southern Coalition on Jails and Prisons, who ministers to this "Congregation of the Condemned," and Marie Deans, Death Penalty Legal Defense Coordinator in Virginia, both of whom have contributions printed in this volume. This reviewer was introduced to this horror story by reading the 1990 congressional testimony of Stephen B. Bright, director of the Southern Prisoners' Defense Committee, which was created by the Southern Coalition on Jails and Prisons as a legal assistance program in 1976, and which is also represented in Mrs. Dicks' book.

The innocent pay the ultimate price

The consequence of this failed representation of capital defendants at trial and on appeal is that the innocent have been and are being put to death, not just those who have committed the most heinous crimes. Several of the book's contributors cite the results of a book-length study published in the *Stanford Law Review* by Prof. Hugo Bedau of Tufts University in Massachusetts and Prof. Michael Radelet of the University of Florida, entitled "Miscarriages of Justice in Potential Capital Cases." In their research, the authors

found 350 cases of defendants in this century convicted of capital or potentially capital crimes, and often sentenced to death, who were subsequently proven to be innocent of the charges. Of those 350, twenty-three were executed. According to Gov. Mario Cuomo, eight were in New York.

Shirley Dicks also reports that, since the 1972 *Furman* decision, 23 defendants sentenced to death were later freed because of doubts about their guilt, and one was executed despite such doubts.

Both Professors Bedau and Radelet contributed to *Congregation of the Condemned*, and it is my hope to devote an entire review to their lengthy study in a future issue. For now, I will simply highlight Professor Bedau's remarks. He reports that in the last 60 years, over half a million murders have been committed in the United States, as compared to only 4,000 executions. If we are to accept the arguments of pro-death penalty spokesmen, it might be comforting to think that maybe those 4,000 were the worst of the worst criminals in captivity. The truth, says Professor Bedau, is the opposite. He is quick to point out that it is not possible to extrapolate from the 23 wrongful executions reported in the joint study to reach an estimate of the total number of wrongful executions from the 7,000 executions carried out in the United States since 1900. In order to do that, new work must be done.

However, Professor Bedau states: "In virtually every year in this century, in some jurisdiction or other, at least one person has been under death sentence who was later proved to be innocent. Based on this evidence, it is virtually certain that at least some of the nearly 2,000 men and women currently under sentence of death in this country are innocent."

Professor Bedau reports that nearly one-quarter of the 350 cases of wrongful conviction were due to "clear injustices perpetrated by the police." Nearly half of those injustices were caused by coerced confessions. In 22 instances, the police secured perjured testimony against the defendant in exchange for more lenient treatment for a crime committed by the lying witness. Suppression of exculpatory evidence is a third major factor.

Finally, Bedau points to two decisions by the Supreme Court that he says suggest that the Court "does not judge the risk of wrongful conviction to be so great as to warrant certain minor modifications in the imposition of the death penalty." In 1984, the Court refused to require a simple majority vote of jurors to impose death at sentencing. In 1986, the Court refused to prohibit the exclusion of jurors in capital cases who oppose the death penalty.

On reading this last point, this reviewer was so provoked that I frantically tried to confirm what Bedau meant. Unable to reach him, I contacted Professor Radelet by phone, who informed me that three states, Indiana, Alabama and Florida, allow trial judges to impose the death sentence, overriding a jury recommendation of life imprisonment. This has happened twice in Indiana, 15 to 20 times in Alabama, 130 times in Florida where 3 subsequent executions occurred.

Challenge put to African intellectuals

by Bah Thierno

Et si l'Afrique refusait le développement?

by Axelle Kabou

Editions de l'Harmattan, France, 208 pages

Mrs. Kabou's book, whose title means "What If Africa Refused Development?" sparked an interesting debate last October at a conference sponsored by two overseas African organizations, Conced and ATAF. Without covering all the aspects of a very dense book, Axelle Kabou responded to questions from an audience of Africans and friends of Africa who showed up in large numbers.

In her opening remarks, Kabou explained that she wished to upbraid the intellectuals, and "send up an alarm and a call to revolt against holding back the development of the African continent." According to her, skilled African cadres should stop wailing over the periods of slavery and colonization. There is not a single people in the world that has not been dominated by some other people at some point in its history. Africa doesn't have the monopoly on that. In contrast to the other peoples who have integrated, to their benefit, the mixture resulting from these encounters, the Africans have become bogged down in their refusal to do it.

Kabou believes that the backwardness of the continent can be largely attributed to a cultural blocking which deprives Africans of access to universal knowledge and to utilization of technology in the service of economic, social, and cultural development. The blame for the present chaos falls on the independence generation, which was unable to either define or direct a clear policy. She rejects the negative heritage of leaders who have pawned the future through an enormous debt load which has brought not a single economic or social dividend for the populations.

In her view, the generation born after independence has no reason to service this debt any further, since they had nothing to do with it and have not benefited from it. Kabou sees a grim future for African youth. Unemployment, including inability to find jobs for college graduates, expansion of endemic and epidemic diseases, AIDS, aggravation of the

poverty that makes up the daily bread of the majority. For all these reasons, she does not believe in regional integration, which would simply add the poverty together.

Some tough questions from friends

Several concrete situations were brought up in the question period. For example: Could she explain how two equally rich countries such as Ivory Coast and Guinea, with two diametrically opposed political systems (Ivory Coast's liberalism, and total state control in the Guinean economy), could have arrived at the same economic result after 30 years of independence? Unemployment, no jobs for college-educated youths, non-payment of civil servants' salaries, non-payment of both domestic and foreign debt?

In fact, Kabou has approached the problems of the development of Africa only from the standpoint of communications ideology and sociology. She has not taken political, economic, or technological aspects into account, or the one-party systems that endured for more than 30 years thanks to the benevolence of successive French governments. In these conditions, competent African intellectuals were caught in a trap: either collaborate or be put in prison. Many of them refused this alternative and sought exile, thereby remaining away from events.

This exclusion of African patriots has blocked the evolution of African states toward economic and social progress. It has created and enlarged the chasm between the leadership and the people, and between the generations. It explains to some degree the rancor of young skilled cadres toward their elders, and the refusal of the latter to hold dialogue with their younger challengers. The young people think that they are not going to honor the debts contracted in the name of the people by political leaders who didn't give them the least thought.

In conclusion, as Mrs. Kabou put it, the development of Africa will occur through the capacity of Africans to master scientific knowledge, to master high-level skills and technology in order to utilize them in the service of man. For this, Africa must build nations and transform our raw materials on site by building factories at home. We Africans must rationally utilize our competent skilled workers and reward personnel for merit.

Books Received

Malcolm, The Life of a Man Who Changed Black America, by Bruce Perry, Station Hill Press, Barrytown, N.Y., 1991, 542 pages, hardbound, \$24.95.

