

# EIR

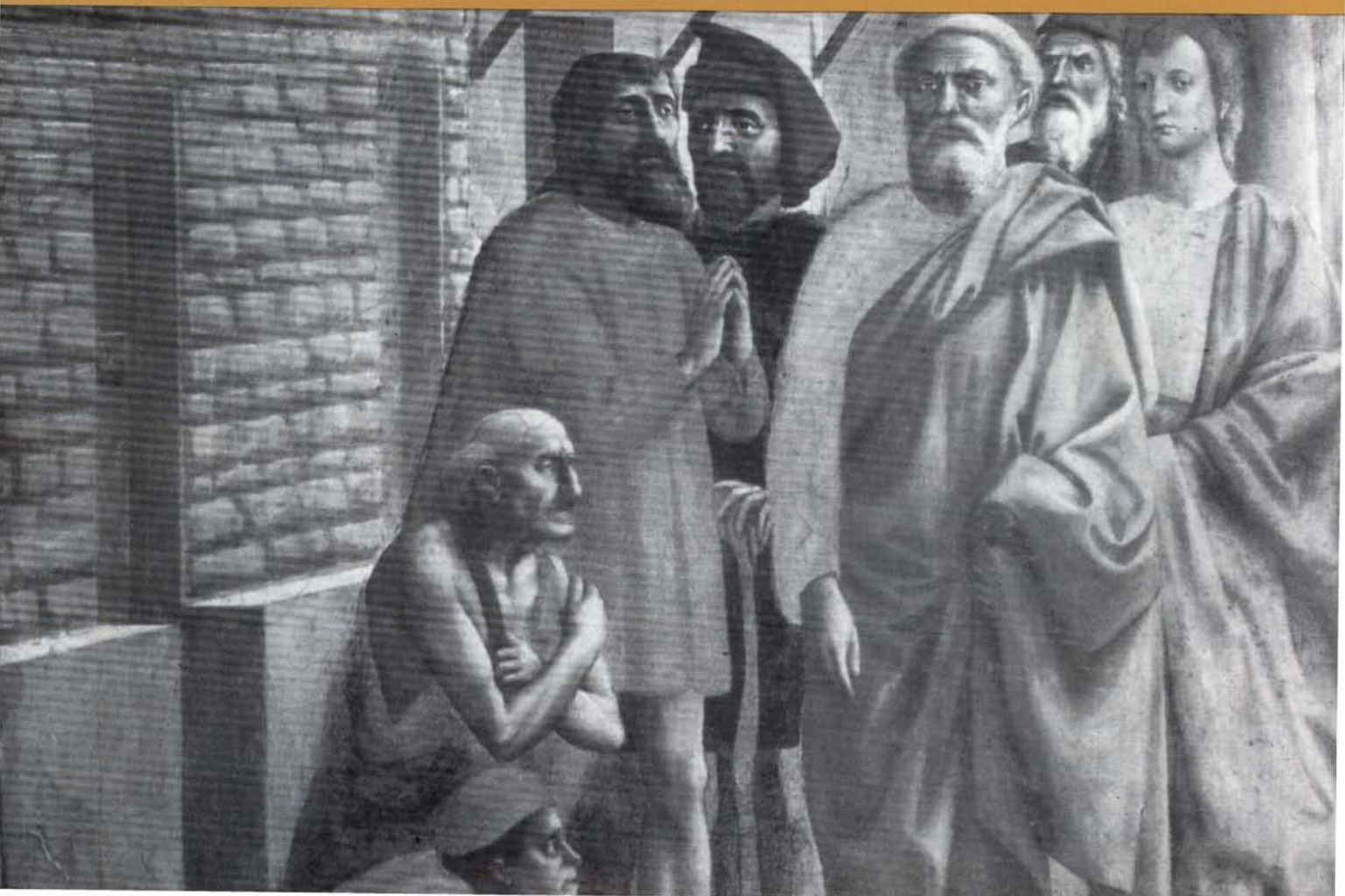
Executive Intelligence Review

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\$10.00

Bushmen can't 'digest' Venezuelan crisis  
Truly's firing is latest blow to space program  
Brancacci Chapel, a masterpiece rejuvenated

**Solve the health care  
crisis—build hospitals!**



# IN DEFENSE OF COMMON SENSE

by Lyndon H. LaRouche, Jr.

SCHILLER INSTITUTE



# The Power of Reason: 1988

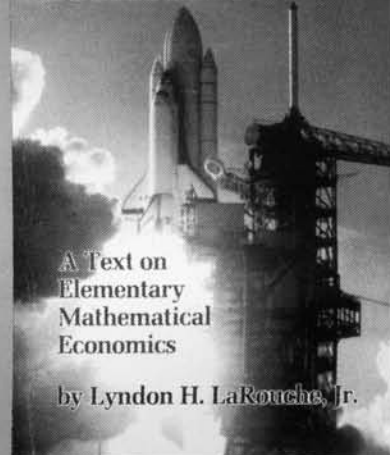
an autobiography by Lyndon H.  
LaRouche, Jr.



# So, You Wish to Learn All About Economics?

A Text on  
Elementary  
Mathematical  
Economics

by Lyndon H. LaRouche, Jr.



# WHY

## The British Establishment Fears Lyndon LaRouche

### Books authored by Lyndon LaRouche and associates

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

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

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

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

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

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

—Lyndon H. LaRouche, Jr.,

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

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# HOW THE NATION WAS WON

AMERICA'S UNTOLD STORY  
Volume I  
1630-1754

H. Graham Lowry

# Derivative Assassination



# Who Killed Indira Gandhi?

By the Editors of *Executive Intelligence Review*

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## From the Managing Editor

**H**ow can you have a decent national health care program in a depression?

The answer is, you can't. As our *Feature* shows, with millions of people unemployed, with hospitals closing, with emergency room patients stacked up in the corridors waiting for beds, the current debate among the presidential candidates over this most vital issue is just so much election year hot air. Programs that might otherwise make some sense, like national health insurance, can only lead to more murderous cost cutting under the present conditions of collapse of the health care system.

At a March 4 candidates' forum sponsored by the South Carolina Nurses Association, speakers presented such bright ideas as that of Pat Buchanan's spokesman, who said that the government should just pay people a cash incentive *not* to go to the doctor. But then, a representative of Lyndon LaRouche's presidential campaign had the opportunity to present LaRouche's national economic recovery program, in the context of the health crisis. It made a lot of sense. As one member of the audience said, "Well, if he's a political prisoner, we should just figure out how to get him out, but this crisis has to be addressed!"

See the *National* section for the latest moves by the Establishment to deny LaRouche his freedom—precisely because he has the answers to the economic crisis.

As our *Economics* section reports, the response to the health crisis by the governments of Ibero-America is no better than what we are seeing in the United States. It took a threat to the tourist "industry" to get health ministers from across the continent to convene an "emergency meeting"—but they discussed none of the real economic issues underlying the crisis.

With even the relatively robust German economy taking a nose-dive (see *Report from Bonn*), the situation is growing more explosive by the day. At the forefront of the battle right now is Venezuela, where the suppression of the military coup attempt has done nothing to quiet discontent, and where establishment figures are calling for the ouster of President Carlos Andrés Pérez. The response of the U.S. Treasury Department's David Mulford—"We are in shock; we are still digesting what happened in Venezuela"—gives one more indication of how little the Bush administration is in touch with reality.

*Susan Welsh*

# EIR Contents

## Books

### 54 A Florentine fresco masterpiece rejuvenated

*Anatomy of a Restoration: The Brancacci Chapel*, by Ken Shulman.

## Science & Technology

### 16 Truly ouster is latest blow to space program

The highly respected NASA administrator was sacked just as the space agency begins its annual fight with Congress on the budget for the space program.

### 20 Truly discusses his years with NASA

From a speech by Admiral Richard Truly to the National Space Club.

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## Departments

### 10 Report from Bonn

Huge debt buildup in Germany.

### 11 China Report

Mongolia probes disappearance of funds.

### 12 Andean Report

"His Majesty" Camdessus gets his way.

### 49 Australia Dossier

New economic plan a fraud.

### 50 Dateline Mexico

Mexico's "Winter Colloquium."

### 51 Panama Report

Noriega prosecution is lying again.

### 72 Editorial

Unscientific American, again.

## Economics

### 4 Governments fret over tourism, not cholera

The health ministers who met in Buenos Aires's luxury Alvear Palace Hotel were most worried that if the cholera epidemic continues, their tourist trade will disappear. Not a soul brought up the fact that IMF austerity is causing the breakdown of water and sanitation infrastructure that leads to cholera.

### 7 India: Budget calls for structural reforms

### 8 Currency Rates

### 9 California moves toward forced sterilization

### 13 Agriculture

Cargill, Inc. reorganizes.

### 14 Business Briefs



## Feature



Detail of *St. Peter Healing* by Masaccio, circa 1425-8, Florence. In such a great work of art, the recognition of human suffering awakens compassion and the fundamental impetus in the viewer, to dedicate oneself to the act of uplifting man from disease and disability. A true affirmation of medicine and its curative role can only occur within a total commitment to better the human condition on all levels. (See also *Books*.)

### 22 To solve health care crisis, build hospitals!

Linda Everett reports on the shutdown of American hospitals by a gang of self-proclaimed experts in "cost containment."

### 25 The LaRouche program to restore health care

### 28 Candidates vie for ways to cut health care

### 29 Preventable diseases poised for comeback

### 30 Breakdown of U.S. health care parallels economic collapse

In 1945, America launched a scientific health care program for all. Then came the "post-industrial society," the whiz kids who lived on usury and wrecked the productive economy. Is it any wonder that health costs soared? Steve Parsons reports.

## International

### 36 Bushmen in 'shock' over Venezuelan revolt

The Venezuelan revolt and its spread across Ibero-America has shaken the Anglo-American financial system to its roots.

**Documentation:** From interviews with leaders of the Feb. 4 military insurrection, published in various Venezuelan publications.

### 41 U.S. prepares to hit Iraq again

### 42 Pakistan: Is Sharif government running out of time?

### 44 CIS pullout from Nagorno-Karabakh opens new phase of Transcaucasus war

### 45 Baroness Cox warns of slaughter in Karabakh

### 47 Indonesia will not yield to 'anti-Indonesia' campaign

### 52 International Intelligence

## National

### 58 Bush is getting battered, as other candidates founder

The most prestigious media organs of the Anglo-American establishment are referring to George Bush as the new "Jimmy Carter." But none of the other candidates are winning either!

### 60 U.S. government doublespeaks on violations of LaRouche's human rights

### 61 Judge denies LaRouche bail, government gets extra time

### 63 CAN cult seeks bill against older people

### 64 Bush presides over anti-drug farce

### 65 Drug czar Martinez comes under attack

### 66 War Crimes Tribunal convicts U.S., allies for actions in Iraq

Muriel Mirak-Weissbach reports from Ramsey Clark's international tribunal in New York City.

### 68 Congressional Closeup

### 70 National News

## Governments fret over tourism, not cholera

by Cynthia Rush and Mary Cabanillas

The health ministers of 10 Ibero-American countries met in Buenos Aires on Feb. 27, supposedly to discuss ways to contain the cholera epidemic which has been sweeping the continent since its first outbreak in Peru in January 1991. One might have hoped that the ministers' first regional meeting was motivated by an understanding that continuation of the International Monetary Fund's (IMF) austerity policies in their countries and the corresponding gutting of investment in health and sanitation infrastructure will result in a devastating biological holocaust in which millions will die. One might have hoped that the ministers would be willing to demand an immediate halt to IMF policies, and a crash program of investment in infrastructure to save lives.

Fat chance. As UPI admitted on Feb. 28, the ministers who met in Buenos Aires's luxury Alvear Palace Hotel were most worried that if the cholera epidemic continues, their tourist industries and investment possibilities will disappear! Although cholera has been spreading in Ibero-America for over a year, the ministers saw fit to call an emergency meeting for the first time only after 35 passengers aboard an Feb. 14 Aerolíneas Argentinas flight from Buenos Aires to Los Angeles contracted cholera, and caused a diplomatic incident between Peru and Argentina over which country was responsible for the outbreak.

The plane had landed in Lima, Peru and had taken food onboard from a local catering company. Argentine authorities charged that the catering firm had provided contaminated food, while Peruvian authorities said that passengers who boarded the plane in Buenos Aires were already sick with cholera. Aerolíneas flights to Lima were suspended, and the Peruvian government has said it may sue Argentina for damages done to its "good name."

### A vicious charade

While Ibero-American government officials make a spectacle of themselves, trying to prove that the epidemic in their respective countries is "under control," the reality is that it is spreading unchecked—because nothing is being done about the conditions which encourage its spread. Not only did the health ministers in Buenos Aires not repudiate the IMF's policies, they ludicrously proposed to ask the very same banking and credit institutions which caused the disinvestment in health infrastructure over the past decade—the World Bank, the IMF, and Inter-American Development Bank—to fork over the \$200 billion to finance badly needed infrastructure.

Since January 1991, more than half a million people in Ibero-America have been infected by cholera, and 4,000 have died, most of them in Peru. These are the official figures. According to Carlos Ferreyra Nuñez, president of the Argentine Public Health Association, "all the countries, not just Argentina, have doctored their figures. There are strong economic reasons to keep the numbers low."

In the case of Argentina, President Carlos Menem is obsessed with showing that his country is indeed entering the "First World" as a result of applying IMF policy, and is hysterically denying that cholera represents a threat. He even went so far as to state in early February that "cholera will never reach Buenos Aires." But on Feb. 17, after at least one case appeared in the capital city, Health and Social Action Minister Julio César Araoz was forced to contradict his own earlier statements and admit "we are going to have to become accustomed to seeing cholera outbreaks in different parts of the country." After cholera appeared in Buenos Aires, Araoz called for plans to provide potable water for affected and

high-risk populations for which, he added, "we are going to need international credits, and [funds] from Fonavi," Argentina's National Housing Fund.

The following day, however, Harvard-trained Finance Minister Domingo Cavallo told television reporters in Paris that there would be no additional budgetary allocations to deal with the cholera epidemic. Cavallo didn't want to disrupt ongoing negotiations with creditor banks over Argentina's foreign debt.

### Infrastructure collapse

According to Dr. Santos Depine, president of Argentina's National Commission for the Prevention and Control of Cholera, "27.7% of the population must be considered at risk"—that is, 10 million people. Describing cholera as "a disease of poverty," Dr. Depine added that "those [10 million] Argentines lack the minimum required to live [decently] . . . they lack potable water and efficient sewer systems." Cholera, he said, "will last no less than 10 years."

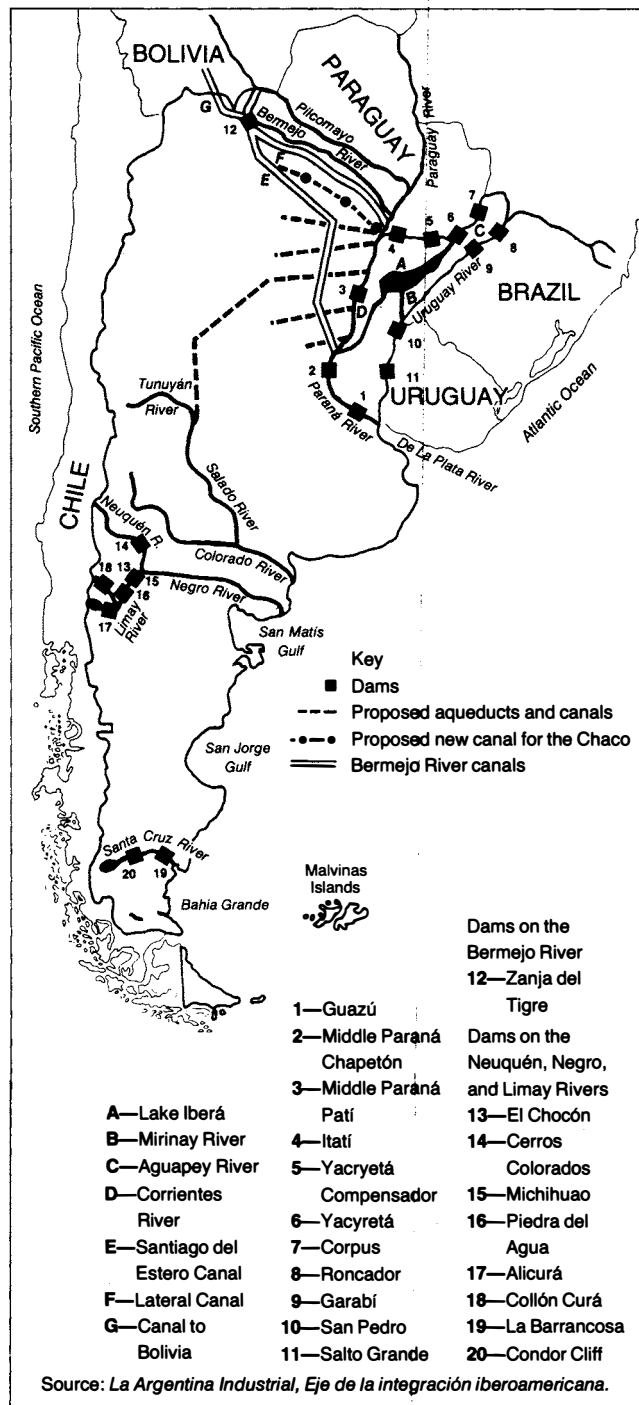
A recent report released by the National Census and Statistical Institute (INDEC) states that Argentina is the only country in Ibero-America which has shown a marked increase in the poverty index over the past 15 years. While in 1970, some 8% of the population fell into the poverty category, by 1986 the figure grew to 13%, and in 1989, 31%. Using 1980 census data, INDEC concluded that 22.3% of homes and 27.7% of the population could not meet basic needs. These included housing, health, and sanitation services, education, and income levels.

In such northwestern provinces as Salta, where cholera first appeared last November, the percentage of the population considered to be poor is 46.8%. The average caloric consumption here is 1,500 daily. Between 1970 and 1989, in Greater Buenos Aires, poverty grew from 29% to 40% of the population. The city's population today is 8 million. Of this, 23.37% is considered to be at "high risk" for cholera, while 25.6% is classified at "potential risk."

In an interview published in the Feb. 16 edition of *El Cronista*, Dr. Ferreyra Nuñez noted that when he had warned in February 1991 that cholera would inevitably arrive in Argentina, he was told by then-Undersecretary of Health José Di Lorio that "cholera would not come to Argentina, and that it was a matter of washing one's hands with soap and water." In reality, Ferreyra said, "the most serious condition which led to the outbreak of cholera is that the majority of the population lacks potable water and sewer systems. If cholera reached America, Argentina would not escape. And that's what happened."

Ferreyra also warned that cholera would spread in Argentina through the river system. "We have some of the most polluted rivers in the world, certainly in all of Latin America; the Paraná River will be the route, and then the Río de la Plata will become the largest estuary in the world contaminated with cholera. . . . The most important rivers in Argen-

FIGURE 1  
Proposed hydraulic projects for Argentina



tina dump into the Paraná, and in none of the cities along its banks is there a water treatment plant, and this is something that we should be deeply concerned about."

Radical Party congresswoman Gabriela González Gass



*Oral rehydration salts packets being distributed in Lima's slums, to replenish fluids lost in cholera, in February 1991. Although 23,000 Peruvians were stricken then, nothing was done to alleviate the causes.*

provided further evidence of how Carlos Menem's IMF-dictated budget-cutting frenzy is threatening the population's health. As reported in the Feb. 19 *El Cronista*, González revealed that the government has "eliminated the Hydraulic Resources Secretariat, a planning agency; shelved the National Sanitation Plan (1988-2003), agreed upon with all the provinces . . . paralyzed the fifth phase of the National Potable Water Plan, and decapitalized the National Sanitation Works agency which doesn't even maintain its equipment, and lost its best technicians. . . . It has dismantled Pro-Water, which was to have provided potable water to 700,000 slum residents."

### **Dump the IMF**

Unless the Argentine government's commitment to IMF policy is reversed, there is no possibility of eradicating cholera in the country. Instructive is the case of Argentine Interior Minister Bernardo Irigoyen who, between 1887 and 1894, insisted that a large supply of clean water was needed in order to combat cholera and yellow fever caused by contaminated water from wells and reservoirs which threatened Buenos Aires's 170,000 inhabitants. He created a Health Projects Commission and built the first reservoir for potable water in Buenos Aires.

According to Fernando Brunstein of the Center for Urban and Regional Studies, "from the beginning of the century, an important percentage of the national budget has been applied to maintaining the National Sanitation Works agency (OSN). . . . In 1948, it received 12% of the state's total income." But, beginning in the early 1940s, Brunstein explained, budgetary allocations from the Treasury began to decline. Furthermore, 60% of the capital's pipe networks are between 60 and 80 years old, and the remainder between 40

and 60 years old, while the average age of all pipes is between 20 and 30 years old. In addition to incorporating water from the subsoil, OSN has two sources of surface water, which theoretically supply 300 liters daily per inhabitant. However, this figure has become "a perfect abstraction," Brunstein notes, due to the paralysis in building new pipe networks and lack of maintenance which has led to water loss due to leaky or poorly constructed pipes. The latter also allows contaminated water or sewage to seep into the water supply, which eventually reaches consumers.

### **Water is life**

In 1983, *EIR* published the book *Argentina Industrial: eje de la integración iberoamericana (Industrial Argentina: Axis of Ibero-American Integration)*, which outlines a series of water management projects in the Paraná River basin which could convert the entirety of the Argentine northwest into an important agro-industrial development pole (see map). Among other things, these projects could generate electricity, control flooding, and irrigate the region's arid and semi-arid zones.

Also proposed is the building of a hydroelectric dam on the Bermejo River, along with two canals. One of them would begin at Orán, in the province of Salta, and run parallel to the Bermejo River. The Santiago del Estero canal would bifurcate the first one and run into the Paraná River near Santa Fé. The building of these projects would mean that the country's economically depressed northern region would be enabled to support a population of at least 10 million people and develop agriculture and cattle raising industries. As the health minister of the very poor province of El Chaco said, "perhaps the issue of cholera will allow us to resolve the matter of our fundamental needs."



# Budget calls for structural reforms

by Susan B. Maitra and Ramtanu Maitra

India's 1992-93 budget puts the economy on a new path, giving a further push to the program of economic reforms launched by the Congress Party government in July 1991. A number of major structural reforms, including partial convertibility of the Indian rupee, have been proposed and have received favorable responses from industrialists.

Presentation of the budget on the last day of February, as is the tradition in India, was done amid vocal charges by opposition leaders of virtual treason on the part of Finance Minister Manmohan Singh. An unprecedented 20-minute demonstration by the opposition had taken place in parliament, the Lok Sabha, on Feb. 4. Singh was accused of making the budget known to the foreign agencies, such as the World Bank and the International Monetary Fund (IMF), prior to the public presentation, thereby compromising budget secrecy. The opposition charged that the budget is no more than the diktats of the IMF and the World Bank. Not so, claimed the government.

The new budget for fiscal year 1992-93, beginning April 1, does satisfy demands made by the IMF-World Bank as prerequisites for granting the upper tranche loan which India has already signed with the IMF, and the structural adjustment loan which India is negotiating with the World Bank. As a result, trade reforms have been given precedence over labor and financial sector reforms. The budget also failed to address inflation which is presently running at an annual rate close to 12%.

## What the reforms include

Structural reforms addressed in the budget include partial convertibility of the rupee, reducing the floor on bank interest by 1%, slashing the commercial banks' liquidity ratio by 8.5%, moving most imports from the restricted list into the Open General Licensing (OGL) category (and thus reducing the ceiling on duty to 10%), and downgrading government control over capital issues.

Partial convertibility of the rupee will allow 60% of all foreign remittances to be converted at a market-dominated rate, which is expected to be 15-20% higher than the official rate, while the remaining 40% will be pegged at the official exchange rate. All essential imports, such as oil and petro-

leum products, fertilizers, defense equipment, and life-saving drugs, will remain at the official rate. But other imports, which are included in the OGL and disbursements of foreign debt, dividends, and royalties will use the foreign exchange kitty at the market-dominated rate.

Behind this move is the fact that a large amount of foreign remittances, principally from Indian workers in the Persian Gulf and elsewhere, never reach India. These funds find their way into the hands of organized gold smugglers and others paying a much higher rate than the official exchange rate. It is expected that the partial convertibility will boost a reverse capital flight and over a period of time, the market-dominated rate and the official rate would merge.

Some analysts point out that this plan makes official yet another devaluation of the rupee. However, this hidden devaluation does not force up the prices of essential imports, which will be using the official rate. Moreover, in the 1991-92 budget, the government had already introduced the Exim Scrip safeguard, whereby 30% of export income in foreign exchange was sold to importers at a premium, establishing a market rate for foreign exchange. The partial convertibility plan simply enlarges the scope of this program.

## Markets, industrialists pleased

Reduction of the floor on bank interest, slashing the statutory liquidity ratio and removing government control over capital issues have made both the market and industrialists happy—a fact also reflected in the steep rise in the Bombay Stock Exchange the day after the budget was announced. Finance Minister Singh has made clear that the government is now passing on the burden of investment in the industrial sector to the private sector. Dr. Singh has actually triggered the mechanism through which a shift could occur, although verbal assurances to do this had begun with the 1985-86 budget when the late Rajiv Gandhi was prime minister.

Industry has expressed confidence that the measures will stimulate growth, correct structural imbalances, improve the balance of payments situation, boost the capital market, encourage better tax compliance, and ensure the success of economic reforms. The small-scale sector is not so enthusiastic. The president of the Federation of All India Foundries has said that more positive measures should have been outlined for that sector. Their main concern is that the proposals will result in a higher cost of goods, no access to additional resources, and lower profitability due to the hiking of excise duties for the small-scale industries.

Others argue that the proposed trade reforms will not work. In this view, the government did achieve major macro-balances by reducing the budget deficits in the last two budgets and demolishing the licensing process. However, by not going after financial sector and labor reforms, the government has kept certain rigidities in place which work to blunt productivity.

## Meeting IMF-World Bank demands

By reducing the fiscal deficit to 6.5% of Gross Domestic Product (GDP) during 1991-92 and promising to bring it down to 5% of the GDP in the next year, Singh has met the demands of the IMF-World Bank. Other of their demands are: reduction of import duties from the peak of 150% to 110%, reduction of duty on general projects and machinery from 80% to 60%, reduction of duty on capital goods, significant slashing of the statutory liquidity ratio, and allowing foreign pension funds to invest in the Indian capital market.

At a press conference on the budget, a Finance Ministry official predicted that the GDP growth will increase from 2.5% in the present fiscal year to 4.0% by the end of March 1993. "The bottom point of the economy's performance was in 1991-92 and the worst is over, with a pickup in growth already being noticed from January this year," said Finance Secretary K. Geethakrishnan. He said the various steps outlined in the budget would help generate more employment opportunities by stimulating industrial and agricultural growth, as well as providing funds for social overheads, particularly poverty alleviation programs.

It is on the issue of inflation that many have expressed doubts. Finance Minister Manmohan Singh predicts that the budget will bring down inflation from the prevailing 12% to about 7% by the end of the next fiscal year. But a similar promise was made about last year's budget.

At the time of last year's budget presentation, the hike in world oil prices due to the impending Persian Gulf war was cited as a key component behind the price rise. In the interim, however, the oil price has crashed and inflation has continued.

India's *Economic Times* editorialized that the failure to curb inflation was due to two causes—excess net bank credit to the government which kept pumping high-powered money into the economy, and inflationary expectations which fueled agricultural prices.

The government has yet to tackle these issues.

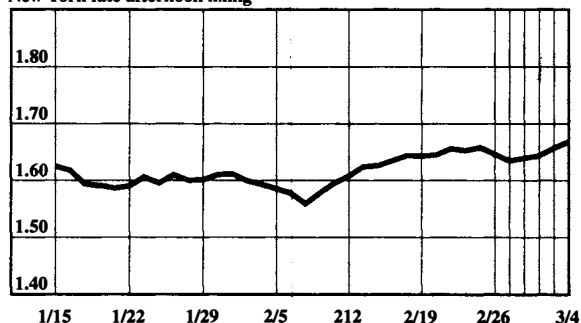
Finance Secretary Geethakrishnan told newsmen that inflation would be curbed not only by containing the fiscal deficit, but also by increasing production, raising foreign exchange reserves through expanding exports and removing import curbs.

The *Economic Times* points out that, import compression through physical Reserve Bank of India curbs had ended, but bringing all private sector imports into the convertible rupee scheme is import compression by another name. So, customs revenue, which plunged in 1991-92 and caused the revenue deficit to widen, is going to depend more and more on exports. At the same time, inflationary expectations in agriculture will worsen if the government fails to procure a large amount of wheat in the winter crop season. Already in Punjab, wheat is selling at almost 50% above the procurement price.

## Currency Rates

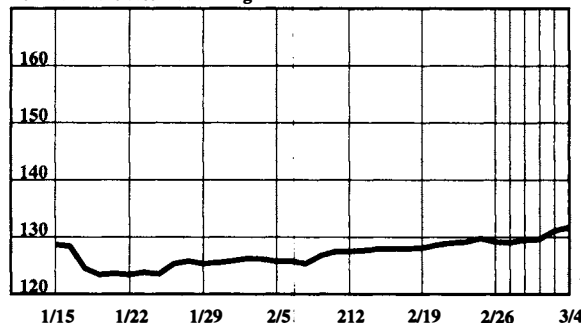
### The dollar in deutschemarks

New York late afternoon fixing



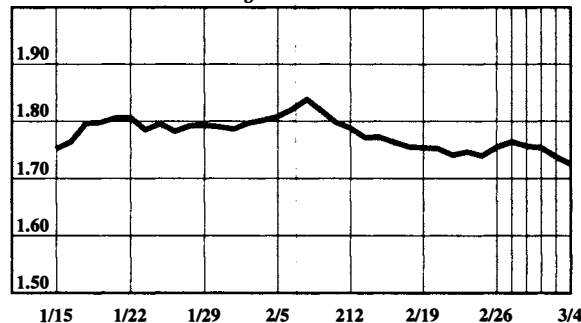
### The dollar in yen

New York late afternoon fixing



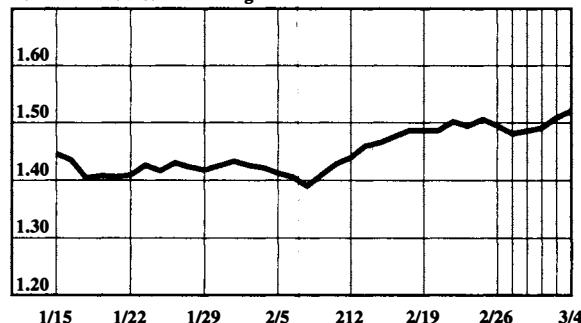
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# California moves toward forced sterilization

by Kathleen Klenetsky

The state of California, under the direction of Republican Gov. Pete Wilson, a booster of President George Bush, will start foisting the long-term contraceptive Norplant on female welfare recipients. The announcement was made in late February by the state health administration.

From now on, the estimated 1.3 million women receiving Aid to Families with Dependent Children benefits will have Norplant available to them free. On the open market, Norplant is quite expensive, with the average implant costing \$700.

Despite the fact that California is slashing welfare benefits otherwise, as well as a host of other social programs, the Wilson administration believes that it is "cost effective" to spend money to prevent welfare recipients from having more "undesirable" children. The new state budget includes a \$5 million allocation for Norplant alone.

State health officials claim they are motivated solely by concern that poor women be given the same access to contraception as their better-off counterparts. But to buy that line, you would have to have been born yesterday.

## Welfare rolls grow as economy collapses

The truth of the matter is that the Wilson administration, like an expanding circle of politicians across the country, has decided to sacrifice welfare recipients on the altar of political expediency. California is in the midst of an economic collapse that has intensified dramatically over the past year. Cutbacks in the U.S. defense budget have hit the state hard, while the bottom has fallen out of California's wild real-estate boom.

These factors, combined with the general depression in the rest of the country, have not only created a \$10 billion state budget deficit, but led to massive layoffs and unemployment. Not surprisingly, California's welfare rolls have mushroomed in the last two years, as more and more of the recently unemployed run out of unemployment benefits and job prospects. Over the last two years, the welfare rolls have doubled, rising from 1.5 million in August 1989 to 2.2 million in June 1991.

But rather than break with the bankrupt economic poli-

cies of the Bush administration, Wilson and other state officials have opted to scapegoat the poor, and especially the easy target of welfare mothers.

This past December, Wilson unveiled a statewide referendum called the "Taxpayer Protection Act of 1992," which proposed a total 25% cut in the Aid to Families with Dependent Children (AFDC) program—a 10% cut immediately, followed by another 15% cut after six months. The initiative also proposed banning any additional payments to any woman who bears a child while receiving welfare benefits; a similar law has already been adopted in New Jersey.

Wilson's Norplant proposal takes the same genocidal impulse one step further.

Welfare rights advocates fear that the supposedly "voluntary" Norplant program will quickly become mandatory. In the recent past, Wilson has voiced interest in various techniques to keep women on welfare from reproducing, and has expressed particular enthusiasm about Norplant, which is implanted under the skin and keeps the recipient sterile for five years, or until it is surgically removed.

## Policy an 'abomination'

Kevin Aslanian, executive director of the Coalition of California Welfare Rights Organizations, told *EIR* that "the biggest fear we have is that Wilson will end up forcing women to do this," i.e., accept Norplant, by threatening them with loss of benefits should they fail to comply.

"We fear the governor is trying to manipulate people into being sterilized," Aslanian said, adding, "We wouldn't be at all surprised if the Bush administration were pushing this" behind the scenes.

"Wilson knows the budget problem is not caused by welfare," Aslanian charged. State spending on AFDC totals only 5% of the state budget, and even if all AFDC benefits were terminated, the state would still have a huge budget deficit.

Another coalition official, Grace Gallagher, told reporters recently that she had heard rumors from Wilson's office six months ago "that they were toying with the idea of making Norplant mandatory for any woman who applies for AFDC as a condition of eligibility." She added: "I just don't trust Pete Wilson" to keep the program on a voluntary basis.

Although the Roman Catholic Archdiocese of Los Angeles has yet to issue a statement condemning Wilson's policy, maintaining that the Catholic Church's ban on artificial contraception would naturally extend to the use of Norplant, right-to-life networks are up in arms.

"I think it is an abomination, and a short-sighted cure for a long-term problem," one activist told *EIR*. "Norplant is simply a license for promiscuity and an open door to AIDS and all sorts of venereal disease." The right-to-lifer characterized the policy as having a "eugenics flavor" reminiscent of birth-control pioneer Margaret Sanger's advocacy of contraception for the "racially unfit" and the poor.

## Huge debt buildup in Germany

*Has Germany has gone too far into debt following reunification? Not necessarily, provided it gets serious about infrastructure.*

**B**y the end of this year, Germany's public indebtedness will have reached the staggering sum of 1.33 trillion deutschemarks—almost \$2 trillion according to current exchange rates. This represents a growth in public indebtedness of 32% over the previous year, and if this trend continues, financial experts predict it will have reached DM 1.5 trillion by 1993, and DM 1.9 trillion by 1995. In the coming year, it will be 50% the size of Germany's expected Gross Domestic Product.

This debt burden itself is already gobbling up large amounts of new loan money in order to sustain it. For the first time this year, interest payments will constitute the second-largest item in the German government's budget, and by 1995 banks will be raking in 20% of all federal tax revenues. Some people are speaking of national bankruptcy and debt mountains; and this powerful debt rocket doesn't even include the red figures of Germany's postal and railway systems. Indeed, the flood of new figures about indebtedness makes it difficult for citizens to have any idea what debt is due when, and it is doubtful whether many German politicians have much idea, either.