Washington's economic debate: U.S. is the loser

by Kathleen Klenetsky

President George Bush and the Democrats are headed toward a showdown over economic policy, but the battle promises to produce no program to pull the United States out of the depression. Instead, it appears headed to drive the country deeper into ruin.

Conventional wisdom holds that Bush's inability to deal with the country's economic collapse gives the Democrats a golden opportunity to capture the White House and implement their solutions to the depression. And the Democrats, including the presidential candidates except for Lyndon LaRouche, the anti-Establishment contender, are doing their best to grandstand on the economy. As this issue of *EIR* went to press, House and Senate Democrats were in the midst of a series of hearings in various committees highlighting key aspects of the collapse—and how the administration has failed to deal with them.

The problem is that the Democrats are no closer to devising a workable economic recovery program than are the Bushmen. When the media-designated Democratic presidential frontrunner, Arkansas Gov. Bill Clinton, boasts that his big contribution to the economic policy debate is that he drove down welfare payments in one of the poorest states in the Union, you know just how pathetic the Democratic establishment's thinking on economic matters is.

And they say this is an alternative!

With the 1992 presidential election campaign heating up, and Congress set to reconvene after the long Christmas recess, both sides have started to churn out a series of economic policy proposals whose common trait is that they are directed more toward short-term political returns than toward establishing a long-term foundation for reviving the economy.

On the Democratic side, most of the measures that are being proffered fall into two general categories: populist calls for more domestic spending, but with no conception of how to use such spending to fuel productive economic growth, nor how to finance it without hyperinflation; and all-out trade war, premised on the fallacy that the United States's economic demise can be blamed on Japan and other exporters rather than on 20 years of U.S. post-industrial lunacy, which has directed capital away from investment in basic industry and R&D into junk bonds and other forms of speculation.

President Bush's hapless January trip to Asia occasioned a new burst of Democratic Jap-bashing. Rep. Richard Gephardt (D-Mo.), who has built his political career on demagogic attacks on Japanese trade practices, kicked off this latest Democratic excursion into demagoguery with a press conference Dec. 20, at which he and several colleagues from both the House and Senate unveiled legislation that would impose stiff sanctions, under existing "Super 301" trade regulations, on Japanese automakers, if the Japanese fail sufficiently to reduce their trade deficit with the U.S.

Gephardt's initiative was just one of a host of similar Democratic proposals that have come pouring out over the past few weeks. Another came from Senate Banking Committee chairman Don Riegle (D-Mich.), a chief co-sponsor of the Gephardt measure, who held his own press conference Jan. 4 to demand "immediate and measurable results" from Bush's trip to Japan. "We were very tough against Saddam Hussein," Riegle said. "We should be just as tough against our trading adversaries." The remark may betray more than Riegle believes, of the real economic objectives which lay behind "Desert Storm."

While this doesn't begin to touch on the full range of Jap-bashing measures now being pushed, it does reflect the

Democrats' desperation to seize upon an issue that has no merit, at least in terms of the framework in which the Democrats are discussing it, because 1) they think it will earn them votes, and that Bush is vulnerable on the trade issue; and 2) they don't have the brains or the guts to give serious thought to what must be done to save the U.S. economy.

So far, the most ambitious Democratic economic program to be put forth during the current debate comes from Sen. Paul Sarbanes (D-Md.), chairman of the Joint Economic Committee, and Budget Committee chairman Sen. James Sasser (D-Tenn.). On Jan. 4, the two issued a "Program for Recovery and Growth" which calls for a temporary tax cut for the middle class, an extension of unemployment benefits, further reduction in interest rates, and a program of public investment directed at infrastructure, education, R&D, and worker training.

On its face, the program doesn't sound half bad. But, by failing to address the fundamental issue of credit generation, and the imperative of nationalizing the Federal Reserve, Sarbanes and Sasser are indulging in election-year opportunism.

Although the two stressed the direness of the economic situation, it was psychologically interesting that they couldn't quite bring themselves to utter the word "depression." In fact, they were apparently so afraid of the word that they in fact referred to the current situation as "the longest recession since the 1930s."

Bush's mess

The Bush White House claims to be hard at work on an economic recovery program that the President is supposed to unveil in his Jan. 28 State of the Union address. Administration officials have been selectively leaking elements of that program, and there is not one which holds the slightest promise of reversing the economy's downward slide.

Desperate to save his career from the political consequences of the country's collapse, Bush has recently suggested that he is willing to reopen the once sacrosanct 1990 budget deal—something he categorically ruled out until quite recently.

The reason behind Bush's change of mind is simple, if squalid. He wants to be able to take money from the defense budget and pour it into the domestic arena, just in time to have maximum impact on the presidential election process. The 1990 budget deal, a rotten compromise between the administration and congressional Democrats, styled itself as a solution to the budget deficit on the grounds that it placed caps on total government spending while explicitly forbidding shifting spending between defense and domestic programs.

In an interview with David Frost broadcast Jan. 3, Bush put out the word that he is willing to renegotiate the budget agreement. Bush told Frost he would not agree to lifting the overall spending limits. But, he said, "There are ways to live within the caps and then jiggle around inside."

He added that "it is possible that there will be more reduction in defense spending because the world has changed so dramatically." Asked if he would want to use such cuts to fund domestic programs, Bush replied with his characteristic eloquence: "Could be. Or might do something radical like reduce the deficit."

According to administration officials, Defense Secretary Richard Cheney has been charged with devising new cuts in the defense budget. Reportedly, Cheney believes that it is possible to slash \$50-120 billion over the next 10 years. That sounds like a large sum, and it's clear that Bush hopes this so-called peace dividend will keep him from being lynched by the depression-ravaged U.S. electorate.

But an additional \$5 billion or even \$12 billion per year—which is what the administration is talking about—won't make a dent in the deficit, nor will it do much to get the economy going again.

That is particularly true given the nature of the measures Bush is likely to fund with these defense savings. Reportedly, Bush is considering throwing a few sops to hard-pressed middle- and working-class families in the form of a tax credit for a new home and/or health insurance, or possibly a child tax credit. Bush and his advisers are betting that voters would begin to see the effects of these cuts sometime next summer—when the presidential campaign goes into its final stage.

An end to Social Security?

The administration's proposed measures are so inadequate, given the magnitude of the economic collapse, that they could trigger even greater popular anger against the Herbert Hoover of the 1990s.

Far worse for Americans are the entitlement cuts which the administration is said to have up its sleeve. According to the Jan. 5 *New York Times*, Bush will propose cutting Social Security and Medicare payments for the "rich," defined as those making over \$125,000 per year.

The cynicism is breathtaking. Bush hopes to appeal to voters' populist sentiments by targeting the wealthy, while accomplishing his real objective: to erode the political base for the entire Social Security/Medicare structure.

Since Bush refuses to adopt an economic program that would encourage real growth and solve the budget deficit that way, he has little choice but to hack away at entitlements, which make up a large chunk of government spending. Thus, while he claims to be only going after the rich, you can bet that everyone will be hurt.

Unfortunately, the great populists on the Democratic side won't resist this assault. Under the guise of "soaking the rich," key Establishment Democrats can be expected to jump on Bush's entitlement-slashing bandwagon. Indicative was a recent *Washington Post* commentary by Michael Kinsely, a well-known Democratic pundit, which called on the party—and its presidential candidates—to lead the campaign to cut spending on Social Security and Medicare.

Many states place LaRouche on ballot

by Nancy Spannaus

With the first primary election in New Hampshire fast approaching, Democratic presidential candidate Lyndon LaRouche is heading for placement on primary ballots in at least half of the nation's 50 states, confounding the underhanded, and in many cases illegal efforts of his political foes to deny voters any alternative to another Bush-Dukakis charade.

LaRouche's enemies, with the Anti-Defamation League leading the pack, had hoped to use the Federal Election Commission's refusal to grant LaRouche federal matching funds—even though he had met all the qualifications—as a means of cowering state officials from granting him ballot status. But late in December, the secretary of state of Mississippi went ahead and placed him on the ballot as a candidate “nationally recognized and advocated by the media.”

This was followed by a political brawl within the Democratic Party of South Dakota, in which members of the party's pro-LaRouche faction forced LaRouche's name onto the Democratic primary ballot. On New Year's Eve, South Dakota State Democratic Chairman Jeff Masten went on television to admit that he “could not find a way” to keep LaRouche off the ballot, adding that he himself was going to resign his party post.

South Dakota is one of a handful of states which give presidential candidates no way of getting on the ballot except by recommendation of the political party. The Democratic Party bureaucrats who had committed themselves to burying the real economic solutions presented by LaRouche thus thought they had the situation in hand, and believed they could stop LaRouche by slandering him as “the David Duke of the Democratic Party” and as “absolute scum.”

But they ran up against the widespread and organized support from South Dakota's farmers, including the endorsement of LaRouche by a former state Democratic Party chairman. For five days, LaRouche supporters bombarded state party headquarters, while other activists spoke to the majority of the county party chairmen. One chairman polled a dozen leading Democrats in her county; others reported that they had concluded that LaRouche had been “unjustly smeared” in the media for years. One county party chairman decided to support LaRouche's bid for the ballot on the basis of the number of farmers who have endorsed LaRouche for

President.

Anti-LaRouche party hacks were more successful in Florida, where they did not include LaRouche's name on the list provided to the secretary of state. Also, the secretaries of state of Tennessee and Kentucky took the hint from the FEC/ADL cabal, denying ballot status on the grounds that LaRouche had not qualified for federal matching funds—despite the fact that even the FEC admits that LaRouche *has* fully qualified, but that they are denying the funds because of alleged previous irregularities.

Meanwhile, in Massachusetts, Rhode Island, and Maryland, where LaRouche has sought to qualify for the ballot by petitioning, he has easily won a spot. He has also met the filing requirements for New Hampshire, Minnesota, Colorado, and Texas. By Jan. 10, he will have qualified in 10 states, making him eligible for special election rates on national television.

‘The only alternative’

There is no question but that the American public, increasingly disgusted with George Bush, is open to an alternative to the five Democratic Party “frontrunners.” Under current conditions, the “draft Cuomo” campaign that has been launched by the New York State Democratic Party, and is being repeated in Illinois, is expected to capture considerable support.

The five dwarfs have been jockeying to distinguish themselves from each other and George Bush. They are talking about smashing Japan, a “middle-class” tax cut, and providing health care. But not a single one has dared go so far as to acknowledge what is really happening as a result of the policies of the last 28 years: a full-fledged depression.

LaRouche is therefore the only candidate for the Democratic nomination who is addressing the obvious reality. His campaign stresses the need to junk the entire post-industrial policy adopted after the assassination of John F. Kennedy, in favor of a new world monetary system based on providing cheap credit for major infrastructural projects.

Recent LaRouche statements call for an immediate nationalization of the Federal Reserve, which violates the constitutional provisions for control of credit and the money supply. He then advocates the issuance of \$300 billion in U.S. currency notes for public works (substantial infrastructural projects, not raking leaves), to be matched by approximately \$300 billion in private-sector credit. Such a program, he calculates, will create on the order of 6 million new jobs, on the skill and technological level required for the U.S. to join in a worldwide recovery effort.

LaRouche's campaign has declared its intention to put the candidate and his program on television as soon as possible, before the February New Hampshire primary. During the 1984 and 1988 elections, more than 20 half-hour campaign broadcasts have built up a substantial base of recognition and support for LaRouche throughout the country.

Illinois declares 'technical' bankruptcy

by H. Graham Lowry

For depression-wracked state governments across the United States, a note of reality was sounded for the New Year when the Comptroller of the State of Illinois declared the state "technically, legally bankrupt." Illinois thus becomes the first to publicly acknowledge what is already true for nearly half the states in the Union: They are in the throes of financial collapse, and cannot function long unless prevailing economic policies are scrapped.

Ten years of budgetary austerity and fiscal chicanery in Illinois have only accelerated the disintegration of the state's once productive economy. Gov. Jim Edgar has decided to apply more of the same, in a futile attempt to "balance the budget" on the remains of a rapidly disappearing tax base.

Comptroller Dawn Clark Netsch reported Jan. 2 that as of Dec. 31, she had nearly \$1 billion in bills sitting on her desk, against only \$1.2 million in the General Revenue Fund. "If you can't pay your bills as they come due, I think you are technically, legally bankrupt," she said. "If that's true, I suppose, technically, we are right now. We are not paying our bills when they come due. When you are sitting on what amounts to almost a \$1 billion cash flow backup, I think we are in very, very serious shape."

When the Illinois legislature reconvened Jan. 8, Governor Edgar scrapped his scheduled State of the State address to deliver an emergency budget message instead. Edgar demanded roughly \$350 million in further cuts before the fiscal year ends June 30—about 7% of the funds left in appropriations. This comes on top of \$1.5 billion in cuts imposed when the current budget was adopted, but does not even come close to the magnitude of the state's revenue collapse. As of Dec. 31, bills totaling \$486.5 million, as well as \$470 million in Medicaid and Medicare reimbursements, had not been paid—nor had \$100 million in state employee health insurance claims.