In itself, it's not a sin for a country to incur national debt. On the contrary, under certain circumstances—namely when that debt is tied to productive economic activities oriented to the production of physical goods—national credit creation can be a blessing for economic health and physical growth. However, if the state merely

lends out money so that it can be reloaned for purchase of consumer goods, without investing at least an equal portion into future-oriented projects, infrastructure, etc., then the nation is in effect stealing from its future generations, since the latter will have to pay back the debt without enjoying any of its benefits.

Judged from this standpoint, the current financial policies of the ruling coalition in Bonn are actually built on sand. Since reunification, all the monetary expenditures have created little actual economic substance. Only about one-third of the DM 150 billion which are to go to Germany's new states each year well beyond the year 2000, have gone, for example, into infrastructural measures such as expanding roads, railways, and communications systems, or in bringing the educational system up to par. The remaining two-thirds of these funds—most of it coming directly as loans from Bonn—are going into private consumption, primarily into social services such as unemployment compensation, social security, child-support money, and housing and education assistance. The fact that the number of such people forced to rely on such state aid is relatively larger in the new eastern states than in the west, is the result of Bonn's failure so far to use the wonderful opportunities opened up by the collapse of communism, in order to rescue the country from the shackles of the equally evil policy of free-market dogmatism. It now looks like the new eastern states will be dependent on these welfare

funds for a long time to come, to the tune of DM 1.6 trillion over the next 10 years.

What the coalition partners in Bonn lack in economic competence, has been compensated for by a considerable degree of acrobatic skill in keeping the full extent of the crisis away from prying eyes. More than half of the federal budget is currently hidden in a number of so-called shadow budgets:

- The Credit Transaction Fund, created according to Article 23 of the Reunification Treaty, includes not only former East Germany's DM 28 billion foreign debt, but also has a DM 70 billion fund used to settle accounts with east German banks in the wake of the currency conversion.

- The debt of the Treuhandanstalt, the entity responsible for disposing of the state-owned assets of the former communist state, is projected to be DM 250 billion by 1994, against assets of only DM 40-50 billion.

All this goes on top of the deficits in Germany's national, state, and municipal budgets, which in 1991 amounted to DM 110 billion—almost 4% of GDP. Municipalities in west Germany are now reaching their limits of indebtedness.

With the debt bomb ticking, politicians are becoming nervous. Chancellor Helmut Kohl, who showed so much leadership in bringing about Germany's political unity, is failing to show the same decisiveness in the economic realm, and his calming words about the coming recovery in the east are not addressing the nub of the crisis. The mood among many responsible circles was summed up recently by Helmut Geiger, president of the German Association of Savings Banks, when he issued a call to "Germany's political class" to finally acknowledge the seriousness of the situation which has arisen in the east.

## Mongolia probes disappearance of funds

*China's neighbor Mongolia, the land of the Great Khans, is now suffering from IMF barbarism.*

Even in this backward, impoverished nation, the "shock therapy" being applied by a team of Harvard economists under Jeffrey Sachs was able to locate \$80 million to steal. During December, the government of Mongolia, which is now independent after 70 years of Soviet control, discovered that \$80 million in government reserves had disappeared as a result of foreign exchange operations.

While the amount may be a pitance to international speculators who have been turned loose in this vast nation of only 2 million people, when compared with the size of the federal budget, it is catastrophic. Under orders of the Sachs advisers, Mongolia cut government expenditure last year by 30%, resulting in a total expenditure of \$125 million. Thus, the \$80 million lost in the swindle represented 64% of the annual federal budget.

The case is under investigation, with several leading officials named as suspects. While they very well may find some corrupted officials, the real crime was committed when the country was forced to accept the economic dictatorship of the International Monetary Fund (IMF) under the direction of Sachs.

One of the officials accused of complicity in the swindle, First Deputy Premier D. Ganbold, when confronted with the charges by *The Mongol Messenger*, said: "The losses and damages in the banking sphere are the misfortunes of not only Mongolia but of almost all former socialist countries, as this is the result of the competition between planned and market

economies. The approval by the government for dealer operations was a recognition of the need to cooperate with market-economy countries."

This amounts to saying, "We stole it fair and square." It is a truthful reference to the role of western speculators in using the deregulated "free trade" rules for the exchange markets to steal the last dollar of reserves of this poor nation. But there is no justification for having let the wolves in in the first place. It is also not accurate to say that only "former socialist countries" are being robbed by such "shock therapy" policies. As *EIR* has documented, these are the same policies imposed on Third World nations over the past decade under the rubric of "conditionalities" on the refinancing of debt, which allow the "free" flight of capital, "free" flow of drug money, and "free" access of international speculators to manipulate unregulated markets.

One of the first accused in the scandal, 34-year-old head of the central bank N. Zhargalsaikhan, is one of the key local hit-men for the "shock therapy" gurus. Despite the ongoing investigation, he is still cracking the whip. On Feb. 27, he denounced the government for going too slowly in imposing the deadly austerity measures. He demanded the right to cut off the credit supply and dictate limits on government spending. "We need real liberalization of prices, not half measures," he told Reuters.

The "half measures" which he complains are not tough enough include the lifting of price controls on

all goods except bread and flour. Meat prices have doubled, there is no butter or cooking oil, most necessities are rationed, and there is a severe lack of medical supplies. The chairman of the Parliament's economic committee told Reuters on Feb. 26, "In mid-March, all our oil will run out. We can prolong this by using our special reserves for agricultural machinery, but if we use these reserves we can't plant seeds during the planting season. The question of whether we survive depends on external factors."

Unfortunately, those external factors are in the hands of Sachs and the IMF. The other "contribution" which Sachs provided to Mongolia is a stock market. Run by 26-year-old N. Zolzargal, who was trained at Harvard under Sachs himself, the market was based on the rapid privatization of 2,200 of the nation's 2,600 state factories. All are open to foreign ownership in part or in full. In a harebrained scheme to develop "capitalists" overnight, every citizen was offered a chit worth \$250 as a voucher to purchase stock, delivered personally to his or her yurt.

Efforts by advanced sector nations to provide assistance to prevent a disaster have been under the direction of U.S. Secretary of State James Baker, who has an unusual personal interest in Mongolia, and head of the U.N. Development Fund William Draper III, a leading advocate of depopulation and deindustrialization. It is clear that the minimal assistance needed will not be forthcoming unless Mongolia continues to implement the genocidal demands of the shock therapists.

This may explain the recent split in the ruling coalition. The second largest party, the Mongolian Democratic Party, announced it was forming a formal opposition challenge because the reforms are going too slow.



## 'His Majesty' Camdessus gets his way

*Peru's Fujimori has ordered a new tax "shock," on orders of the IMF director, including a barbaric tax on water and energy.*

At the end of February, the price of basic necessities in Peru shot up again, as a result of a new package of tax measures decreed by Economics Minister Carlos Bologna, with the stated goal of collecting an additional \$700 million in government revenue. Bologna announced an increase in the General Sales Tax (GST) from 16 to 18%, ordered that taxes now be paid on basic food necessities, and decreed an increase in taxes on sodas, beer, telephone service, and insurance. The minister had previously decreed a 20% tax on interest earned on dollar deposit accounts, and a 5% increase (making it a 10% tax) on the income tax for independent professionals.

Those measures will have only one result: to increase misery and death in Peru, where even the government acknowledges that 14 million people live in critical poverty. As one congressman angrily charged, to add a tax on sodas in a country devastated by cholera, which most people must drink because their drinking water is contaminated by the bacillus, is simply a means to spread the contagion.

Thus far, the measures have been successful only in sending inflation soaring. According to a private agency, inflation reached a 5.7% monthly rate in February (it had been 2-3% in the past months), and this was before the tax increases hit. According to *La República* of March 2, food prices have increased by as much as 30% in the markets.

The government put through this killer tax program on the express orders of Michel Camdessus, the Inter-

national Monetary Fund managing director, who visited Peru Feb. 12-13. Camdessus demanded that Peru intensify its austerity program, specifying that the IMF wanted tax collection hiked from 7% to 18% of Gross National Product. Otherwise, Camdessus threatened, Peru's "reinsertion" into the international financial community would be called into question.

President Alberto Fujimori decorated Camdessus, and pledged to jail tax evaders. But such measures will add little to government coffers, since there is scarcely any productive economy left to tax under Fujimori's IMF program. What the new tax program will accomplish is the bankruptcy of what little remains.

Peru's business sector reacted with understandable outrage to the tax shock. On March 1, Luis Vega Monteferrri, the president of the National Industrial Society (SNI), criticized the measures as "dangerous and negative," because they would "bring more poverty and recession." He pointed out that there is effectively a 35% tax on domestically produced goods, when the GST and other taxes on inputs are combined. Vega urged the government to reduce the GST to 5% of value.

The next day, the SNI put out a communiqué stating that "it is necessary to dump the vice of inventing new taxes overnight, or of raising the already very high rates of current taxes." The GST rate in Peru is now 18%; it stands between 10-12% in other Andean countries.

Augusto Baertl, president of the

National Mining Society, told *La República* March 2 that "for an industry such as mining, which is almost on its deathbed, imposing these measures will prove fatal."

The business daily *Gestión* wrote the same day, "the measures . . . will not obtain the forecast tax revenues, but they will generate a significant contraction in demand, deepening the current recession, increasing inflation, worsening the exchange rate, and intensifying lack of confidence." One *Gestión* columnist asked bluntly, how many more taxes must be increased "to satisfy His Majesty Dr. Camdessus?"

In fact, the government's argument for its economic policy—the urgency of lowering inflation—has fallen flat, since government measures have generated a wild inflationary spiral. Even the ultra-monetarists at former finance minister Manuel Ulloa's *Expreso* admit this. A March 1 editorial denounced them as "absolutely unacceptable, as well as counterproductive."

Despite all of this, the government appears unwilling to abandon the program it promised the IMF. According to *Caretas* of Feb. 25, the economics minister budgeted \$760 million for foreign debt payments this year. Such a policy, in the midst of a terrorist war and cholera epidemic, is criminal, charged economist Luis Vásquez, a frequent contributor to *EIR*, in a Feb. 22 interview with the popular Radio-programas del Peru broadcast. Another *EIR* representative told Channel 11 television on Feb. 27, "There is no combination of greater taxes and cutting expenditures which can work in a depression like the current one. Here, the truth is that the IMF program doesn't work, and what we must discuss is a program of debt moratorium, regional integration, and emergency food, health and employment programs needed to save the nation."

## Cargill, Inc. reorganizes

*The cartel company restructures itself for a tighter stranglehold over food supply and looting.*

**C**argill, Inc., the giant company among the world cartel of food companies, is in the process of corporate restructuring of its U.S., Mexican, and Canadian operations. Though Cargill operates in secrecy, the larger implications of this reorganization are clear: The company is consolidating its command structure for tighter control over North American food production and shipments, and the Cargill heirs are also planning to take out a bundle of cash from the company.

According to various reports in trade journals, the master restructuring scheme is known as the "North American Organization Project." In broad outline, the plan involves setting up the North American operations as a separate region, in the same way as the multinational company treats other geographic areas—Southeast Asia, North Asia, Europe, South America, and so forth—as entities.

The corporate strategy center will be based in Minnetonka, Minnesota, where Cargill's headquarters is located. This new North American corporate seat squats in the middle of a network of facilities for buying, storing, and shipping grain that Cargill has newly put together in a pattern of acquisitions made over the past two and a half years, since the signing of the U.S.-Canada Free Trade Agreement.

For example, under the new open-borders terms of the treaty, Cargill is moving Canadian wheat south for shipment out of Cargill port facilities in Seattle. The restructuring of Cargill's North American grain opera-

tions last November was the first phase of its overall continental regrouping to be announced.

Cargill has also repositioned facilities in Mexico, to function according to its North American free trade food control schemes. For example, Cargill has set up slaughterhouse capacity in northern Mexico. Whereas, in the past, Mexican beef came into the United States on the hoof, now the meat will come processed. Changes benefitting the cartels in U.S. Department of Agriculture meat inspection regulations have already been announced in the past year.

Also last fall, Cargill announced new financial arrangements, including an employee stock ownership plan to bind workers to the company through a stake in its performance. Under the new setup, Cargill heirs, presently about 88 individuals, according to reports, will be able to liquidate part of their holdings.

The foremost heir and current Cargill chairman, Whitney MacMillan, has let it be known that he plans to retire in 1995, when he will be 66 years old. He and his associates describe the reorganization moves as part of preparing for the "next generation." They say that the reorganization designs go back to 1989, when Cargill President James Spicola, now deceased, started to plan for more autonomous divisions under the broad control of top officialdom.

Everything that is being hatched among the inner circles of this secretive company is not yet known. What is obvious is that the fortunes of Car-

gill have grown fat in recent years, while the conditions of the North American farm sector, and of other farm sectors around the world, have deteriorated.

It is estimated that the company has \$49 billion in revenues, and 61,000 employees worldwide. The profits are estimated to exceed \$350 million.

In parallel with Cargill, Archer Daniels Midland (ADM) has also repositioned its facilities throughout Canada and the United States. ADM is headed by Dwayne Andreas, who was a vice president for Cargill for seven years during the 1950s. ADM has functioned as the unofficial soybean division of the Cargill empire.

ADM is the largest soybean broker and processor in the world, and dominates over 70% of the U.S. soybean market. The heir-apparent to Dwayne Andreas is said to be Howard Buffett, an ADM board member and son of Warren Buffett, the multimillionaire who was made head of Salomon Brothers to clean up its image when the company was exposed for dirty dealing in government securities.

The Buffetts specialize in owning companies whose profits come from cozy "innovations." ADM has specialized over the years in raking profits from favorable government regulations. For example, ADM today receives billions of dollars of ethanol tax subsidy deals.

The fortunes of ADM were boosted by the switchover from butter to margarine in the American diet. In the 1940s, only 10% of the "table spread" consumed was margarine, and 90% butter. Today, the ratio is 70% margarine to 30% butter. Now ADM is marketing non-meat burgers, the "Midland Harvest Burger," and preparing "soymilk" for the day when cartel and U.S. government policies have eliminated U.S. dairy herds.

# Business Briefs

## Productivity

### Illiteracy costs U.S. \$40 billion a year

Illiteracy now costs the U.S. economy \$40 billion every year, reports the Organization for Economic Cooperation and Development (OECD) in a new study. Illiteracy has a negative effect on productivity, the report points out; one-third of the workers employed in the 24 OECD nations could work more efficiently if they could read and write better.

In the United States, the problem is so grave that corporations lose an annual \$40 billion because too many employees cannot read or write. A 1991 U.S. government study found that a frighteningly large number of U.S. high school graduates have problems understanding a simple newspaper article or reading a bus schedule. "A rise in productivity for the OECD countries through technological progress will not be possible unless there is better education," says Donald Hirsch of the OECD's Institute for Educational Research.

The OECD itself played a major role in shaping post-1968 educational reforms in its member states. Not surprisingly, therefore, the study refuses to attribute illiteracy to a decline in general classroom standards, but rather blames an increased quality of the workplace.

## Environmentalism

### Europeans attack ozone hoax

Germany's largest mass newspaper, *Bildzeitung*, has run a front-page article under the banner headline, "Ozone—Hole or Lie?" The article appeared four days after a press conference Feb. 24 in Berlin by Ralf Schauerhammer, co-author of the new book *The Holes in the Ozone Scare*.

The article quoted Prof. Dirk de Muer of the Royal Belgian Academy of Sciences, who, like Schauerhammer, attacked a recent claimed "ozone hole discovery" by NASA scientists. His own studies of changes in the biosphere led him to the conclusion that the entire

ozone hole campaign is "nonsensical."

"The ozone hole in space is not growing any further, but is shrinking," the Belgian scientist said. "Nature is restoring itself, because the sun is reproducing ozone." Between 1974 and 1982, he said, the ozone layer gained visible strength, in spite of increased output of chlorofluorocarbons (CFCs), the culprit blamed for ozone depletion by environmentalists.

"I have my doubts about its credibility," de Muer said of the NASA announcement, which made international headlines over an alleged find of a giant ozone hole over northern Europe.

## Infrastructure

### California opens largest desalination plant

The city of Santa Barbara will open the nation's largest desalination plant in early March. The project was approved by voters in 1991, the fifth year of a water shortage caused by drought.

The successful completion of the plant will obviate the need for extreme conservation measures which have been enforced on the city, including bans on lawn-watering and car-washing.

Santa Barbara water official Steve Mack told *EIR* that the plant will supply water for two months and then be temporarily shut down—its output is not needed for the time being because of heavy recent rains.

Powered by the regional electrical grid, the plant passes ocean water through a membrane under high pressure, separating out the salt molecules. The plant was built by Ionics, Inc. of Watertown, Massachusetts, at a cost of \$30 million. The city is completing the final tests on the quality of the desalted output-water. When the state health department approves, the plant is expected to come on line.

Mack said that the city of Morro Bay will open a similar desalting plant, and that Monterey/Carmel, Marin County, and Catalina Island are all looking into developing their own projects.

The *Washington Post* fulminated against

the Santa Barbara project in a large article and editorial on Feb. 28, saying that "skeptics claim" the plant "is a costly folly." The article worries, "Water officials have said the plant could be the forerunner of similar plants along the California coast as cities rush to find new supplies as their populations boom."

## Finance

### U.S. demands open market of Korea

The U.S. criticism of the pace at which South Korea is opening its financial markets has disgruntled Korean policymakers, although they do not publicly air their discontent, according to the Feb. 13 *Korea Times*.

The United States has described Korea's financial system as "antiquated, closed, over-regulated and discriminatory." Korean critics say this is "an attempt to elicit dramatic concessions from Korea at the fourth financial policy talks in Washington" in March.

In a recent speech in Washington, Deputy Assistant Treasury Secretary James H. Fall alleged, "Our recent financial policy talks with Korea were disappointing, as were talks last September." The Korean Finance Ministry in early February released a list of market-opening measures Korea has made toward the United States, as if to counter the U.S. allegation of "disappointing progress in financial policy talks."

The Finance Ministry said that the United States "seeks a complete revamping of Korea's financial system after eliciting issue-by-issue concessions from Korea."