Losing \$50 million a day

With its tax base clobbered by the depression, Illinois's revenues have dropped so fast that its deficit is now growing at nearly \$50 million every day. As recently as Dec. 16, Governor Edgar had put the *total* deficit at only "tens of millions" of dollars. The next day, he announced that it would

reach \$300-500 million by the end of this fiscal year! "The budget was balanced in July," Edgar declared on Dec. 17, "but unfortunately revenues have declined because the economy has declined." Netsch charged that both Edgar and the legislature grossly overestimated revenues for fiscal 1992.

Edgar, meanwhile, has asked the legislature to grant him extraordinary powers to impose cuts across the board. The General Assembly's two Democratic leaders announced on Jan. 8 that they were not prepared to cede that authority; and other lawmakers expressed fears that Edgar would make further cutbacks in education and welfare, as well as Medicaid—where the state is already far behind in reimbursing pharmacies and hospitals providing treatment for the poor. Edgar is also considering more layoffs of state employees.

More states on the brink

During December, one state after another reported an accelerating collapse in revenues. In California, which had already enacted record budget cuts and tax increases to cover a \$14.5 billion deficit for this year, Comptroller Gray Davis projected an additional shortfall of \$6.1 billion—which defines a crisis way beyond any budgetary solution. Just six weeks earlier, Republican Gov. Pete Wilson had put the deficit at \$3 billion. Wilson had already called for a staggering 25% cut in welfare payments Dec. 9, which would require voter approval of a constitutional amendment later this year. The additional multibillion-dollar cuts would devastate education, health care, welfare, and the prison system, which account for more than 80% of the total budget.

New Jersey, which increased taxes by \$2.8 billion last year, reported its deficit had already hit \$700 million, with sales tax receipts lower than before the increase. New York State announced an additional deficit of \$875 million, despite a \$6.5 billion austerity package which Gov. Mario Cuomo said would make this year's budget "deficit-proof." Shortly after New York City's Mayor David Dinkins announced a further deficit of \$210 million for the current fiscal year, the state's Financial Control Board on Dec. 13 upped the projection to \$543 million.

In Virginia, which cut spending by more than \$2 billion over the last two years, or nearly 16% of its total budget, this year's gap is now projected at \$2.2 billion. Next year's is already at \$1.6 billion. Gov. Douglas Wilder has told state agencies to prepare to cut their budgets by another 9%. In Maryland, where collapsing revenues have led to five rounds of further budget cuts totaling \$1 billion in the last 15 months, Gov. William Donald Schaefer announced another \$1 billion shortfall for the coming 18 months.

Washington State's Gov. Booth Gardner announced Dec. 16 an \$890 million deficit for the 1991-93 biennial budget. He immediately put forth plans to cut spending by \$560 million, eliminate 1,100 jobs, cancel scheduled pay raises for teachers and state workers, and impose deeper cuts in social service and health care programs.

Acquittal in Kahane murder case could be trigger for new terrorism

by Jeffrey Steinberg

On Dec. 21, 1991, a Manhattan jury found El Sayyid Nosair innocent of the charge that he murdered Rabbi Meir Kahane, the founder of the Jewish Defense League (JDL). Kahane was gunned down at point blank range in a crowded hotel conference room in New York City on Nov. 5, 1990 after he finished delivering a lecture urging all American Jews to immediately emigrate to Israel to avert a "new Holocaust." In the chaos that followed the shooting, the assailant escaped. Moments later, Nosair, who had attended Kahane's lecture, was shot by a Post Office security guard as he fled the area. He was arrested at the scene and charged with Kahane's murder.

Although Nosair was acquitted by the jury on the Kahane murder charge and a second charge of attempted murder against the Post Office guard, he was found guilty of assault and illegal weapons possession and could face as much as 36 years in jail.

Despite the convictions on the lesser charges, the acquittal on the Kahane murder has triggered an hysterical reaction among Kahane's followers in the JDL and in the Israeli-based Kach Movement. Kahane's son, Rabbi Binyamin Ze'ev Kahane, who was arrested in New York City for several disruptions before and during the Nosair trial, told a Jerusalem press conference after the acquittal: "We vow that El Sayyid Nosair will not see a day without fear until his very last day." In the aftermath of Rabbi Kahane's murder in November 1990, several Palestinian residents of the West Bank were murdered under mysterious circumstances which Israeli police believed may have been revenge for the Kahane assassination.

U.S. law enforcement sources do not rule out an upsurge in Jewish underground activity in reaction to the jury verdict. In 1985, followers of Kahane were responsible for a string of bombings that left one prominent Palestinian-American, Alex Odeh, and a man falsely accused of Nazi war crimes, Tscherim Soobzokov, dead and several others seriously wounded. At the time, FBI Director William Webster branded the Jewish underground as the most active terrorist network in the U.S.

Adding fuel to those concerns that the Jewish underground could be reactivated now are other statements from

Kahane's son charging that the entire U.S. government and court system are anti-Semitic: "I never expected justice from an American court. I never expected to see justice emanate from the same U.S.A. that displays its hostility to Jewish people and to the state of Israel in a flagrant fashion," he told the Jewish Telegraph Agency after the jury verdict.

In another Jerusalem press statement issued in mid-October Binyamin Kahane had threatened to send a delegation of Kach members to Madrid to "blow up the [Mideast peace] conference. . . . We will use methods my father taught us."

'Victim' of a plot

Nosair's two defense attorneys, Michael Warren and William Kunstler, charged that their client had been framed up for a murder that had actually been carried out by members of Kahane's own organization. Warren furthermore charged Manhattan District Attorney Robert Morgenthau with "scapegoating" Nosair because of personal "bias." Warren charged, in an interview with *Village Voice* writer Robert Friedman published on Nov. 5, 1991, that Morgenthau is a "proponent of the military apparatus in the state of Israel. . . . Morgenthau has gone into this prosecution with a tainted, biased state of mind and with the thirst of a greedy, vengeful wolf . . . in an attempt to vindicate the death of a man of whom he himself is probably a disciple."

In point of fact, Morgenthau is well known as a leading backer of Israeli Housing Minister Ariel Sharon, who advocates the massive expansion of Jewish settlements in the Occupied Territories and the eventual annexation of the West Bank and Gaza Strip by Israel. In the late 1970s, Morgenthau was the founder of an organization called P.E.A.C.E. (Prevent the Establishment of an Arab Country in Eretz Israel). Among the directors of that group was Meir Jalowitz, then the national director of the JDL and a longtime aide to Kahane.

Another founder of P.E.A.C.E., Knesset Member Geula Cohen of the Tehiya Party, had been one of the Mossad controllers of Rabbi Kahane during the formative years of the JDL in the early 1970s. According to an unauthorized biography of Kahane by *Voice* writer Friedman, Cohen, current Israeli Prime Minister Yitzhak Shamir, and a top official

of the Brooklyn chapter of the Anti-Defamation League of B'nai B'rith, had provided financing and military training to Kahane's JDL cadres during a period when the group was carrying out bombing attacks and other acts of terrorism against Soviet government officials in the United States in protest over Soviet restrictions against Jewish emigration.

Morgenthau openly acknowledged in interviews at the time that he had founded the group at the personal behest of his close friend Ariel Sharon. Morgenthau is also a long-standing member of the National Commission of the Anti-Defamation League (ADL) of B'nai B'rith.

Some bizarre allegations

Whether or not the claims by defense attorneys that El-Sayyid Nosair was the innocent victim of a "plot" by some of Kahane's own patrons or followers to eliminate the rabbi and blame his death on Arab "extremists" are true or not, the jury apparently was not convinced by the prosecution that Nosair actually pulled the trigger. According to press accounts of the trial, no fewer than 16 witnesses, mostly close associates of Kahane, testified that they were in the room when the shooting occurred. But none of them could decisively say that they saw Nosair pull the trigger.

In the Nov. 5 article, defense attorney William Kunstler told the *Village Voice* that Nosair had previously met with Kahane in New York City to discuss "religion and politics." That earlier meeting, set up by Kahane's own security people, may explain why Nosair was permitted to attend the Kahane lecture. That report, however, flies in the face of other media accounts linking Nosair to the Egyptian Muslim Brotherhood group Al Jihad and to the Abu Nidal terrorist organization.

The Al Jihad group was behind the assassination of Egyptian President Anwar Sadat in November 1981.

Although since the death of Rabbi Kahane, the Jewish Defense League has all but disappeared from sight, and the Kach Movement in Israel has been supplanted by other radical organizations like the Gush Emunim and the Temple Mount Faithful, prospects of a terrorist response to the Nosair acquittal can not be ruled out. During the 1985 wave of Jewish underground violence in the United States, U.S. law enforcement specialists discovered that the JDL was little more than a front for radical elements within the Israeli Defense Forces and Mossad, who deployed trained paramilitary specialists to carry out the actual bomb attacks in the United States. Thus the capability for carrying out sophisticated terrorist acts in the name of the JDL still exists with or without Kahane or his loyal followers.

According to some Middle East specialists, the Sharon wing of the present Israeli government is dead set against any territorial concessions that might lead to the creation of a Palestinian entity on the West Bank of the Jordan River. They are already looking toward another Middle East war and could resort to terrorism as a means of furthering their goals.

Establishment media 'trash' George Bush

Will Bush be the Gorbachov of 1992? President George Bush's popularity is not just slipping in the polls these days. Even the Anglo-American political establishment, concerned about the decreasing viability of a Bush reelection bid, has begun to take pot-shots at his presidency. Bush's response to the (finally admitted!) economic crisis by undertaking a flag-waving Asian tour to bludgeon the Japanese on trade policy, an attempt to "play to the gallery" of a xenophobic electorate, became the object of ridicule in the national and international press. The following are a few examples of the way George Bush has been run through the wringer since November.

In many cases, EIR differs in fundamental or secondary ways with the viewpoint of the attacks printed below; we offer this documentation to invite readers to reflect on the same media's adulatory coverage of a Bush who could "do no wrong" in his allegedly masterful handling of the Gulf war, one year ago. At that time, EIR was one of the very few voices in the press that not only criticized Bush, but also warned of how ephemeral his "success" would prove to be. The Washington Times, New York Post, and most of the London press were most feverish worshipers of the George Bush personality cult one year ago and even more recently. In this sample, we spare you the numerous attempts to "out-Bush" Bush, e.g., various congressional reprimands about his failure to topple Saddam Hussein or to batter our allies sufficiently, some of which lunacy is covered elsewhere in this issue. We also do not report the electronic media, which have been especially fierce. Perhaps the Jay Leno jokes targeting Bush—unheard of one year ago—are the clearest sign of the times.

The Times (London), Nov. 3—A feature by Washington correspondent Joe Klein, argues in a parody of Bush, "There is this *thing* in the air, a mosquito buzz of dissatisfaction . . . a hint of an intimation of vulnerability: that *Bush can be had*. . . It's Bush: The act is wearing thin. The foreign policy is receding from center stage now." The growing concern Klein correctly notes is the worsening economy, and in that light Bush is losing support as the nation's voters see Bush "always making comments from a golf cart, or up in Maine, riding around in his powerboat—doing country-club things while

average folks are getting pretty damn scared about the economy.”

Neue Zürcher Zeitung (Switzerland), Dec. 15—“It is impossible to know where the President will find a bipartisan solution for the fundamental structural problems in the 1992 election year. Bush has failed to correct the mistakes of the Reagan era in time. Now he threatens to give away the economic future of the U.S.”

Neue Osnabrücker Zeitung (Germany), Dec. 21—Bush and his administration are the ones to blame most for the outbreak of the Balkans war, charged Rudolf Dressler, vice-chairman of the opposition Social Democrats in the German parliament. He said that Bush’s lack of interest in the situation in disintegrating Yugoslavia was paralyzing the EC, NATO, as well as the United Nations. “If Yugoslavia had oil reserves like Kuwait,” Dressler said, “Bush would have paid attention to the situation there long ago, certainly.”

Financial Times (London), Dec. 23—Columnist Anthony Harris headlines his year-end el, “No welcome for the Woman of the Year”: “The Woman of the Year is not such a familiar face on your television screen,” writes Harris, “since she is some 2,000 years older; but Nemesis is even more dominant. The goddess of retribution has been terrorizing Washington and London. She has destroyed her corporate victims, and claims a seat on the board of every major bank and insurance company.”

Harris castigates the inability of policymakers in the “English-speaking world” to cope with reality, since they have not understood the severity of the economic crisis. George Bush is no longer the “effortless victor of the Gulf” and “acting President of the world,” continues Harris, who says Bush must be measured against his conduct of economic policy. “The classics had an explanation—those whom the gods love, first they make mad. The only rough modern equivalent is drearier: those who do not study history are destined to repeat it,” says Harris. “What we are repeating is indeed the disaster of 1929-32 and beyond.”

International Herald Tribune (Paris), Dec. 23—Columnist William Pfaff calls English Prime Minister Major and Bush “Prisoners of Failed Theories” and denounces their incompetent handling of their depressed economies. “The system is stuck. That is John Major’s problem, and Mr. Bush’s problem as well. Both are doing what the theorists have told them to do, but stagnation and contradiction are the result. They are indeed prisoners of economists past—mad voices in the air—and this threatens to prove politically fatal to each.”

Guardian (London), Dec. 31—The year 1991 saw the collapse of Gorbachov, and is now seeing the rapid fading of a

George Bush who is heading toward electoral defeat in 1992, writes senior commentator Hugo Young. As recently as late February, Bush was acting like a “latter-day Napoleon,” seeking to “impose the American imperium on Iraq.” It appeared as if Bush, John Major, François Mitterrand, Gorbachov, etc. “personified a seemingly unalterable order.” But, “at the end of 1991, this image of political leadership was shattered,” and all of this species are exposed as “leaders helplessly engulfed in events bigger than they are.”