## 'Free Market'

### Sachs 'therapy' under attack in Germany

Jeffrey Sachs's "shock therapy" economic policy for Poland—the abrupt conversion to an unregulated "market economy"—was attacked as "voodoo in Warsaw" by Stefan Baron, chief editor of Germany's *Wirtschafts-*

*woche* business weekly. The article advertised and supported as "to the point" an exclusive interview with former Deutsche Bank director Axel Lebahn, who denounced Harvard Professor Sachs.

With Sachs's shock therapy applied under former Polish Finance Minister Leszek Balcerowicz, "market economy and democracy have lost a lot of their previous fascination over the past two years," Baron wrote. Giving a special warning to Moscow, he wrote: "The other states of eastern Europe, Russia most of all, should draw a lesson from that. They have to choose advisers more carefully and approach reforms with more caution."

The arguments of Lebahn, who has been building the German-Russian Business Center in Düsseldorf since his retirement from the Deutsche Bank board a few months ago, are that Russia has entered a transition phase of at least 15 years which does not allow risky "free market" experiments. There is as yet no comprehensive conceptual framework for the Russian reforms. Russia needs a specially designed market economic system, rather than "U.S. skyscrapers in the Siberian tundra." The present Russian reforms, featuring a lifting of all price controls, are a "hoax." The state played an overwhelming role in Russia for decades. Its role cannot be suddenly totally eliminated from the economy, especially not if the supposed alternative is the Sachs "shock therapy."

Finally, he wrote, a convertible ruble is not possible so long as there is no economic stability in Russia, and there won't be any for "years to come."

## Science

### Yeltsin sets up Russian space agency

Russian President Boris Yeltsin announced on Feb. 25 that a new Russian space agency will be formed, and will be charged with carrying out "state policy in space research and the use of outer space." Most importantly, it is mandated to "cooperate with corresponding state bodies of other members of the Community of Independent States and foreign nations," and will take over "ground installations belonging

to the space infrastructure within the limits of its authority."

For example, mission control for the manned program is in Moscow, but the spacecraft are launched from the Baikonor Cosmodrome in Kazakhstan, while critical manufacturing facilities are located in Ukraine.

Within a period of two months, the new agency, working with the Academy of Science, the Ministry of Science, and an advanced education agency, is to submit a plan for an Inter-Departmental Commission on Outer Space and give a list of its personnel.

To this point, the increasingly "privatized" space program has been appealing to the United States and other nations for joint projects to save former Soviet space capabilities and manpower.

## Labor

### New catechism will outlaw economic crimes

A new papal encyclical will call for a just income for labor and denounce unjust economic policies as a sin. The final editing of the new pontifical document, sources have hinted, has been influenced to a large extent by Joseph Cardinal Ratzinger, in his function as Prefect of the Congregation for the Doctrine of the Faith. There has been much editing and re-editing of the document, but the view of Ratzinger and Pope John Paul II view is said to have prevailed.

The final version of the document will not be out before early or mid-March, but definitely before Easter. Leaks as to its contents say that it will attack crimes in the economic sphere like cheating, corruption, tax evasion, and usury as incompatible with the principles of a Christian life, because they are violations of the Seventh Commandment, "Thou shalt not steal." These crimes are not simply a worldly affair, but a cardinal sin against God as well as man.

The new moral catechism is also expected to give a more detailed definition than earlier encyclicals of what the social ethics of the Catholic Church holds to be a just economic and social order.

## Briefly

● **THE TAIWAN** cabinet approved construction of the island's fourth nuclear power plant in February. Anti-nuclear protests had delayed the project for six years. Work will resume by June if the legislature votes the necessary funds. The \$6.8 billion plant will be completed by the year 2000. Officials said the plant was needed to avert a severe energy shortage. The state-run Taiwan Power Co. was forced to ration electricity for several weeks last year.

● **POLIO** has returned to Jordan after three polio-free years, Health Ministry officials have announced, saying that 32 cases have been reported. A nationwide campaign has begun to immunize 600,000 children.

● **AFRICAN CLERGY**, in the wake of Pope John Paul II's tour of the continent, are said to want the Vatican to launch a "crusade against poverty and injustice," including threats to excommunicate leading businessmen and politicians "who were once baptized but do not act like Christians."

● **A EURO-JAPANESE** space glider project is under discussion in Tokyo between the German government's chief coordinator of aerospace affairs, Erich Riedl, and his Japanese counterparts. One year ago, Riedl proposed a European space shuttle independent of the United States.

● **FOOD STAMPS** are now received by 1 in 10 Americans, or 24.8 million people; according to figures for December 1991 issued by the Food and Nutrition Service. Enrollment was 3.1 million higher than December 1990. It climbed 400,000 in both October and November, for a 1,090,000 increase in three months.

● **A TAPEWORM**, thought to originate with arctic and tundra foxes, has been found in the southern United States. It is not noticeable to the human eye and is slow to manifest symptoms in animals or humans. Its effects include kidney or liver collapse and metastasized tumors in the brain and lungs. Surgical treatment is successful in only 50% of cases.

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## Truly ouster is latest blow to space program

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*White House grandstanding about returning man to the Moon and going on to Mars is cheaper than a serious effort, which means funding the Space Station. Marsha Freeman reports.*

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On February 12, the White House announced that National Aeronautics and Space Administration (NASA) Administrator Adm. Richard Truly had submitted his resignation as the head of the nation's space agency. The White House's phrasing of the announcement fooled no one into thinking that Admiral Truly hadn't been fired. The friction between the NASA administrator and the White House, represented by Vice President Dan Quayle's National Space Council, has been public knowledge since the first astronaut to head the civil space program became its administrator three years ago. Admiral Truly learned by experience what it means to "serve at the pleasure of the President."

Whatever political advantage the White House thought would be gained by flexing its political muscle to show the electorate that Vice President Quayle is in charge, won no support. Neither Congress nor most space commentators were amused by the ouster of the highly respected NASA administrator, just as the agency begins its fight with Congress on the NASA budget, and on the annual threat by Congress to cancel Space Station Freedom.

At a Feb. 19 hearing on the fiscal year 1993 NASA budget before the Space Science and Technology subcommittee of the House Committee on Science, Space, and Technology, Rep. Norm Mineta (D-Calif.) expressed the feelings of most members: "Admiral Truly has earned the gratitude of Congress and this committee. . . . I am deeply concerned about what appears to be an attempt to turn our nation's space program into a political poker chip. It angers me to think that NASA, which has inspired generations of Americans, is being turned into a public relations tool for the rehabilitation of Dan Quayle. . . . Whatever political or policy agendas the White House may have, neither NASA or Admiral Truly deserved this treatment. . . . Our space program is too impor-

tant to be left to White House political operatives."

As bad as it would be for any cabinet-level agency to lose its top management just as it is going into the congressional budget cycle, the consequences for NASA—and for the nation—are presently much more serious. As has been noted by agency insiders and astute reporters, the last time there was such a leadership vacuum at NASA, in 1986, the Space Shuttle Challenger was mistakenly launched, killing seven astronauts. Worse than the near-term effect is the fact that if this nation is ever going to go back to the Moon and then on to Mars, administrations will have to stop playing politics with the space program, and give it the resources and support it needs to get us there.

### Differences over space program's goals

The battle between the White House and NASA over who would control space policy was undoubtedly intensified by the recent refusal of the administration to allow Admiral Truly to appoint someone of his choice as the deputy administrator. *Aviation Week* magazine reported on Oct. 14 that "Vice President Dan Quayle is pressing for an outsider to step in as the agency's number-two official." Deputy Administrator J.R. Thompson had announced in September he would be leaving Nov. 8.

This fight is a replay of what happened to a previous administrator, James Beggs, who was denied the prerogative to choose his own deputy during the Reagan administration. An incompetent political appointee, William Graham, ended up in the number-two spot at NASA. When Beggs was forced to step down, thanks to a false Justice Department indictment, Graham was left as the acting administrator, when Challenger was unfortunately launched.

But aside from the power play by the White House to



override decisions by Truly and make a career for Dan Quayle, real differences developed over how best to proceed with the space program. One view was based on Truly's more than 30 years of experience as a Navy pilot, an astronaut, and as the man who managed the Space Shuttle program when it had to be rebuilt after the Challenger explosion. The other view was based on political expediency and the unreal economic policy of the Bush administration that what is best is cheapest, and is done by the private sector. And when it comes to accomplishments in space, of which the American people are rightfully proud, the White House also wanted the program to be "highly visible."

One clear statement of the problem was penned by former *Science* magazine writer Daniel Greenberg on Feb. 26 in the *Washington Post*: "It's time to break up the old-boy network at the space agency," Greenberg advised, because "NASA is still dominated by the romance of humans in space," and is resistant to "outside" ideas.

What did the White House want? "A JFK-like manned assault on the Moon, including the establishment of a permanent base there," according to the press in early July 1989—just two weeks before the 20th anniversary celebration of the first lunar landing. On the occasion of that anniversary, President Bush announced his plan to complete and deploy Space Station Freedom in the 1990s, to return to the Moon in the first decade of the next century, and to land on Mars in the following decade.

Sounded good.

Before the public speech, the White House briefed a group of congressmen on options being considered for "a major space initiative," for the Moon and Mars. Robert Walker (R-Pa.) stated that any of the options would require "a substantial increase in resources available to NASA—it will require doubling the size of NASA and the NASA budget." There's the rub: If you want a Moon-Mars mission, you are going to have to pay for one.

Two months later, Dan Quayle admitted in an interview with *Space News*: "The Congress unfortunately has cut our space commitment and our space resources. This President's space budget is being challenged right now on Capitol Hill. . . . We hope that the Congress does not significantly change the President's space budget. If they do, and we cannot get the support, we'll have to regroup."

NASA Administrator Truly, who had flown twice on the Space Shuttle, had also participated in the first U.S. space station program—Skylab—and was now in the midst of returning the grounded Shuttle program to flight, was excited about the Moon-Mars initiative for NASA, but he also knew what was required.

### **The fight for Space Station Freedom**

Two months after President Bush announced his initiative, Truly stated in testimony on Sept. 28, 1989, that "future missions to the Moon and to Mars will continue the remarkable journey

of exploration begun over 25 years ago when human beings first rocketed into space. Exploration is a human imperative, one deeply rooted in American history. Our flag still flies on the Moon, and space exploration, both manned and unmanned, is an endeavor in which our country excels.

"This new commitment responds to that imperative. . . . [But] at present, NASA activities are tightly funded, [and] we cannot sacrifice current programs for future initiatives. The return to the Moon and journey to Mars represent an activity that builds upon the core program. . . . I would like to comment upon two programs that are vital to our space program today, yet are also essential to America's future in space. They are the Space Shuttle and Space Station Freedom. One is flying. The other is being built. Both are indispensable.

"The Space Shuttle is key to space exploration by men and women. It is the first step into space by human beings, the only way we can lift our astronauts into orbit. The presence of Americans in space depends upon the Shuttle. . . . Space Station Freedom is the critical next step for the voyages to the Moon and Mars. It is the transfer point, the staging area, and the point of departure. . . . Without Freedom, these future expeditions cannot take place." His view has been denounced by some as a Romantic fixation with the manned space program and near-term projects.

In November 1989, upon request, NASA presented its 90-day quick study of how to implement the President's Moon-Mars program. In order to carry out the effort, NASA asserted, Space Station Freedom would have to be accelerated to a 1997 completion date, two years earlier than planned, and a new heavy-lift launch vehicle would have to be developed. But Freedom was taking a budget beating.

In a June 1991 letter to Sen. Jim Sasser (D-Tenn.), who chaired the Committee on the Budget, Truly minced no words, stating, "NASA has reduced the size of Freedom by nearly one-third, has simplified the launch and assembly, and has reduced the cost by \$5.625 billion over the next six years. . . . to comply with congressional guidelines. Space Station Freedom has already made its contribution to the deficit reduction effort, and any further reductions will terminate the program."

The White House refused to believe that if it could not win support for the Space Station, there was no point in telling the American people we were going back to the Moon, much less on to Mars. Instead of trying to work with Truly to build support for the Shuttle, the Space Station, and the Moon-Mars program, the administration decided to try to bypass NASA and find a "quick, cheap, and dirty" way to implement the Space Exploration Initiative. This required mobilizing the National Space Council as a ready-made counterpole to the space agency.

### **National Space Council: a bad idea**

A National Space Council had not existed since the Nixon administration. On March 1, 1989, the Bush administration



Adm. Richard Truly, during Feb. 21 testimony before a Senate Appropriations subcommittee. There is no question about Truly's "resignation" as NASA administrator: The Bush administration fired him.

announced that it would be chaired by the vice president, and include the secretaries of the Department of Defense, Transportation, State, Commerce, Treasury, the Office of Management and Budget, the budget director, national security adviser, director of the CIA, the head of NASA, the President's science adviser, and the White House chief of staff. Quite a mélange of forces arrayed against the only agency that has the authority, and which takes the responsibility, for operating the nation's civilian space program.

Longtime observers of the space program have made clear that space policy developed by a space council would be inherently unstable, and especially so given the particular characteristics of this one.

In the February 1989 issue of *Ad Astra* magazine, two months before the council was formally constituted, space historian John Logsdon asked, "Do we really need a Space Council?" His answer: "History provides a negative answer. . . . Space will only get special attention at the presidential level if the President wants to give it that attention. Creating a space policy mechanism cannot substitute for presidential commitment. . . . It is no substitute for a strong NASA administrator who has the confidence of the President."

A year after George Bush's Moon-Mars speech, an editorial appeared by Joseph Trento in the July 25, 1990 issue of the *Sun Gazette*, a paper in the suburban Washington area of Loudoun County, Virginia. Joseph Trento had earlier written a book on the Challenger accident, which had laid the blame squarely at the door of the White House. Trento stated, "The truth is that the Bush administration has no real commitment

to a civilian space program. George Bush as vice president once tried to turn the entire shuttle fleet over to a group of Princeton investors for private profit.

"Dan Quayle chairs the same NASA oversight body that Lyndon Johnson ran. Johnson used it to round up political clout for the space program as JFK's VP to help give the push to the Moon. All of us understand that Dan Quayle is no rocket scientist and no LBJ. We also know he is better at playing golf than just about anything else. Considering those qualifications, you would think George Bush would show enough concern for America's technological future to give Quayle a job that was a little less taxing on his limited mental resources.

"We would urge President Bush to fire Quayle as head of the Space Council and appoint someone who has a clue as to what NASA's mission is, except it is more than clear that no one in this administration knows.

"Cheap political stunts like proposing Mars trips that will take off long after George Bush has made it to the heavens have been the death knell of NASA for a generation. . . . What ails NASA is that it has no real mission. Running dilapidated spaceships on an unsafe budget isn't what NASA was created to do. . . . A lack of presidential leadership is what ails NASA and has since 1969."

When NASA submitted its quick-look report on how to accomplish the Moon-Mars mission to the White House in November 1989, the space moguls at the National Space Council decided it lacked "bold new ideas." After all, NASA had been planning Moon-Mars missions for nearly 30 years. Surely, there must be innovative concepts lurking in corners that the agency had never come across before.

At the same time, cuts in the defense budget threatened to leave thousands of scientists and engineers from the national weapons laboratories unemployed. An ill omen appeared with a Dec. 4, 1989 article in *Aviation Week* that the Space Council was moving toward a consensus that the Moon-Mars mission would be paced by a technology effort similar to that used in the Strategic Defense Initiative (SDI). What this means is that the Defense Department's cost-containment approach to technology development, which had badly infected SDI, was being applied to the Moon-Mars mission. By contrast, NASA's approach was to use updated versions of the already-proven technology that had been under development when the last Moon-Mars program had existed in the early 1970s, and couple that with an aggressive mission schedule.

Determined to pull the rug out from under Truly and take command, Vice President Quayle sent a letter to the Aerospace Industries Association in December, requesting its input on "innovative ways of doing business" to accomplish the Moon-Mars mission.

The *Washington Post* reported this move on Dec. 11 under the headline: "Friction Between NASA and Quayle's National Council Erupts in 'Mars Wars.'" The crux of the

issue was that the White House objected to NASA's "business as usual" (that is, the way NASA landed man on the Moon and sent satellites to visit all of the planets), because it would mean a \$400 billion program. Truly and others cautioned, however, that there is no technological "silver bullet" to cut the costs of space exploration substantially. "We think we are very well plugged into both classified and unclassified technologies and how to apply them to this problem," Truly stated. "Are there pressures to do things cheaper? Sure. Are we willing to sign up when we don't get the resources we really need to achieve it? I'm not."

Two weeks later, *Nature* magazine observed that the call for outside ideas was the "first sign of a growing power struggle between the space agency, the vice president-led National Space Council, the aerospace industry, and government research laboratories over who shall take part in and plan the massive two-decade project. . . . The decision indicates a diminishing White House confidence in NASA."

Following the Space Council's great leap forward to solicit "new ideas," NASA set up the Synthesis Group in September 1990, to review and integrate concepts the White House insisted be solicited for a return to the Moon. We will return to the "new ideas" this search came up with.

At the very same moment that top-flight technical people were now deployed to read and listen to more than 1,000 "ideas" for a program from which *all* funding had been removed from its budget by the Congress, the White House decided that there was not only an idea crisis at NASA, but also a management crisis.

On July 26, 1990, the *Los Angeles Times* reported there had been a "close call" in Washington. Congressional NASA critics and the Space Council staff had privately urged a "sweeping investigation" of alleged mismanagement at the space agency. President Bush "forcefully" rejected the calls to investigate NASA's current problems with the Shuttle, the Hubble Telescope and the Space Station, the paper reported, and instead asked Truly to appoint a panel to review the agency's long-term goals.

Two television networks reported Truly was considering resigning over the apparent vote of no confidence by the White House. "Quayle himself met with Truly last week and declared afterward that the administration has 'complete confidence' in the NASA administrator and dismissed rampant speculation that the White House would launch a major probe of the space agency," wrote the *Times*. On July 25 Quayle announced that Martin Marietta chief Norm Augustine would head an independent committee that would review the space agency.

On Sept. 13, 1990, Admiral Truly testified before that Augustine Committee. "All is not well" at the space agency, he warned. The real problem, however, was not Hubble Telescope flaws, or Shuttle hydrogen leaks. From his perspective, he said, the problems included the need for the administrator to have more authority and flexibility to run the



*Vice President Dan Quayle, who heads the National Space Council, speaking at a GOP fundraiser in Virginia's exclusive hunt country. Truly's ouster was designed to submit NASA and the country's space policy to the short-term political considerations of the White House.*

program, and a "better match" between NASA's programs and its resources.

When the Augustine Committee released its report, the score was, not surprisingly: Space Council—one; NASA—zero. Dan Quayle stated, "The Augustine report clearly points out the need for fundamental changes in our civil space program." "By endorsing the changes," *Aviation Week* wrote, "the Bush administration has acknowledged that much of the post-Apollo U.S. manned flight planning by the Nixon, Ford, Carter, and Reagan administrations was too ambitious for NASA to undertake with the resources provided.

"The most controversial aspects of the report," *Aviation Week* summarized, "are phase-down of Shuttle operations and procurement of a new heavy-lift booster in place of buying a fifth operational Shuttle orbiter beyond Endeavour." NASA has planned procurement of a fifth orbiter during the early 1990s to keep the fleet of reusable spacecraft robust enough to build Space Station Freedom.

In an article for the Dec. 28, 1990 issue of *New Federalist* newspaper, this author was a little less diplomatic. "Panel Urges End to Manned Space" was the headline. The panel recommended no more Shuttle orbiters be built, that Space Station Freedom be down-sized (again), and that the Moon-Mars mission be done on a "pay as you go" basis, meaning realistically, not at all.

### **Quayle and the 'flying condom'**

According to a Jan. 22, 1990 article in *Aviation Week*, Lawrence Livermore weapons laboratory "founder Edward

Teller and his protégé Lowell Wood have both spent time talking to the Space Council about proposals for Mars. Quayle is said to have been impressed by one idea of Wood's for inflatable Kevlar-covered balloons for space travel. . . . The double-walled 5 meter by 15 meter structures could be stowed compactly until needed, Wood says, greatly simplifying the process of establishing living quarters or storage space. Although Wood acknowledges that the technique carries some risk—the balloons might pop—he claims the technique could cut the project's cost by an order of magnitude."

Lowell Wood is one of the whiz kids from the Livermore SDI effort who gave this country "Brilliant Pebbles," when Congress ditched the concept of strategic defense. (See *EIR*, April 13, 1990, "'Brilliant Pebbles' Are Not that Smart"; and March 22, 1991, "SDI Revisited: Lessons We Must Draw from the Gulf War" and "Bush's GPALS Limits More than Defense").

*Final Frontier* reported nearly a year later, in December 1990: "In the end, the National Research Council [of the National Academy of Science] determined that while a few of the Livermore team's ideas should be pursued further, they generally underestimated the mission's engineering challenges. This finding didn't matter to the National Space Council, however. Its members were convinced that alternatives existed. . . . Some longtime space reporters believed it was a public relations gimmick to generate support for a seriously ailing program. . . . Congress had refused to make the multibillion-dollar commitment to the Space Exploration Initiative."

Robert Park, in the Feb. 21 newsletter of the American Physical Society, described Lowell Wood's proposal: "Then there was the inflatable Kevlar spacecraft, or 'flying condom,' that could be wadded up and shot into space for peanuts. . . . He is the guy to see for quick, cheap solutions. Now Wood has the ear of Dan Quayle."

In addition to the "flying condom" approach to the Moon-Mars mission, *Aviation Week* reported in an editorial last month, that "physicist and gadfly Lowell Wood . . . has been briefing senior administration officials on his notion of a sweeping reform of space programs, beginning with acquisition practices. The reform's premise: The civil space program is a captive of NASA's old guard. The reform's objective: Wrest control from the old guard and shift it to the White House. Unfortunately, the consequence could easily be the wholesale politicization of NASA."

When George Bush announced Adm. Richard Truly's appointment as head of NASA on April 12, 1989, Bush said, "This marks the first time in its distinguished history that NASA will be led by a hero of its own making, an astronaut who has been to space, a man who has uniquely experienced NASA's tremendous teamwork and achievement." Now, for the sake of politics, the President has foolishly thrown that experience out the window, and perhaps the future of the space program with it.

## Truly discusses his years with NASA

*The following is from an address that Richard Truly delivered to a luncheon of the National Space Club on Feb. 26, 1992. Subheads have been added.*

I joined NASA on a blistering hot August day in 1969, at Manned Spacecraft Center in Houston, Texas. I was 31 years old at the time, but I did come with some experience—almost five years as a military astronaut, test pilot trained by Chuck Yeager, a Navy carrier fighter tour under my belt and, as a matter of fact, the youngest and only remaining member of the first selected [Defense Department] Manned Orbiting Laboratory group of astronauts.

Imagine how I felt as I joined an organization like NASA. I actually arrived between Apollo 11 and Apollo 12. Only a month before, Neil Armstrong and Buzz Aldrin had set foot on the Moon, the event that the 20th century—probably this 1,000 years—will be remembered for. The first brilliant steps of the dreams of humans, since the ancients looked up at the star canopy above, had been achieved!

It was the very epitome of opportunities in a dreary decade of an unpopular war, presidential assassinations and racial violence on the streets of our beloved land.

Yet, even then, the Apollo that I remember was not easy, was not quick, was not free of risk, and was very much criticized until the final glory was achieved. Frankly, it was like the space program of today—a tough, risky job, filled with ambitions and political realities; successes and failures; blood and kisses; and wonderful, smart, gutsy people!

### First space station

A few years later, in 1973, NASA placed America's first space station in orbit. It was Skylab, and at liftoff I had the best job in the astronaut office—that is, other than Pete Conrad, Joe Kerwin, and Paul Weitz—I was "Houston" for all three Skylab ascents, rendezvous, and dockings, and also for the first reentry.

Of course, though, NASA was already developing the world's first reusable spacecraft—a space shuttle—to take large crews and heavy cargoes to orbit. . . . I became pilot of one of the two test crews to fly the 747 Enterprise flight tests in 1977. . . . I drew a lucky straw to fly those flights with the great Joe Henry Engle. It was the best test pilot job in the country that year.

Shortly after that, the first crew of the Space Shuttle program, John Young and Bob Crippen, were named. Joe Henry

and I were their backups for [the space shuttle] STS-1.

Finally it was my turn to go into space. Joe Henry Engle was commander and I was pilot of STS-2, the second flight of Columbia, then our only Shuttle. We launched on my 44th birthday on Nov. 12, 1981. And as an aside, I was the first grandfather in space!

My chance to command came on STS-8, the first Shuttle night launch and landing in August 1983. I'll never forget rolling out on final on that black, moonless night with Dan Brandenstein beside me, looking into that pit of darkness, lit up by colored lights that Mike Smith, later killed in Challenger, and I had devoted so many hours to.

The next day, I announced I was giving it up, to go back to my Navy. Adm. Jim Watkins, the Chief of Naval Operations, had talked me into it. As much as I loved it, I was never coming back to NASA. Let me tell you, those were heady days. From the day I joined up, NASA was the toast of the nation. It turned dreams into realities. NASA symbolized quality, reliability, and excellence. I had completed a job only a handful of people on Earth enjoy.

### Aftermath of the 'Challenger' tragedy

And then, early 1986—Challenger—a tragedy with an impact felt throughout the world. Within NASA, it took only seconds not only to lose seven good friends, but a reputation that took 28 years to build. NASA no longer was the paragon of excellence, and the second guessers moved in.

When the call came from the White House for me to come back and supervise the repair of the Shuttle program, I wanted to refuse, but I simply could not—NASA was too important. I returned on Feb. 20, 1986—six years ago last week.

*I thought* my job was to discover the cause, fix it, ensure future safety and reliability, and return the Space Shuttle to safe flight. I quickly discovered, however, that I was embroiled in politics, budgets and a critical reexamination of NASA, all surrounded by a media zoo.

Two and one-half years later, we met those technical milestones. . . . The crew of STS-26 flew the return to flight mission in September 1988, and they were met on that desert lakebed by Vice President Bush, the late Jim Fletcher, and me. Two months later George Bush was elected President. And in July 1989, I was honored to become NASA's eighth administrator. My tour will end April 1.

These have been tough, exhausting, challenging and exhilarating years; years during which I have met and gained innumerable new friends, who have given me unbelievable support; and years for which I am awfully proud. I have learned much in Washington—on the other hand, I'm not sure where I could ever apply it!

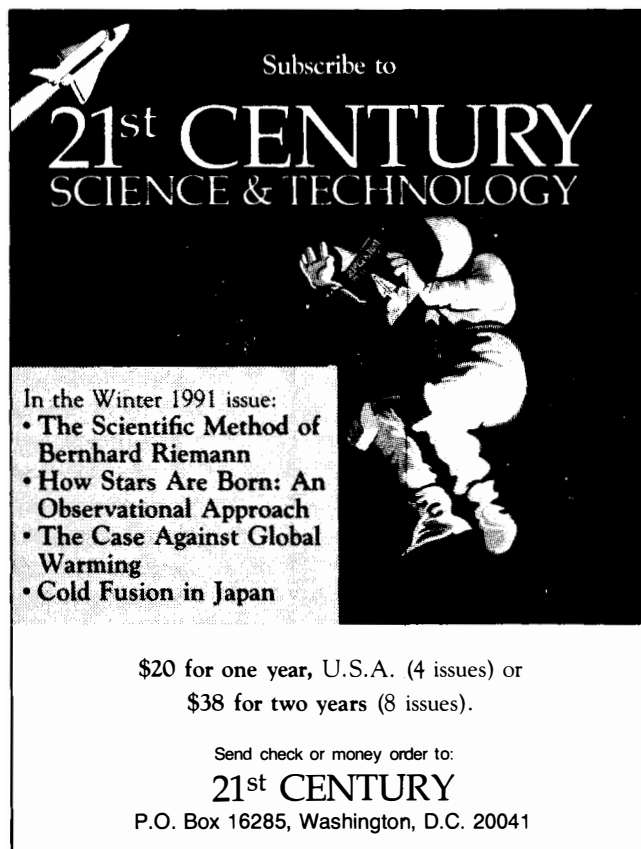
### What the future holds

Are we out of the woods with Station? Not by a long shot!

This year will be another difficult year. But after last year's budget battle, I am convinced the team is conditioned to go the distance. It's too important for our children not to develop Space Station Freedom. . . . As we move into the 1993 budget deliberations, our space program is in jeopardy. Attention is focusing on the economy, tax plans, defense spending, education, health care and the environment. A *status quo* budget would be a serious blow to the nation's space program, and it is not helped by what passes in this town for analysis, often utterly devoid of political or fiscal reality. Increased funding is a must if we are to maintain a balanced and diversified leadership program.

The last significant challenge is the most immediate. It is to provide the financial resources and support required to maintain momentum and American leadership in space. . . . We have pared, cut, slowed down, and eliminated to the bone. Without the funds we have requested in fiscal '93, we will cut deep and into real muscle. Today, we have the world's best space program. We will be jeopardizing America's leadership of the exploration of space.

Most important, remember: There is no better expression of American character than our exploration of space. People from other countries look at what we have achieved and the goals we intend to pursue there, and acknowledge that here is where you go to really understand Americans.



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## To solve health care crisis, build hospitals!

by Linda Everett

For two decades, the determining factor in the delivery of health care in the United States has been “cost containment,” legislated by the U.S. government, and dictated by a gang of self-elected health care policy “experts” armed with two decades and billions of dollars worth of cost-efficiency studies. The stated aim has been to “downsize” the American health care system. Behind the relentless whining about the “excesses” of American health care, was a frenzy to dismantle the infrastructure that provided the backbone of American medicine.

As a direct result, the viability of America’s health care delivery system is now disintegrating. Many of our public hospitals, known as America’s safety net, are in such a dangerous state of disrepair that they could lose their accreditation. Hospital bed shortages are a plague in inner cities nationwide. Whole swaths of rural Texas, California, and other states are without hospitals, doctors, or the ability to deliver emergency care. In some California hospitals, so many emergency room patients line hospital halls on gurneys waiting for a bed, that area fire departments regularly issue citations.

Because beds in hospital intensive care units (ICUs) are rationed, doctors use computer systems to weed out patients with poor statistical odds for survival. The artificial cap on the number of ICU beds means that even those patients who would survive *with* critical care fall victim to “triage,” with the rationale that they would have survived only with a “poor quality of life.” Los Angeles emergency room physicians admit they are “required . . . to perform passive euthanasia.” Heart attack victims and patients with bleeding wounds have died in the halls because operating rooms were full, or because doctors are forced to prematurely remove them from ventilators.<sup>1</sup>

The nation is in the midst of the longest-lasting shortage of registered nurses of any time since nursing data have been collected. Nurses in surgical units say they are so understaffed that, at times, they must choose which patient they will save and which they will let die. They must decide between the death of someone’s grandmother or a



*One of the most important issues in the presidential campaign is how to assure quality health care for all Americans. But as long as the program is based on "cost containment," there is no solution. Shown here is the abandoned Children's Hospital in Washington, D.C.*

mother's only son. Indeed, New York City physicians describe hospital conditions there as "worse than Beirut." Emergency rooms in Brooklyn are so wretched that physicians say they are forced to violate their Hippocratic oath.

In the past, these horrors could possibly have been dismissed as isolated or cyclical occurrences; but now they are cropping up ever more frequently as daily hindrances in the delivery of care. Overcrowded hospital emergency rooms in large cities, small towns, and even rural areas have created a state of crisis in over 41 states and the District of Columbia. The American College of Emergency Physicians warned in 1989 that the crisis threatens the health of patients as well as "the future of the country's hospital system."

The crisis, and the loss of life it incurs, was entirely predictable. To the degree that care is delivered, lives saved, and bodies healed, it is because dedicated medical personnel are determined to carry out the mandate of their profession, despite what they increasingly recognize as America's cost-containment "dictatorship" over medicine.

### **'Downsizing' health care**

Before Hitler's National Socialists could implement their euthanasia program in the 1930s in Germany, they had to convince the medical profession that broad layers of patients had to be eliminated: The sick and handicapped had to die for the good of *das Volk*—the national body of the people, they argued. The same twisted reasoning is being applied today: In the late 1970s, Federal Reserve Board Chairman

Paul A. Volcker told Americans they had to lower their standard of living. In 1983, the federal government imposed a lower standard of medical care on the elderly and handicapped with the Medicare program's Prospective Payment System (PPS). Over the following years, PPS became the most radical of many government-enforced mechanisms to ruthlessly undercut the nation's ability to deliver health care then, and laid the basis for the later enforcement of even broader regulatory measures for "downsizing."

Under PPS, the federal government no longer reimburses hospitals for the actual costs incurred in the treatment of elderly and handicapped Medicare patients. Regardless of what a patient needs, or of the medical complications involved, under PPS, hospitals receive flat, pre-determined payment rates according to the patient's diagnosis, based on diagnosis-related groups (DRGs). Hospitals are fiscally put "at risk" with patients who need costly diagnostics or treatment. While initial chemotherapy for a patient with acute leukemia might have cost \$20,000 in 1987, DRGs paid only \$4,000. Hospitals could discourage or delay the patient's admission. Or, they could treat the patient and absorb the costs or pass them on to paying patients.

Internists, who most frequently manage hospital patients, reported that under PPS they felt pressured to prematurely release sick patients, and to underutilize medically necessary tests. Some 65% of those interviewed said that PPS seriously diminished the quality of patient care.<sup>2</sup>

The combined impact of PPS, stringent government regu-

latory constraints on hospitals, and plans with flat, per member fees like HMOs (health maintenance organizations) and their many derivatives, directly contribute to poorer treatment outcomes. One study found, "Hospital mortality rates were positively and significantly associated with the percentage of patients aged 75 years and over, with the percentage of patients with comorbid conditions and the length of hospital stay." In other words, the very sick elderly are triaged under PPS. Stringent certificate-of-need restrictions on new diagnostic technologies were also proven to "have particularly adverse effects on outcomes for patients with conditions most affected by the regulation."<sup>3</sup>

Medicare's PPS has had a disastrous impact on the nation's 5,384 acute care community hospitals that are the backbone of our health care infrastructure. These are the short-term, non-federal, general hospitals in rural and urban centers, under public or private (for-profit or non-profit) ownership. More than 558 community hospitals have closed between 1980-90. California has lost 54 facilities. Texas lost 92 hospitals since 1986, leaving 58 counties without hospitals. The Pacific and mid-Atlantic regions lost one-third of their facilities.<sup>4</sup>

The major causes cited for destroying the financial stability of hospitals are 1) Medicare's PPS, 2) low Medicaid reimbursements, and 3) other government cost-containment regulations. According to the American Hospital Association, more than 60% of U.S. hospitals lost money under Medicare in 1990. But, when combined with Medicaid—the federal-state program that provides health care for the poor—the impact is worse. Many fiscally strapped states deliberately underfunded the Medicaid program in order to balance their budgets. Others, like Oregon, reimbursed hospitals for as little as 54% of the cost of treatment to Medicaid patients. Some states failed to pay hospitals at all, or so delayed hospital reimbursements that "borrowing became a way of life" for hospitals. In Massachusetts, hospitals paid in excess of \$1 million monthly in interest on loans taken just to make ends meet. Hospital associations in dozens of states finally sued state Medicaid programs for fairer reimbursement rates.

### **Cutting the nation's safety net**

In 1989, several hospital groups estimated that the trend to pay less and less of actual hospital expenses would mean that 2,700 more hospitals—40% of the total in operation—would close or convert to other uses by the year 2000, leaving only 4,100 hospitals nationwide.<sup>5</sup>

As the rate of collapse accelerates in federal, state, and county public health, drug abuse, and mental health programs, larger numbers of uninsured, impoverished, and immigrant people are seeking treatment in state- or county-subsidized public hospitals, known as the nation's "safety net." The urban public hospitals, frequently reeling from acute lack of funds and shortages, care for patients other hospitals won't treat. For this reason, the National Associa-

tion of Public Hospitals, which represents 100 of the nation's largest public hospitals, calls public hospitals the de facto national health care system in metropolitan areas. But many of these often ancient hospitals are in such a state of disrepair, that they are about to lose their accreditation.