According to Young, “the impotence of Bush is more revealing than that of his former counterpart [Gorbachov]. . . . The decline of Bush in the six months between spring and autumn looks more like the unmasking of an American nightmare. . . . From warrior command Bush has slipped to neurotic insecurity.” The United States is beset by “unemployment, poverty and drugs; illiteracy, violence, grossly deteriorating health care. Such pervasive problems, long and deeply rooted in American life, now expose this once-best riding captain as a politician so weak that he dare not confront his country with the truth about them. From being a shoo-in in July, Bush has descended toward defeat.”

Washington Times, Jan. 1—“Most Japanese seem not so much frightened of an American juggernaut as they are embarrassed for the United States. ‘Is this a presidential state visit by the world’s leading power or an election campaign road show?’ ” asked a Japanese housewife who has lived in the U.S. “ ‘I think this kind of trip is beneath Mr. Bush.’ ”

“Such signs of irritation have been mixed with a condescending sympathy for Mr. Bush’s domestic problems. ‘Bringing along industry leaders to political summit talks is quite out of the ordinary, but Bush is in such a difficult position that he cannot afford to be concerned about appearances,’ ” said a university professor. “His Texas bluntness was not appreciated by the Japanese, to put it mildly. Even the U.S.-owned *Asian Wall Street Journal* ridiculed the trip.”

New York Post, Jan. 3—Bush the “Gorbachov of 1992?” So argues black commentator Thomas Sowell, a senior fellow at the Hoover Institution. Pragmatism, like everything else, has its limits,” and both Bush and Gorbachov have created “intolerable levels of uncertainty, with their willingness to play everything by ear.” Sowell cites George Washington, who “said it best: ‘Let us raise a standard to which the wise and the just can repair.’ People will rally to a standard, even if the odds don’t look good.”

Even with Ronald Reagan, Sowell notes, it was: “What you see is what you get.” With Bush, it is: “Now you see it, now you don’t.” Bush, like Gorbachov, has frittered away “a once impressive popular support. Whether Bush follows Gorbachov into oblivion in 1992 will depend not only on his own actions, but also on whom the Democrats nominate to run against him.”

Letters to the Editor

Disappointed by Cooley interview

I am totally amazed that *EIR* would publish the interview conducted by Bill Jones with ABC newsman and Middle East "expert" John Cooley in the Dec. 20 issue.

I will not go so far as to claim that Cooley—whose credentials with the Council on Foreign Relations and the Carnegie Endowment are cited without comment in the introduction—was intentionally disinformational. But what he elaborated in the course of the interview was little more than a rehash of assorted myths and falsehoods that *EIR* and Lyndon LaRouche's associates have been laboring to demolish for years.

First and foremost of these is the idea that the bumbling United States got caught off-guard by the Khomeini revolution in Iran, underestimating popular support for the Shi'ite mullahs. What buncombe!

As *EIR* has documented, the operation to topple the Shah was set in motion by no later than the 1976 meeting of the oligarchy's Aspen Institute, which formulated a scenario for a mass-based uprising against the westernizing "excesses" of the Pahlevi dynasty, such as the attempt to build up a nuclear energy capability for Iran. Moreover, that "people's revolt" could not possibly have succeeded without the active support of such Anglo-American assets as BBC (which broadcast Khomeini's ravings into the most remote areas of rural Iran), the U.S. Office of Naval Research (safehouse for top Khomeini espionage agent Siavash Setoudeh), and a host of other agencies and individuals in and around the Carter administration. *EIR*'s book-length *Hostage to Khomeini*, despite important secondary errors, remains a valuable antidote to the nonsense spread by Cooley and others on this subject.

Even more ludicrous is Cooley's contention that the unholy alliance that developed between Israel and Iran during the latter's war with Iraq had its roots in the efforts of the ancient Persians to rescue the Hebrews from the oppressive Kings of Baghdad (presumably, the ancestors of today's Great Satan, Saddam Hussein) in the period

of the Babylonian Captivity. Apart from small historical problems like the fact that the Biblical-era kingdom of Babylon was not Arabic at all, this whole concoction is transparently just another effort, in the style of the "British Israelite" cultists, to cloak Anglo-American colonial policy in the mantle of the Old Testament.

In reality, what drew the Anglo-American enforcement arm known as Zionism together with the Iranian Mullahcracy was the passionate desire shared by both parties to prevent at all costs the emergence of modern industrial nations in the Arab world, a "threat" very much posed at that time by Iraq. Rigging Metternichean power blocs to suppress economic development is the policy, not of God, but of Henry Kissinger, and it is indeed a grave error to confuse the two.

Cooley does no better in his effort to rationalize the simultaneous support given to Iran and Iraq by the U.S. during the 1980-88 war. Attributing this to "the left hand and the right hand doing different things" in the massive U.S. government foreign policy bureaucracy is very thin cover for the far more sinister reality: It has been the conscious Bertrand Russell-ite policy of the Anglo-American establishment to promote, where feasible, regional wars aimed at eliminating so-called excess population (and industrial potential) in key underdeveloped nations. As one State Department official candidly explained the "perpetual bloodletting" strategy to *EIR* several years ago: "We support the opposition. Then we support the opposition to the opposition," referring to Central America, but also quite an apt description of what these genocidalists in pin-stripes did with the Iran-Iraq conflict.

The only added wrinkle is that while the U.S. tilted officially toward Iraq, there was the little matter of the Reagan-Bush administration needing to repay its friends in Teheran for their cooperation on the "October Surprise" caper—but, of course, Cooley doesn't come anywhere near to touching that one.

Even at the point that he was insisting that George Bush simply "had to get Saddam out of Kuwait," Cooley's underlying assumptions were never fundamentally challenged by his interviewer. And the few

useful points he did make—for example, his grudging acknowledgment that former U.S. Ambassador April Glaspie just may have given Saddam the green light to invade Kuwait—were well known to *EIR* readers long before this sage deigned to bestow his wisdom upon us.

Douglas Mallouk
Baltimore, Maryland

The Editor replies: We welcome your reiteration of our longstanding analysis for the benefit of newer readers, particularly since the pragmatism espoused by John Cooley could never lead to a positive solution in the Middle East, even were he more accurate in his analyses than he is. For the record, we ascribe no competence to either the New York Council on Foreign Relations nor the Carnegie Endowment for International Peace, liberal "establishment" bodies whose entire policy is based on anti-scientific and anti-human, malthusian premises. It is of some interest, however, that a figure with Mr. Cooley's background and views, so contrary to our own, admits in his own equivocal way the longstanding Israeli alliance with the Iranian Islamic state; Henry Kissinger's taste for dealing with the Syrian butcher Assad; and the fact that April Glaspie had virtually invited Iraq to invade Kuwait. These points, which *EIR* has often stressed in contrast to prevailing media myths, are confirmed by Cooley on the basis of his field experience in the Middle East. In the full interview, of which only half was printed, Cooley evaded a series of questions on the "October Surprise" which were posed by Jones.