Closing a public hospital that provides enormous number of services, however inadequate, has an immense impact on the population's ability to get care at all, and results in a significant decline of patients' health status.<sup>5</sup> Kings County Hospital Center in Brooklyn, New York is one example. The 160-year-old, 1,200-bed structure is equipped with a major trauma center, a burn unit, a psychiatric center with a learning center for children with developmental disabilities, and an addictive diseases service. Kings County medical staff were the first to demonstrate that yellow fever is spread by the mosquito; its Renal Dialysis Unit pioneered in the treatment of kidney disease. The Center's Ambulatory Care Department is among the largest in the city, with 130 clinics. But, conditions at Kings County were so deplorable in 1991, that the head of the center's emergency department told *EIR* that the medical staff found flies in an operating room, landing on the exposed brains of a neurological patient during an operation. To replace Kings County Hospital Center, or any one of the massive public New York hospitals, is estimated to cost \$1 billion each.

### **The plight of rural hospitals**

America's 2,460 rural hospitals, which constitute half of all short-stay, non-federal general hospitals, were hit the hardest by Medicare's PPS. Between 1983 and 1990, more than 270 rural hospitals closed, often with devastating impacts on their communities' economic health.<sup>6</sup> Hundreds of counties no longer have hospitals. Now, as in the 1940s, people with injuries or in cardiac crisis may have to drive over 100 miles for care.

Medicare's DRGs effectively reversed what the 1946 Hill-Burton hospital construction program did to assure that rural families had the benefits of community hospitals. Hill-Burton provided funds to build 2,000 hospitals in rural communities during the 1950s and 1960s. Those hospitals thrived throughout the 1970s, until Medicare cut reimbursement rates to below hospital costs.

Rural hospitals, because of their areas' shrinking population base, have limited ability to raise revenues, and have less flexibility in upgrading equipment or renovating outdated structures. Their shrinking scope of services and fewer technological resources made it difficult to recruit and keep medical personnel without offering the higher wages of urban hospitals. Rural hospitals have a higher concentration of non-paying and elderly patients.

Under PPS, smaller hospitals can lose a year's profit on just one or two complicated cases. Despite the fact that median cost per patient is 20% higher in rural hospitals,<sup>7</sup> the U.S. Department of Health and Human Services (HHS) set

## The LaRouche program to restore health care

*This summary of Lyndon LaRouche's health care policy was issued by Democrats for Economic Recovery, LaRouche in '92.*

1) The prerequisite for restoring the U.S. health care system is to commit the nation to a program of building our way out of the depression. This requires federalizing the Federal Reserve, that is, transforming it into a national bank that would issue credit, in accordance with the American System economic principles of Alexander Hamilton, to revive the nation's collapsing water, power, transportation and urban infrastructure, while creating an initial 6 million productive jobs. This means ending once and for all the era of post-industrial madness, and necessarily includes a thorough restructuring of debt, including selected debt moratoria and cancellations.

2) A new Hill-Burton Commission shall be established to upgrade our health care system, to oversee the construction of new hospitals, medical centers, and long-term care facilities, and to equip them with the most advanced medical technologies. Hundreds of thousands of beds must be added, including those used for intensive care. Closed emergency wards and trauma centers must be re-opened, and new ones built. Public health services must be expand-

ed and improved. All of these must be staffed by far greater numbers of doctors, nurses, and other professionals, necessitating an expansion of our nursing and medical schools.

3) We must launch an Apollo-style, crash research program to fight degenerative diseases and epidemics with the best technologies available, especially employing the frontier technology of optical biophysics to find a cure for the species-threatening AIDS virus and other infections now careening out of control.

4) Fourth, the federal government shall regulate health insurance companies to ensure full payment of medical expenses and complete medical coverage for policyholders, with premium prices based on an average cost for entire communities, not on an individual's "risk factors." Forms will be standardized, and bureaucratic paperwork kept to a minimum.

The federal government will also provide a safety net for those without insurance, through revamped Medicare and Medicaid programs and a new catastrophic health insurance plan funded by the federal government. This will enable the restoration of our network of public and private hospitals. As people go back to work through the millions of jobs that this program will create, more and more employers and employees will be able to afford health insurance at the same time that the growing state and local tax base will increasingly be able to absorb health care costs, thus decreasing and eventually ending these federal subsidies.

Medicare reimbursement rates for rural hospitals at 39.6% less than urban hospitals for identical DRG cases. HHS employed fraudulent methodology to understate rural hospital cost increases, and arbitrarily adjusted downward the rural wage index.

In 1988, the National Rural Hospital Association sued the federal government on behalf of 2,700 rural hospitals whose administrations called the DRG payments "unconstitutional." The suit, which charged that the DRGs jeopardized the ability of rural hospitals to provide community service, is still not settled. Although there were small rate increases to bring rural rates up to par with urban rates by 1995, the damage was done: Three-quarters of rural hospital closures left frail, elderly people in rural areas without access to hospital care. Scores of hospitals were left at financial risk of failure, and 7,456 more rural hospital beds were cut between 1983-85. After PPS successfully deprived a significant number of rural counties of their only hospital, the congressional General Accounting Office "studied" the problems affecting the survival of rural hospitals, and recommended that only a federal initiative targeting rural hospitals would help.

The fact is, providing hospital care in rural areas is associated with higher costs, just as treatment for some patients is higher than others. The United States, as a nation, has to accept that responsibility—not penalize communities for existing in rural areas by triaging their acute care facilities and decimating their economy.

### Standing room only

Even more dramatic than hospital closures, is the *loss of hospital beds* in urban and rural areas. By 1988, community hospital beds plummeted below the Hill-Burton standard of 4.5 to 5.5 beds per 1,000 patient population. Many states sank below their 1940 level. Of course, population shifts out of rural areas, an increasing ability to perform surgeries on an outpatient basis, shorter hospital stays, and fewer admissions under PPS all contribute to the need for fewer hospital beds. However, the drive to cut beds out of the system has more to do with the ideological drive to "downsize" our capacity to deliver care, despite the increased demands hospitals face in treating the growing elderly population, victims of AIDS, the HIV virus, and tuberculosis. Glenn D. Hackbarth, deputy

director of the Health Care Financing Administration (HCFA), which enforces Medicare PPS, made it clear in 1988: "We could do just fine with fewer hospitals than we have today."

Health care planning no longer considers the medical needs of the population. Instead, health care is purely cost-driven. Urban public hospital occupancy rates—the ratio of average daily census to the average number of beds maintained (staffed)—have skyrocketed. The maximum limit of operating efficiency for a general hospital was set at 80-85% occupancy rate by Hill-Burton. In 1989, the American College of Emergency Physicians warned that hospital occupancy rates higher than 85% severely curtail their ability to treat emergency patients properly. Public hospitals in New York City, Miami, San Francisco, Los Angeles, and Baton Rouge, Louisiana, now have rates of 102%.<sup>9</sup> Others have occupancy rates over 85%, and some at 91%. And so far, no one has asked if hospitals with "low" occupancy rates, are actually an indicator of the medical interventions *not* being delivered to 25% of the American population who are uninsured and underinsured.

On Jan. 10, 1989, the New York State Department of Health surveyed all New York City hospital emergency rooms at midnight, and found 599 admitted patients waiting for beds. In response, the state installed an expensive computer system to monitor beds available throughout the sys-

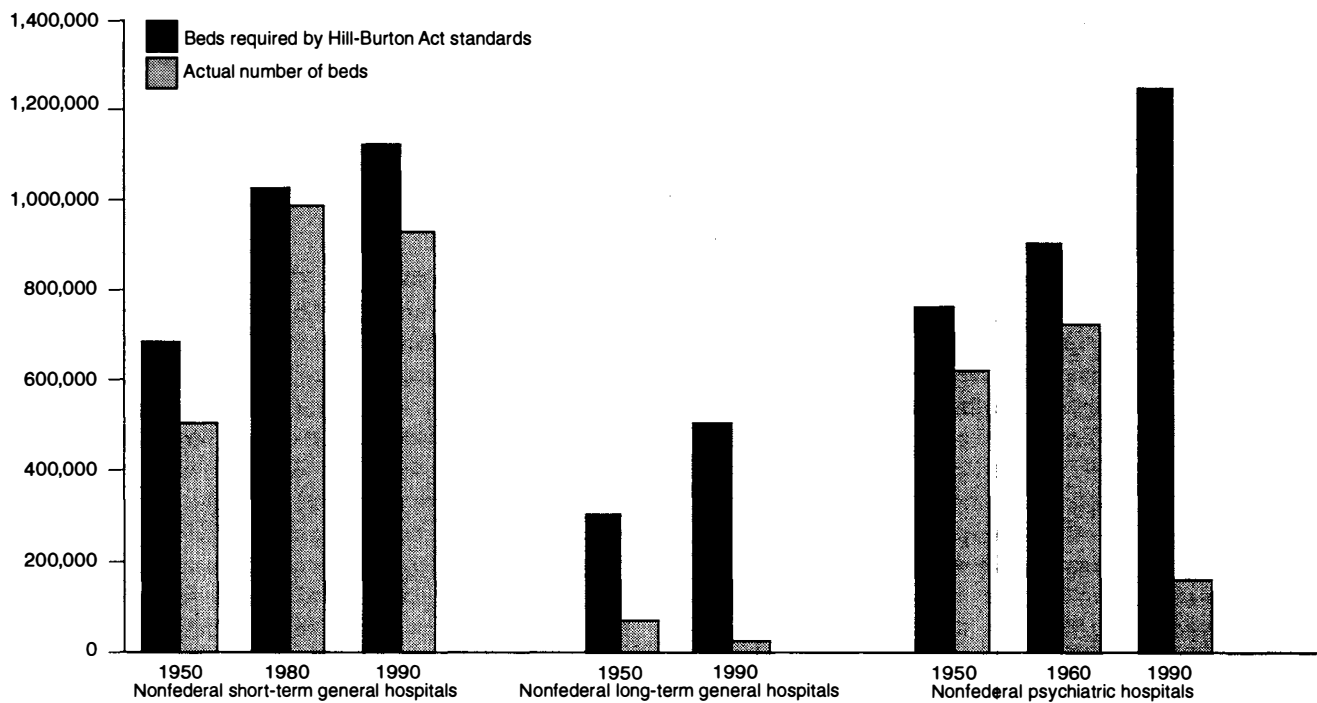
tem; but the crisis-management computer was no replacement for more beds: One year later, on Jan. 10, 1990 at midnight, another audit of the same hospitals found 960 emergency room patients waiting for beds. The number of emergency room patients during the surveys was *not* caused by any flu epidemic. If all this crisis management is needed for just normal daily operations, what happens when a calamity occurs, or a major epidemic?

Yet, last year, HCFA's director Gail Walinsky charged the hospital industry with wasting Medicare dollars on "excess hospital beds," claiming that "One out of every three hospitals beds in the U.S. is empty." What she neglected to mention, is the difference between *certified* beds and *staffed* beds. Hospitals "close" hundreds of beds because they don't have the nurses to *staff* them. Cutting beds is not a choice hospitals make voluntarily. New York State lost 5,000 beds by decertification in the last five years, and thousands more earlier than that, because hospital construction and capital acquisition are often tied to bed reductions, and federal regulatory formulas financially penalize hospitals with less than 85% census.

### Emergency room nightmares

Such policies fuel the crisis in hospital emergency rooms in the country's largest cities, which now treat 104% more emergency patients than they did in 1980. There were a total of 92,080,647 emergency room visits nationally in 1991

### Hospital bed shortage



alone. Emergency rooms (ERs) are overwhelmed with AIDS-related emergencies, the homeless, the chronically mentally ill, the deinstitutionalized mentally ill, and the escalation in drug-induced or violence-related emergencies, as well as those sick, uninsured patients who lack access to primary care. But, the American College of Emergency Physicians (ACEP) has found that overcrowding is not due to uninsured patients using ERs for “inappropriate care.”<sup>10</sup> Emergency patients are sicker than they were ten years ago, and have more serious symptoms. Studies found many of those who leave the ER without care after waiting for hours, should have been hospitalized.

Overcrowding is so severe that ambulances are turned away from emergency rooms about 25% of the time. Among the causes: shortage of health professionals, too few ICU beds, high inpatient daily census, more uninsured patients, and hospital bed reductions. Also, private hospitals have been closing their ERs in order to eliminate the majority of non-paying patients. In Los Angeles County, where only 15 of the original 23 Los Angeles designated trauma centers still receive patients, 15 hospitals have closed or downgraded their previously fully functioning emergency departments to “standby status,” i.e., they are open to *only* walk-in or private ambulance patients—not 911 ambulances, thus eliminating most indigent patients. Ambulances are then forced transport patients to as many as four to six hospitals before finding an available bed.

### **Trauma centers could prevent tragedy**

When hospital emergency rooms and intensive care units are so overburdened, it is likely the crisis will compromise a region’s trauma care centers as well. While most hospitals have emergency rooms, only 11% have fully staffed and equipped certified trauma centers. All existing trauma centers are hospital-based. Trauma care could save as many as 64% of the 140,000 Americans who die from injury every year. But there has never been a federal mandate to form a nationwide network of centers.

The concept of a trauma system began with the wartime experience of military doctors during World War II, and the Korean and Vietnam wars. They found that getting critically injured soldiers to a skilled surgical team within the “golden hour” after injury saved lives normally lost. Plans to apply the trauma care approach to civilian emergency care on a regionalized system began in late 1960. But, by 1988—22 years after the initial recognition of the need for a national network of trauma centers—implementation had almost stagnated. At that time, only Maryland and Virginia had all the components of a regional system in place. The District of Columbia and 19 other states had incomplete statewide coverage, or lacked essential components. Twenty-nine states had yet to initiate the process of designating trauma centers.<sup>11</sup>

Each state has its own criteria for what constitutes a trauma center: What is considered a Level II center in one state,

may be Level I in another. Although the American College of Surgeons Committee on Trauma has standards for trauma center classification, it is up to the state health departments to utilize them. Without universal certification criteria, major discrepancies abound. For instance, the American Hospital Association found that 1,000 general hospitals had certified trauma centers in 1987; by 1989, only 664 existed. A government study shows 370 centers nationally, with an additional 65 that closed over the last five years. However, a recent survey of all state Emergency Medical Services directors, using the ACS’s criteria, found the actual number of trauma centers to be about 250, with 61 centers closing in the last two years. The majority of centers closed because the high costs involved were never covered by Medicare or Medicaid, and because of uncompensated care in general. The Trauma Care Systems Planning and Development Act of 1990 committed \$60 million over three years to assist in the establishment and support of centers. However, even these funds appear to have evaporated.

### **Can the vicious cycle be broken?**

Certainly, large numbers of private community hospitals have survived and managed well despite the destructive policies described here. Those economically viable hospitals may have the financial flexibility to maneuver beyond the crisis of low reimbursements. They may have a “good” patient mix that allows them to shift costs to private payers. But Medicare and Medicaid are being used to gut the system further. As capitated and managed care programs are expanded, both they and private insurers will heighten their competitive frenzy to increase profits. They will do so at the expense of hospitals, by excluding larger chunks of hospital expenses incurred in inpatient and outpatient treatment (as in HCFA’s bundling plan), medical education, and capital projects, among others.

The result is a slow, now recognizable strangulation of a hospital’s ability to develop innovative services, replace outmoded equipment, or make plant renovations. This leads to cash flow problems, resulting in poorly maintained equipment, loss of staff, loss of vendor credit, and inability to purchase critical medications and supplies. At that point, many hospitals “go bare,” that is, they simply drop their professional liability insurance, and use the cash to cover payroll or to purchase needed medications. Once it is evident that the quality of patient care suffers, physicians no longer admit their patients.<sup>12</sup> Developers, in turn, are dissuaded from bringing newer, more efficient life-saving technologies online if hospitals are unable to purchase them or will not be reimbursed for using them, no matter how much new technologies save lives and pay for themselves. Such hospitals then become part of expected “shakeout” of hospitals which couldn’t “compete.”

Hospital administrators who feel secure now should understand that there is no stopping sharks in the middle of



a feeding frenzy. In the present system, government cost-efficiency "experts" see hospital capital infrastructure funds as "fat" to be cut from reimbursement rates. Managed care operators see such funds as being taken out of their potential profits. They will therefore demand deep rate discounts from the hospitals, and with each cut and discount, hospitals lose future viability. Note, too, that health care cost-management is the fastest growing segment of the health care industry. It rakes in \$7 billion a year—dollars that once went into the delivery of health care to patients. Now, it fuels an "industry" built largely on sucking profits out of "managing" the collapse of health care—the antithesis of what once was the medical profession's impetus, and this nation's commitment to developing the medical science and technologies to defeat disease and enhance human life.

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## Candidates vie for ways to cut health care

In the wake of Sen. Harris Wofford's (D-Pa.) successful 1991 electoral strategy of championing health care reform, all the so-called front-running presidential candidates have jumped on the "health reform" bandwagon. With the notable exception of Lyndon LaRouche, they have adopted one or another incompetent prescription for overhauling health care, generally advocating some form of universal insurance coverage, while making cost containment the linchpin: that is, limiting the scope of coverage, treatment, and payments to doctors and hospitals.

**George Bush's** plan is an attenuation of the conservative "market competition" program of the Heritage Foundation. Its centerpiece is a series of vouchers, tax credits, and tax deductions, up to \$3,750 per family, which would supposedly enable these families to purchase health insurance. Yet insurance costs an average of \$5,000-8,000 per year. Bush has virtually no specifics on how he would fund this expanded coverage, other than to propose a cap on Medicaid increases, which would result in less coverage and lowered eligibility for the poorest people. His proposed Health Insurance Networks would function like HMOs, to further restrict payments to health care providers.

In their emphasis on "managed competition," **Paul**

**Tsongas's** proposals are closest to Bush's among the Democratic contenders. Tsongas would have health care providers bid for contracts from health insurance groups—either large companies, groups of small employers, labor unions, or so-called public plans that government would fund to cover the uninsured. Again, the aim is to limit medical treatment in order to contain costs.

**Bill Clinton** is pushing what is essentially the "pay-or-play" plan of the Democratic congressional leadership, in which employers would either provide health insurance or pay a tax into a government insurance fund. This fund's expenditures would have a Federal Health Expenditure Board—cost-cutters who would impose spending caps and, like the Medicare and Medicaid programs, limit the scope of treatment.

**Bob Kerrey**, who dropped out of the race after the March 3 primaries, called for a national universal health insurance system similar to Canada's, which would replace employer plans as well as Medicare and Medicaid. The federal government would then impose heavy new taxes to fund the system, and set a "global" budget—that is, fix the total amount of health payments, regardless of need. Both private and state-run insurers would compete for the funds, with the bulk of money going to the bidders, who will most rigidly enforce cost controls and limit treatment.

Neither **Jerry Brown** nor **Tom Harkin** has spelled out specific programs. **Pat Buchanan** has said little on the issue, other than vague talk of "medical IRAs."

# Preventable diseases poised for comeback

by John Grauerholz, M.D.

Numerous deadly infectious diseases, some of which had been virtually wiped out in the United States, are now making a comeback, under conditions of economic collapse and the decline of health care infrastructure:

**Tuberculosis**, a bacterial infection spread primarily by coughing, was once the leading cause of death in the civilized world. Until recently, TB had been declining steadily over most of this century. But in 1984, the previous decline of approximately 5% a year abruptly halted, and the number of new cases actually increased from 1985 to 1986. It then declined slightly, and then increased again. It is now oscillating above its low point, and heading back up. This turnaround is closely connected with the AIDS epidemic; but non-AIDS-related tuberculosis is also increasing.

As the reservoir of infected individuals increases, we are wiping out all the progress made against this preventable and curable killer, and are restoring it to its former role as "the first of the horsemen of death."

**AIDS:** The institutional response to the killer epidemic of acquired immune deficiency syndrome has been to overthrow the entire canon of public health practice. The virus has been granted "civil rights" in the name of preventing discrimination against the victims.

In spite of significant evidence to the contrary, AIDS has been pushed as a primarily sexually transmitted disease. The response to the epidemic has been to advocate policies which will do little to stop its growth—but a good deal to reduce the growth of population. The watchword is "cost effective." It is argued that any intervention which might actually contain the spread of disease, is not "cost effective." Conversely, any intervention which will contain the growth of population, is seen as "cost effective."

**Measles** was once so common that it was classed as one of the "usual childhood diseases," along with mumps and chickenpox. In the developing sector it is a leading cause of death among children. Even in the United States it caused a number of permanent disabilities and deaths among its victims. However, licensing of an effective vaccine in the mid-1960s caused a dramatic drop in the number of new cases in the U.S.

But then came the "Reagan recovery." From a low of

1,497 reported cases in 1983, it surged to 6,282 cases in 1986, before subsiding to 3,655 cases in 1987 and 3,411 cases in 1988. Under the kinder, gentler Bush administration, it skyrocketed to 17,850 cases with 41 deaths in 1989. In 1990, there were 26,951 cases, with over 100 deaths reported to the Centers for Disease Control (CDC). In 1991, the number of new cases dropped to 9,276, in part because those who weren't killed had been immunized by their infections. The Bush administration response is to cut vaccination programs and count on natural infection to immunize the survivors.

Measles and tuberculosis both have their greatest impact on impoverished and malnourished populations. This combination of poverty and malnutrition affects more and more of the population cast on the economic scrap heap by the "invisible hand" which has picked the pocket of the United States.

**Hepatitis A** is a disease caused by a virus excreted in the feces of infected persons. It spreads when people eat food or drink water contaminated with these feces. Outbreaks of hepatitis A signal a breakdown in the health infrastructure which separates what we eat from what we excrete.

The rising number of cases of hepatitis A under the Reagan-Bush recovery has been accompanied by other leading indicators of sanitary collapse. Outbreaks of **bacterial** and **amebic dysentery** are becoming more frequent, as aged and poorly maintained sewage systems are breaking down. From 1986 to 1988, the isolation rate of the bacterium *shigella* (a leading cause of dysentery) in the United States increased from 5.4 to 10.1 isolates per 100,000 persons. In 1988, state health departments reported 22,796 isolates, the highest number since national surveillance began in 1965.

**Syphilis** is a curable and preventable disease. The disease declined markedly following the institution of rigorous public health measures, development of reliable tests for infection, and the introduction of penicillin, which is still an effective cure.

The traditional syphilis-intervention process requires time, commitment, and human resources. These capabilities eroded over the course of the Reagan-Bush administration, and the disease "recovered" from its previous decline. The AIDS policy undercut control of syphilis.

Arguing that AIDS was sexually transmitted, like syphilis, government health authorities opposed the use of case finding and contact tracing to deal with AIDS, going so far as to deny that public health measures had any effect in controlling syphilis.

Given limited budgets, the result was inevitable: If case finding and contact tracing really didn't work, why fund them? One corollary was elimination of premarital testing for syphilis, resulting in a dramatic increase of congenital syphilis, which kills 40% of affected infants and severely disables the rest. In 1986, more cases of congenital syphilis were reported to CDC than for any of the previous 15 years.

# Breakdown of U.S. health care parallels economic collapse

by Steve Parsons

On the eve of America's victory over the Nazis, Sen. Lister Hill of Alabama submitted legislation to Congress that expressed the nation's renewed commitment to the preservation and enhancement of life. Hill's vision, as he told the Senate on Feb. 26, 1945, was "a long-range, scientifically planned health program . . . to the end that scientific health care is readily available to all our people . . . in order to ensure that in time all parts of the country will be adequately served." Hill specified that this act was fundamental to "the practice of preventive medicine or public health," and said he believed in a "solution to our national health problem," the prerequisites of which were "adequate hospital and public health facilities."

In the decades since Hill laid out that vision, we built up a modern health care system that was within the reach of most Americans. And then, as the economy underwent a shift away from real industrial and agricultural production, toward "services" and usury, we have virtually succeeded in wrecking that achievement. As this article will document, this has occurred under the deliberate guidance of a gang of "experts" who believe in a Nazi concept of "triage"—the provision of health care only to those whom *they* deem worthy of it.

Senator Hill explained in his testimony that his initiative was in no small part motivated by the enormous disparity between the preeminent position of the United States in the postwar world and the pathetic condition of much of the population with little or no access to health care. This was driven home to him by "the shocking fact that nearly 40% of our young men of draft age were found to be physically unfit for military duty."

The Hill-Burton Hospital Construction Act was passed 18 months later in August 1946, and embarked the United States on a decade of unprecedented expansion of the nation's hospital and public health system. Various agencies on the federal, state, and local level worked remarkably efficiently and with a minimum of red tape to inventory existing hospitals, survey construction needs, develop programs for construction of both public and non-profit community hospitals, and, in the final phase, build new facilities.

Although the federal government often provided the majority of funds for these projects and contributed its technical experts and national perspective, Hill specified that the feder-

al bureaucracy must not end up running or dominating these institutions or their decision-making process. It is imperative, he said in testimony in February 1945, that "local initiative be preserved and encouraged as essential to the success of any health program." The purpose, he stressed, "is to assist and encourage the states to correlate and integrate their hospital and public health services and to plan additional facilities."

## The role of the Public Health Service

Central in the planning coordination of these efforts was the U.S. Public Health Service which, in 1950, drew up a plan of local public health service areas to be served by 1,228 health units for the nation's 3,069 counties. It stressed that these plans intermeshed with plans for existing or proposed general hospitals and health centers, and set minimum standards and goals for both personnel and bed space—for example, one public health doctor per 50,000 people, and one public health nurse per 5,000 people.

The Public Health Service proposed that local health units be linked with community hospital facilities so as to be able to "perform the function of coordinator of community health and medical services. . . . It would give health departments and general hospitals the joint use of expensive and specialized diagnostic equipment . . . [and] to share the specialized professional personnel. . . . It would form the basic framework for the establishment of local health programs in the control of cancer, diabetes, heart disease, and other chronic illnesses which are today's greatest challenge to public health. Moreover, through regional coordination of both hospitals and health units, a natural flow of health services, preventive and curative, would be achieved—from the simple to the complex, the routine to the specialized, from the small local hospital and local health unit to the sizable integrated medical center," according to J. Frederic Dewhurst Associates in "America's Needs and Resources: A New Survey," published by the Twentieth Century Fund in 1955.

Along with other programs, such as upgrading nursing services and locating veterans hospitals near medical schools so that medical students could both staff and train at them, the U.S. health system became an integral feature of the postwar economic expansion and a scientific optimism that would soon enable man to soar into space. The number of

hospitals and public health facilities increased substantially. During the years 1946-50, almost 600 general hospitals opened, with an average of about 40 being added each year through the mid-1960s.

### Affordable health care

In the postwar period, the rising standard of living and gains in economic productivity brought medical care increasingly within the budgets of more and more Americans. In what seems incredible today, the Twentieth Century Fund study observed that "medical prices during the war and post-war years have lagged considerably behind prices in general. The price of all goods and services in 1950 was up 72% from the 1935-39 level, whereas the price of medical care and drugs had risen only 48%; by 1952, the consumers' price index had risen 90% and the medical care and drugs index 64% over their 1935-39 averages. Of all medical care items priced, hospital rates alone rose more rapidly than the price of all goods and services." Wages rose much faster.

In 1952, for the growing number of people who purchased health insurance, the combined premiums for Blue Cross/Blue Shield hospital, surgical, and physician coverage were just \$6.65 a month, or \$80 a year—just over one week's wages. The same amount of medical care, drugs, and physicians' services that consumed a week's worth of wages for the manufacturing worker in the last half of the 1930s, cost just *half* a week's wages in 1952. Back then, the average hospital stay cost less than two weeks wages for such a production worker (see **Figures 1 and 2**).

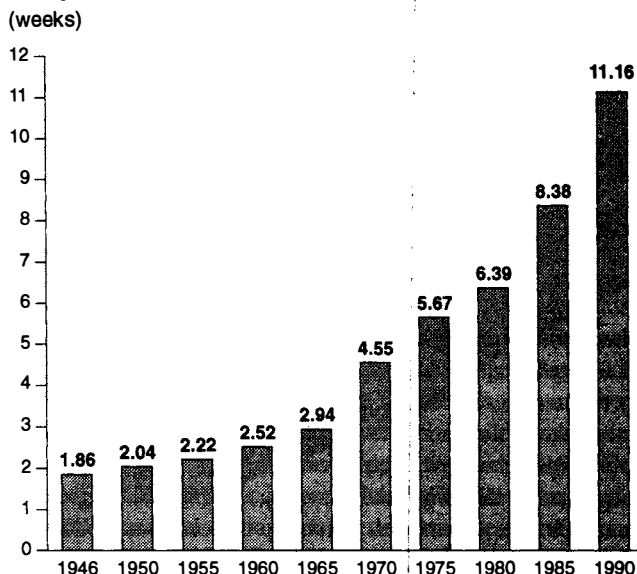
At the same time, those who could not afford private hospital treatment could increasingly get care, especially in urban areas, at the growing network of voluntary and public hospitals, with the expenses covered by a combination of public funds, philanthropic gifts, and small surcharges on paying patients.

Underlying the growing availability and affordability of medical care was the fundamental approach and attitude resulting from accomplishing so many "impossible" tasks during World War II, ranging from harnessing the atom to doubling industrial output in less than four years. The Hill-Burton Act represented an approach in which Americans in the post-war period, at least until the mid-1960s, tended to define problems and set goals for solving them not based on "cost efficiency," but on getting the job done to improve the human condition. In most cases, hospitals and physicians provided the best care available for their patients regardless of cost—an attitude made possible by increasing productivity in an affluent economy and the concomitant cultural optimism.

### The 'post-industrial society' shift

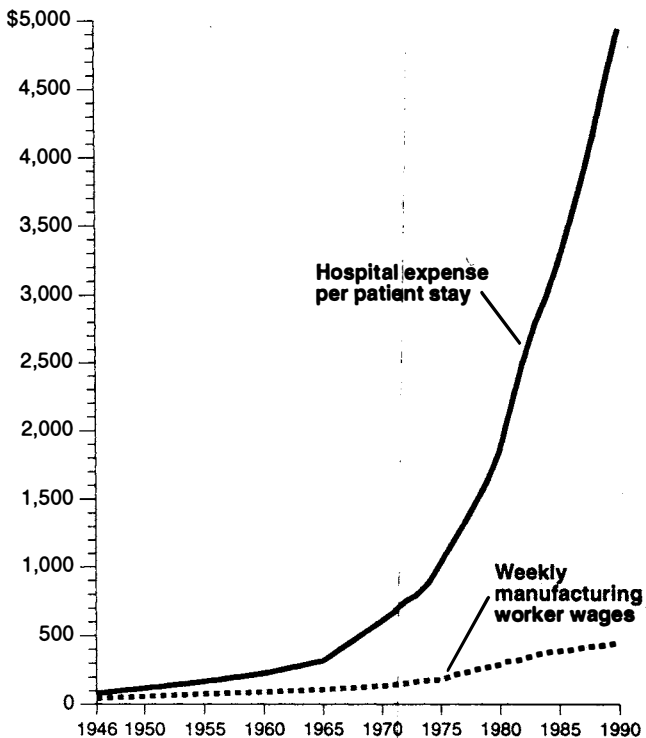
The root of the financial problem in our health care system stems from a shift away from that attitude and the investment policies that fostered economic growth. While the Hill-Burton Act resulted in substantial expansion of health care, it

FIGURE 1  
Number of weeks' wages to pay average hospital bill, 1946-90



Sources: American Hospital Association Hospital Statistics, 1991-92 edition; Bureau of Labor Statistics.

FIGURE 2  
Hospital costs outpace rise in wages

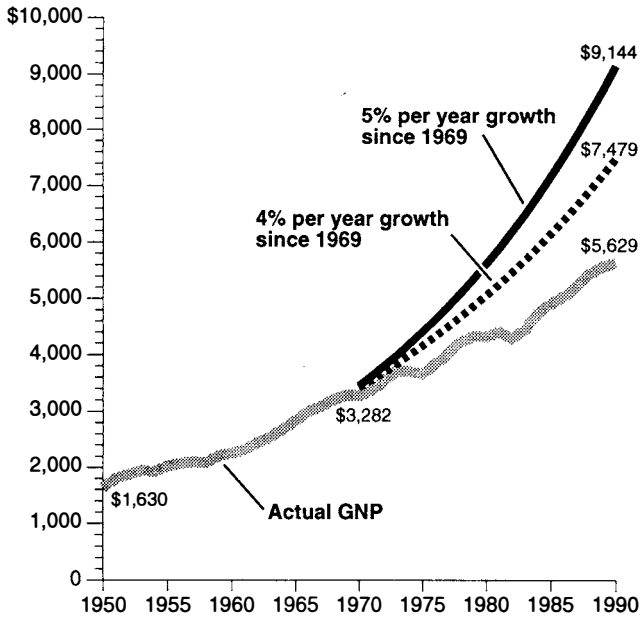


Sources: American Hospital Association Hospital Statistics, 1991-92 edition; Bureau of Labor Statistics.

FIGURE 3

**Growth in GNP if growth rates of the 1960s had been maintained**

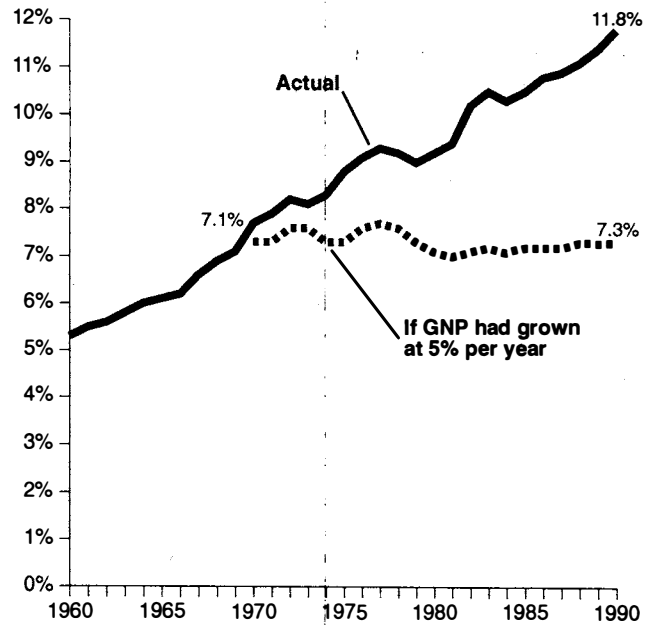
(billions of 1990 \$)



Sources: American Hospital Association Hospital Statistics, 1991-92 edition; Bureau of Labor Statistics.

FIGURE 4

**National health expenditures as percent of GNP**



Sources: American Hospital Association Hospital Statistics, 1991-92 edition; Bureau of Labor Statistics.

fell short of attaining Lister Hill's goal of attaining a system adequate for "solving" our national health problems.

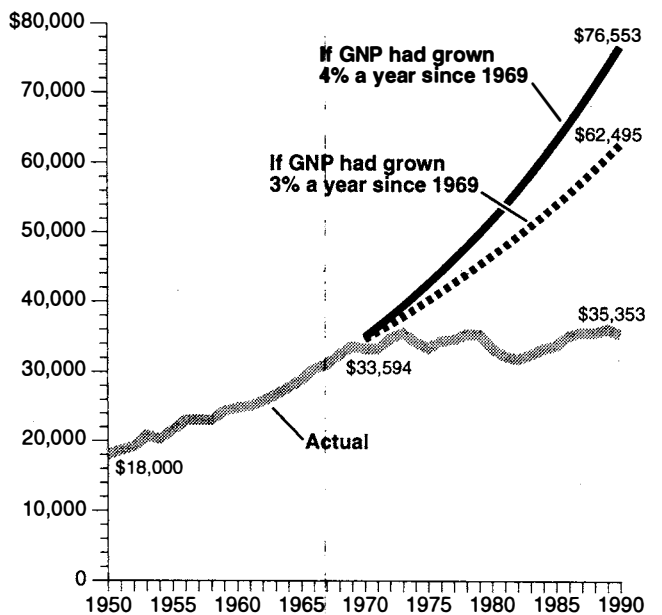
With the recession of 1957-58, increasingly debt-driven investment went to more speculative, quick-buck operations in non-productive sectors like "services," real estate, and financial paper. For useful and productive sectors like manufacturing and health care, this shift out of productive investment enormously accelerated the inflation of nominal values and costs, and stoked a spiraling increase in debt and debt service—an escalating, built-in usury "tax" on the economy. The escalation of health care costs reflected this parasitical growth of usury and debt, not an increase in economic costs per se.