Needless to say, the statements of persons interviewed do not necessarily reflect the editors' views, any more than those expressed in signed articles do.

EIR welcomes comments and queries from readers. We also welcome clippings with intelligence our researchers might otherwise miss. Letters for publication must be signed and include the writer's address; names may be withheld on request. Mail to: *EIR* Letters to the Editor, P.O. Box 17390, Washington, D.C. 20041-0390.

National News

Wofford: I'm not an 'American firster'

"A number of recent articles have inaccurately tagged me as an 'America First' candidate," wrote Sen. Harris Wofford (D-Penn.), in the Dec. 26 *Washington Post*.

"There was a powerful message coming from Pennsylvania: that Americans are deeply dissatisfied with the current direction of our country, the decline of their family income over the past decade, the skyrocketing cost of health care and, most important, the failure of the federal government to move into action on these and other serious problems facing our society," Wofford wrote.

"Their message wasn't to be less bold abroad; only that we should show the same boldness at home. When I worked with John Kennedy . . . we did not see any reason not to care about both famine in Ethiopia and segregation in America. . . . As John Kennedy once said, we can't be strong abroad if we're weak at home. . . . Unfortunately President Bush seems to have read the election returns less as a call for urgent action at home than as a call to simply *stay* home and to avoid dealing publicly with international challenges."

Bush gang accused of new dirty hostage deal

David H. Halevy, author of the book *Inside the PLO*, accused the Bush administration of secretly arranging a new "hostage deal," in which Washington gave major concessions to Iran to secure release of Hezbollah-held hostages in Lebanon during the past three months, in a commentary in the Dec. 29 *International Herald Tribune*. "That deal was struck at a secret meeting in Lebanon in the latter half of September, not long after then U.N. Secretary General Javier Pérez de Cuellar had tea in Teheran with President Hashemi Rafsanjani."

According to Halevy, the six-member command of the Iran-controlled Hezbollah

was also present. He cites as source one of the participants at the secret Teheran meeting, and says a deal was struck in which Iran agrees to protect the Hezbollah terror units once their hostages are released. The deal also includes facilitating a new Hezbollah offensive against Israeli and American targets in the Persian Gulf once the Bush administration had facilitated settlement of cash claims dating back to the 1979 freeze of \$7 billion in Iranian assets in U.S. banks, \$278 million payment for impounded military equipment, and admission that the U.S.S. Vincennes was violating Iranian waters in 1988 when it shot down an Iranian civilian airplane.

"The British government signed trade and arms agreements with Teheran to the tune of \$4.2 billions" as soon as British hostages Terry Waite and two others were freed by Hezbollah, Halevy charged. "By mid-October Iran had transferred \$86 million to Hezbollah's empty coffers," allowing it to launch its new terror campaign in southern Lebanon in which six Israeli soldiers have so far been killed.

In a bitterly worded statement released following the burial of her husband Dec. 30, Maj. Robin Higgins, the widow of Marine Col. William Richard Higgins, attacked the Bush administration deal with Syria and Iran. Higgins and William Buckley, the CIA station chief in Beirut, were buried in separate ceremonies that day.

In reference to Bush's public thanks to Syria, Maj. Robin Higgins said, "If we thank these savages, then we are merely inviting them, at a time and place they will select, to kill again. Shame on us if we do."

Disabled protest Clinton's budget cuts

Citizens in Arkansas chained themselves inside Gov. Bill Clinton's office Dec. 30 demanding that he restore Medicaid cuts that would have prevented many disabled people from continuing to live at home.

Clinton had cut about \$22 million in Medicaid benefits; part of those cuts would have reduced the availability of medical equipment like wheelchairs as well as

slashed coverage of personal home care from 72 to 50 hours a month, which would have meant many people being institutionalized—at even greater cost.

When a group of the disabled chained themselves inside his office, Clinton soon backed down out of fear of this brutality being featured in the news. A spokesman for the disabled, Rev. Wade Blank, told the *New York Times* that Clinton has "said it is a civil right to live outside of a nursing home. Then he turns around and slashes the very budget that allows people to live outside of nursing homes."

Once Clinton reversed the cuts, a campaign aide said the criticism was "untrue."

According to the Jan. 4 *Washington Times*, lawyers for Clinton have sent letters to news media carrying ads by an alleged native-Arkansas group opposing Clinton's candidacy, warning that the Federal Communications Commission might force stations to give Clinton equal time if they run ads against him.

Rehnquist Court moves to limit habeas corpus

The U.S. Supreme Court has asked attorneys involved in a grand-larceny appeal to submit arguments on whether federal judges deciding *habeas corpus* cases should be required to defer to the findings of state courts rather than to evaluate the issues themselves, the Jan. 5 *New York Times* reported. This is yet another attempt to limit *habeas corpus* appeals and violation of due process, and further transfer federal constitutional powers and rights to state courts.

The extant grand-larceny case, *Wright v. West*, involves one Frank West, who was convicted by Virginia state courts and whose direct and *habeas corpus* appeals had been denied through the state appeal process. In April, the Fourth Circuit U.S. Court of Appeals "ruled in his favor, finding that the state courts had misapplied the law to the particular facts in the case. No reasonable man, the court said, could have found the defendant guilty of larceny simply because he was in possession of some of the stolen goods a month after the theft," the *Washing-*

ton Post reported.

This put the appeals court's interpretation at odds with all the previous findings of "fact"; the Rehnquist Court is now trying to set a precedent of saying that the federal courts must defer to a state court's application of the law to the specific facts of any case.

Democratic Party leaders fear open convention

There is a "wild-card" feature in this year's presidential nominating process that some Democrats fear will make it difficult to control. The so-called "Jesse Jackson reforms" adopted by the 1988 Democratic National Convention not only eliminated "winner-take-all" primaries, but required that all primaries award delegates solely on the proportion of popular votes won by each candidate.

"Proportional representation is tailor-made for troublemakers," the Jan. 2 *Wall Street Journal* quoted Elaine Kamarck, a campaign official for Walter Mondale in 1984 and for Bruce Babbitt in 1988. "This provision is perfect for losers who want to muck around in the party. While Republicans let their winners win, we let our losers plague the winners."

LaRouche comments on Commerce appointment

Democratic presidential candidate Lyndon LaRouche responded Dec. 26 to President Bush's appointment of Barbara Franklin to become the new secretary of commerce, emphasizing the importance of that position in his plans to end the ongoing depression.

"I don't want to disparage the current nominee for the position of Secretary of Commerce under Bush, but unfortunately, this very important part of our federal government has become a dumping ground for political appointees, especially political appointees who have done a great deal to raise money for the Republican Party," LaRouche said.

"Now, mainly that's part of the contributing factor in the current, ongoing depression in the United States, because what we really lack is competent management leadership, in the Commerce Department from the top down; and to clean out some of these funny-funny boys and so forth, who have been helping to make a mess of the economy.

"I want to have a science-driver program for the economic recovery and job expansion of the United States, run largely through the Commerce Department, as far as federal agencies of government are concerned.

"So, I promise that I shall not appoint a campaign fundraiser on the ground of being a campaign fundraiser. I intend to have a Commerce Department which is full of old-fashioned-style management competence to get this economy of ours moving."

FWPP again protects criminal element

The Federal Witness Protection Program, which is under attack for protecting individuals who are committing crimes while under its aegis, has again been embarrassed.

Nicholas Mitola, 44, was sentenced to five years in prison Dec. 27 for three probation violations: gambling, failure to report a change of address, and failure to report to his probation officer.

Originally, Mitola had been sentenced to 10 years for charges relating to heroin and cocaine distribution. Those charges were suspended two years ago after Mitola testified against 20 reputed members of the Lucchese crime family. That trial lasted 21 months, but none of the defendants were convicted.

Mitola was relocated and placed in the Federal Witness Protection Program. Since then, prosecutors in Spokane, Washington have charged Mitola with the stabbing death of 46-year-old Iranian immigrant Iraj Vedadi in February 1991. Vedadi had close to \$70,000 cash when he vanished Feb. 20. Mitola is alleged to have offered a man \$3,000 to bury the car found with Vedadi's body.

Briefly

● **THE NEWARK** city council voted unanimously Dec. 18 to recognize "the new nations of Croatia and Slovenia, their sovereignty and right to exist free from external threat or force of arms."

● **SECRETARY** of State James Baker was named "Man of the Year" for 1991 by the Dec. 27 London *Financial Times*. Lionel Barber said Baker "does not rank as one of the great strategic thinkers," but was committed to the U.S. acting as a major world power. Barber noted that Baker does not "much like reading books," other than ones about himself.

● **THE RIGHTS** to Gary Sick's book on how the Reagan-Bush 1980 election team conspired to delay the release of American hostages, the "October Surprise," has been purchased by Columbia Pictures for \$500,000, the Dec. 31 *Washington Post* reported.

● **JOSEPH SOBRAN** called for the release of the sealed files on the John F. Kennedy assassination in the Dec. 28 *Washington Times*. "The lone-gunner theory is the sort of thing that would be dismissed as crackpot if it hadn't come from official sources," he commented.

● **WARREN BROOKES** died of complications of pneumonia on Dec. 28. The syndicated columnist had been distinguished by his attacks on the fraudulent science behind the ecology policies of the Bush administration.

● **DAVID DUKE**, the former Klansman and Republican presidential candidate, has been sighted partying in Palm Beach, Florida bars with platinum blond bimbos, according to the Dec. 31 *New York Post*.

● **GOV. WILLIAM WELD** of Massachusetts is working with advisers to legalize sports gambling, according to AP Jan. 3. The reason given is to get rid of illegal gambling.

Editorial

1992, the year of Columbus

It is a sign of how much our culture has degenerated today, that anyone could take seriously those who question the morality of bringing western Christian civilization to the New World—the evangelization of the Americas by Columbus in 1492. The context for such a cynical repudiation of the great 15th-century Renaissance is given by the colonial policies of the present British and American governments. The backers of Christopher Columbus wished to share the best of their world and to open up major sea routes in order to enhance the potentialities for global development, whereas today the Anglo-Americans wish to turn Africa, Ibero-America, Asia, and now eastern Europe into areas which they can exploit at will.

There can be no question about Columbus's fundamental purpose. The project of expanding the known world to encompass easy routes to Asia, and to explore the far reaches of our globe, was defined by leading thinkers of that period, such as Nicolaus of Cusa, as an extension of the ecumenical work of the Council of Florence, which sought to reunify the Catholic and Orthodox confessions in one Church. A key to such unity was the recognition that man, created in the living image of God, was placed upon this earth to imitate his Creator.

Cardinal Nicolaus of Cusa was personally involved in furthering the sciences of astronomy and navigation through his geometrical studies. His close friend, Martins, played a key part in the Portuguese side of Columbus's experience and education, and in the correspondence between Columbus and Paolo dal Pozzo Toscanelli, who gave Columbus the directions in which to go. When the West Indies were discovered, they were, at the time, believed to be the islands lying between the Atlantic Coast of Europe and the Eurasian land mass. Their colonization was a strategic cultural effort, at a time when western Europe was under threat of military conquest by the Turks. Pagan forces were threatening Europe from Asia.

The crucial cultural point of difference between the pagan and Christian world view, then as today, centered precisely upon the question of man's God-

given task in the Universe. Are men and women simply one among many natural creatures, as the pagans assert, or have they creative powers which not only separate us from the beasts, but give us special moral responsibilities? Does God not expect us to devote ourselves to participating in the task of perfecting His Creation—and thereby perfect ourselves?

Columbus's voyage 500 years ago can only be compared to a project such as LaRouche's plan to establish a city of 100,000 people on Mars in 40 years. It was a glorious extension of man's reach.

It is asserted against Columbus that the Europeans destroyed the indigenous Indian culture of the New World. Aside from the fact that the atrocities are magnified, the assertion is nonsense on two counts. The Indian culture of the period was so brutal that in fact the Spaniards under Cortés were aided in the conquest of Mexico by Indians who opposed their Aztec oppressors. Actual atrocities, such as those committed in the running of mines in Ibero-America, can be traced to the actions of the usurious bankers who controlled the finances of all of the European monarchies.

From the time of the American Revolution through to the 20th century—despite many serious flaws—the United States was a temple of liberty and beacon of hope to all of suffering humanity, because the Declaration of Independence and the Constitution recognized the God-given rights of man. That is the true heritage of Columbus.

Today the United States, led by Britain's pagan Prince Philip, is forcing a bankers' dictatorship on the nations such as Brazil, in order to prevent them from improving the abysmally impoverished conditions of life of their Indian populations, among others. Cynically claiming that they are protecting the rights of the Indian tribes to preserve their own culture, they are really intent on grabbing rich mineral resources of the Indian lands. Philip and his like are assuming the mantle, not of Columbus, but of the Turkish invaders of Europe.

Let's be clear upon who the real enemy is, of God and of mankind, so that finally the Good can prevail!



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—from the Berlin Declaration,
March 4, 1991