After 1973, the annual increase in industrial productivity had dropped from the 2.5% average in the 1950-73 period to a paltry 1%, thus further driving up industry costs and debt, and ultimately reducing workers' real wages below the level of inflation. This meant that incomes could not support the growing costs of medical care, forcing hospitals to incur more debt for expansion and equipment, and the public to take out more health insurance, to meet costs that their incomes could not match.

The economic history is portrayed in Figures 3-5. Had the 4% real (constant dollar) rate of growth in Gross National Product that occurred during the Kennedy era been sustained

FIGURE 5

**Actual and potential median income of families, 1950-90**



Sources: American Hospital Association Hospital Statistics, 1991-92 edition; Bureau of Labor Statistics.

after 1969, GNP today would be more than \$7.5 trillion—nearly \$2 trillion higher than today's \$5.6 trillion. Had a 2.5% rate of growth in productivity been sustained such that GNP could have increased by 5%, the level would be more than \$9 trillion, nearly triple that of 1969 and \$3.5 trillion higher than today (see Figure 3).

This has immediate implications for health costs. Every health "expert," cost accountant, and politician is screaming that health expenditures are consuming ever-greater proportions of GNP. For 1992, national health expenditures are projected to amount to about 14% of GNP, which is double the 7.1% level of 1969. But had the U.S. economy sustained a 5% real growth rate in GNP—which would almost certainly have occurred had we even approximated the historical rate of increased productivity—health care expenditures today would still consume the same proportion of GNP as in 1969 (see Figure 4).

One must be wary of simple projections of GNP, which includes useless "products" and "values" added from non-productive sectors, as well as parasitical activity. That stated, these limited comparisons nevertheless are useful, because these growth projections are made from 1969, when parasitical factors carried less weight. Also, much of the debt, usury, and administrative waste that has been added to health care costs would not have occurred had the economy progressed along the more productive trends of the early to mid-1960s.

The fall in incomes is a related problem. The disparity between personal income and medical costs only gradually increases through the 1960s, and then begins to zoom out of control at the conjuncture of Lyndon Johnson's "Great Society" and the end of the Apollo space program—the U.S. paradigm shift into the "post-industrial society" of the so-called Information Age. Today, the average hospital bill now costs the production worker *12 weeks* pay, often with much worse overall care—and that doesn't include related physician expenses.

The crisis in health care is not *costs per se*. It is that the standard of living of the vast majority of Americans has collapsed.

By 1990, the median family income was actually lower, in real, constant dollar terms than in 1978, and just \$2,000 higher than in 1969 (see Figure 5). Had the 4% annual growth rate of the mid-1960s Kennedy-era been maintained through the 1970s and 1980s, median family income today would be \$76,553—*more than double* the \$35,353 level of 1990. Had only a 3% annual growth rate been achieved, income would still be \$62,500, or 76.8% higher than it currently is.

At this income level, the vast majority of families would easily be able to afford the average \$5,000-8,000 cost of family health insurance, and there would be no crisis of affordability. Even without insurance, most families would not face the penury and bankruptcy so often resulting today from hospitalization.

The collapse is far worse than these numbers indicate. In

the 1960s, most family income was made by one primary wage-earner, usually the male head of the household. Today, roughly the same income level is maintained often by two or more wage-earners working two or more full- and part-time jobs. That means that family productivity has plummeted; more and more mothers have to work, with devastating effects on family stability and child development.

Small wonder, then, that the 1952 proportion, where 83% of health expenses were paid by individuals out-of-pocket and only 17% by insurance, has dramatically shifted today, to where only about 20% of soaring medical costs are met from out-of-pocket expenditures, with the balance picked up by insurers and government.

### **'Cost containment' makes things worse**

In response to economic disintegration, "cost control" measures and health care reforms were instituted. But, in fact, cost controls have accelerated the breakdown and driven up costs.

While all the experts and politicians howl over the rising costs of new technologies and their "inappropriate overuse," one of the biggest factors in health expenditures has been soaring administrative costs. The nitpicking over each and every medical charge and the establishment of legions of accountants and "systems analysts" have resulted in an 8% annual increase in administrative costs for both doctors and hospitals, above the rate of inflation. This is double the average annual increase in overall medical costs, which have been rising on average 4% a year more than the inflation rate, meaning that most other costs have on average only slightly exceeded the general inflation rate.

*Administrative costs now conservatively comprise 25% of medical costs.* This is far above the proportion of costs in the postwar period through 1965, and is more than double the rate in other nations like Canada and Germany.

The entire process has subjugated the medical profession more and more to this army of accountants and management specialists, with medical decisions increasingly coming under the purview of "business practices" and "the bottom line."

Over the last 30 years, austerity has been enforced through social engineering and planning methodologies that have now come to dominate U.S. business practices and educational systems. The methods are labeled "systems analysis" and "systems management," and they have increasingly been applied to the medical profession. Far from augmenting efficiency, however, these methods have had the perverse result of dramatic increases in cost and loss of productivity. They deny what has been proven by sound economic practice: that investment in the most advanced innovations and technologies raises productivity and therefore earns a much greater return than the cost of the investment. This was understood by the America that emerged from World War II, by people like Senator Hill. Society's investment in health care,



especially “high-cost” technologies, and companies’ spending money on the medical needs of their work force, were understood to be sound business practices because of the returns in productivity and longevity. This also accords with the basic morality of preserving and enhancing human life.

For health care, these cost-containment methods have two primary aims. First, to condition medical, business, and industry professionals, and the general population, to accept a decaying economy and society, and to induce them to participate in managing the disintegration. Second, as the “management techniques” of systems analysis and cost control spread, they undermine the moral foundations and the operational basis of American health care to the point where rationing of treatment, triage, euthanasia, and “assisted suicide” become increasingly acceptable replacements for real medicine. Such death-oriented policies are rationalized because of “limited resources” or “financial realities” that hospitals and physicians have come to accept. These policies were denounced as murder and genocide at the Nuremberg Tribunal.

### Prescription for murder

Any proposed “health care reform” that does not address the broader economic depression ultimately leads to rationing of medical care. Some advocates of reform cite examples of good care from health maintenance organizations (HMOs) or the advantages of the Canadian national health system. What they ignore are the proliferating number of health maintenance organizations and related managed-care operations compromising medical care because of budgetary restraints. They also ignore the breakdown of Canada’s system, where the depression is forcing the federal and provincial governments to slash budget allocations for health care. Hospital beds are being taken out of service, health workers laid off, doctors’ incomes capped, and medical school enrollment limited. Waiting lists for various surgeries are mounting; 260,000 are awaiting major surgery, with 700-800 awaiting heart surgery in British Columbia alone.

Without an economic recovery, an array of think tanks and health economists typified by Dr. William Schwartz, Henry Aaron, and Alain Enthoven are laying the basis for the next stage of cost-cutting: rationing health care. In an article in the March-April 1985 *Harvard Business Review*, Aaron and Schwartz wrote: “Two stages in the control of rising medical costs could develop. In the first stage, government, physicians, and business would join in trying to eliminate useless medical services. . . . *The second stage requires cutting down on beneficial services on the grounds that the medical gains are too small to justify the costs.* . . . If Americans are unwilling eventually to enter stage two, any respite from rising medical costs will be short-lived” (emphasis added).

Aaron and Schwartz, who collaborated in a 1984 book published by the Brookings Institution entitled *The Painful*

*Prescription: Rationing Hospital Care*, know that they are writing a prescription for murder. Their targets, which they maintain must be broken in order to curtail costs, were identified by Schwartz in a March 5, 1989 commentary in the *New York Times*. “The real culprits in rising health-care costs are a rapid increase in hospital prices—wages and supplies—and the explosion of new and expensive technology,” he wrote.

Aaron is aware of the collapse of both U.S. productivity and the economy. It was he who noted that had the United States continued to increase productivity by the historical 2.5% rate after 1973, the government deficit would be well over \$200 billion smaller than it is today—an amount that would readily pay for covering the uninsured and much of the added costs of new technologies.

But instead of addressing the necessity of increasing real U.S. output and productivity, and raising our standard of living, Aaron focuses on cost-cutting and rationing, which he knows cannot solve the problem.

### The RAND experiment

Institutions like Brookings are dictating Aaron and Schwartz’s “economics.” In an interview published in the Fall 1989 issue of *Health Affairs*, Schwartz credits the RAND Corp. for launching him from a research career into a new role as one of the most prominent health policy analysts. Over several years beginning in 1971, Schwartz was transformed into a “health economist” at numerous RAND Corp. training sessions.

Those RAND sessions 20 years ago were designed to set the agenda and control the debate for rationalizing what would soon be a disintegrating economy. For medicine, as Schwartz remarked, the issue of cost containment “would soon become a very serious concern for the United States.”

Ever since World War II, the RAND Corp. has functioned as an intelligence operation profiling the U.S. population and institutions and developing programs for shifting social mores and cultural paradigms. In plain language, it is a think tank set up to manipulate public opinion and set into motion brainwashing scenarios aimed at inducing society to abandon morality. For eight years, from 1974 to 1982, RAND conducted a Health Insurance Experiment in preparation for the myriad cost-control schemes that are now decimating U.S. health care.

In 1979, when Schwartz began collaborating with Aaron on the *The Painful Prescription*, the objective was to make the subject of rationing an acceptable issue for scholarly debate, paralleling the push to make euthanasia acceptable. In the *Health Affairs* interview, Schwartz noted: “Because our society had never contemplated rationing medical care on a nonprice basis—we have always rationed by price—we thought it was important that we get some insight into the process. Nonprice rationing of medical care means that some services simply may not be available even if a person is fully

insured.”

Schwartz was not talking about “rationing”; he meant killing, and said so explicitly. His book with Aaron discusses how the British national health system—which spends approximately half as much money per capita as the United States—allows patients to go untreated and die. Using dialysis as an example of a treatment that is not “cost-efficient” when given to the elderly, Schwartz and Aaron wax eloquent about how the British apply a triage system based on age and disability that functions virtually in the open. Much is made of how physicians can be induced to shift their attitudes and mores to accept such a system.

Schwartz explicitly makes the connection between cost-containment and such triage. “I would predict that, as resources are constrained in the United States, we are going to see more and more physicians convincing themselves that older patients are not suitable candidates for this or that procedure, using [various] excuses.” What of patients who don’t want to die, even patients who can afford treatment, but are using what will become all-too-scarce technological resources? Schwartz answers icily: “We will face the difficult issue of how to deal with the . . . patient who is reluctant to accept no for an answer and who insists on the right to buy whatever care he or she wants. . . . The issue is whether the United States will readily allow an escape hatch through which people . . . can get care in an otherwise constrained system. . . . *You can’t on the one hand set cost limits and at the same time tell physicians they must do everything that is possible. Something will have to give, and I suspect it will be our traditionally high standards*” (emphasis added).

### ‘Managed competition’

Another leading RAND protégé in the field of health “economics” is Alain Enthoven, a Rhodes Scholar who trained at RAND from 1956-60. Enthoven then spent the next decade as an analyst in the Operations Research branch of Robert McNamara’s Department of Defense. Enthoven is perhaps the number-one spokesman for reforming the health care system into one of “managed competition.” He is also one of George Bush’s two key advisers on health issues (the other being Dr. Mark Pauly at the Wharton School).

“Under managed competition,” wrote Enthoven in a *New York Times* commentary on Jan. 25, the health market “would be driven by consumers whose agents would keep them well informed about the cost and quality of care.” What this means is that an explosion in managed care establishments like HMOs would give “consumers” a “choice” among different health plans, based on price and quality differentials. This would essentially torpedo the “fee-for-service system [which] encourages the health care industry to inflate costs.” Under managed competition, in which a fixed-price per person would be paid to providers, costs would supposedly be much lower because HMOs would zealously guard against over-utilization of expensive technology. As in any



*Will skilled health care personnel be there when you need them? Shown here is a Virginia program to train rescue workers in cardiopulmonary resuscitation.*

free market, the sick would get treatment according to what they could pay.

This, of course, does nothing to make health care more affordable, which would require initiating an economic recovery that could double wages—what would have obtained had the Kennedy-era growth rates continued. What it does do is put the lid on payment to health care providers and rations treatment.

The Heritage Foundation advocates a program which would utilize broad-based “sponsors” that would coordinate negotiations with health care providers and set budgets and rates, which is another variation on the same theme. For that matter, so is the Democratic play-or-pay “AmeriCare” scheme proposed by Sens. George Mitchell (D-Me.), Donald Riegle (D-Mich.), Jay Rockefeller (D-W.Va.), and Edward Kennedy (D-Mass.). This would establish a “federal health expenditure board” to do the same thing as Heritage’s “sponsors,” or Enthoven’s “managed competitors,” or a beefed-up Health Care Finance Administration-type operation under a national health program.

Yale management professor Theodore Marmor, in debunking conservative criticism of national health insurance, matter-of-factly discusses rationing as something done by every country in the world. “The question is how and how much,” he wrote in the Fourth Quarter 1991 *Health Management Quarterly*. Both the U.S. and Canada, with diametrically opposed systems, ration health care now. “Rationing, in this context, is another name for allocation. Whether it is objectionable” depends on the “choices” available.

## Bushmen in 'shock' over Venezuelan revolt

by Gretchen Small

Deputy Treasury Secretary David Mulford admitted before a Heritage Foundation seminar on March 4 that, one month later, the Bush administration is still "in shock" over the Feb. 4 attempted coup d'état in Venezuela. "We are still digesting what happened," he said, and are trying to figure out what to do to reverse that situation and to avoid having "additional events as in Venezuela" occur elsewhere.

Mulford had just finished promoting the International Monetary Fund and Bush's Enterprise for the Americas Initiative as an unstoppable "Blueprint for Economic Expansion from Alaska to Antarctica," when a journalist asked him how all of this would be affected by the Venezuelan rebellion, which was directed against those very policies. Mulford, the Bush administration's "Mr. IMF," was uncharacteristically candid: The U.S. government realizes that "life by the International Monetary Fund alone is not enough," he muttered, suggesting that a "clever use of resources" is the way around the problem.

What Mulford and the Bush administration recognize, but haven't dared say, is that the Venezuelan revolt and its spread across Ibero-America have shaken the Anglo-American financial system to its roots. The leaders of the rebel Bolivarian Rebel Movement (MBR), which led the Feb. 4 revolt, are comparing this process—and rightly so—to the democratic revolutions which brought down communist tyranny in the East. As MBR leader Lt. Col. Francisco Arias Cárdenas told Venezuela's *El Nacional* on March 5: "Venezuela, after Feb. 4 and the population's response [to it], assumes a vanguard role. . . . We cannot remain behind. . . . at a moment when the fall of communist practices in eastern Europe and in the Soviet Union, and the fall of the Latin American dictators, are a fact."

"Digestive shock" is the very least of Washington's

problems at this point in time.

The U.S. and Venezuelan governments began high-level emergency consultations in early March, to try to put out the fire. The government of Carlos Andrés Pérez sent up a delegation which embodies the precise political-economic combination that provoked the February coup attempt: From the private sector side, Eugenio Mendoza came representing the oligarchic "families" which have run the country for decades, accompanied by Gustavo Cisneros and his banker buddy, Pedro Tinoco, two of the most powerful *nouveaux riches* whose sudden fabulous fortunes Venezuelans now demand be investigated. From the government proper, the new Central Bank head, Miguel Rodríguez (architect of Pérez's IMF program), Planning Minister Ricardo Hausman, and the vice president of Venezuela's state oil company, were joined by a representative each from the two parties which have run the country since 1958.

### Old boys at it again

The mission started its urgent consultations—as always, when it comes to Venezuela—with David Rockefeller and his Council of the Americas in New York City. The propaganda front was covered through discussions with four top U.S. media (*New York Times*, *Wall Street Journal*, etc.). Only *after* conferring with the elite of the New York establishment will the delegation travel to Washington to powwow with the establishment's errand-boys in government: Kissinger's stooges at the National Security Council, the State Department's Ibero-American man Bernard Aronson, the Commerce Department, and Congress.

The problem faced by Caracas and Washington is that the Feb. 4 attempted coup in Venezuela has kicked off a rebellion *throughout Ibero-America* which has long passed

the point where "clever uses of resources" within the confines of the IMF loan-sharking system will work.

For example, nationalist middle-level officers' organizations have surfaced in Bolivia and Honduras in the aftermath of Feb. 4, in the latter case announcing that they modeled themselves on the Venezuelan rebels, but noting that "we will not fail." The Colombian government evidenced its reading of the mood in the barracks by decreeing an unprecedented 45% pay increase for all middle-level officers at the beginning of March, ripping up the IMF's wage ceilings.

And in Argentina, the second issue of *Los Nacionales*, a new monthly newspaper of the civil-military movement led by Col. Mohamed Alf Seinfeldín, reported in detail the Venezuelan rebel program, accompanying it with Colonel Seinfeldín's dramatic statement comparing the common historic tasks of their two movements (see *EIR*, Feb. 21, 1992, p. 37). In its editorial, *Los Nacionales* argued that a "national revolution" is the only possible solution to the "terminal crisis" tearing Argentina apart. If economic dependence is to be overcome, a national movement which rejects both the "anti-national left," and IMF liberals, is required.

### **Chávez's courage, new standard of leadership**

Inside Venezuela, as a nervous London *Financial Times* recognized on March 4, "the five lieutenant colonels who led the uprising are becoming national heroes, something the government wished to prevent at all costs." MRB leader Lt. Col. Jesús Urdaneta Hernández told *El Nacional*, "Venezuelans no longer believe in the dishonest politicians; they identify with us. . . . We, from here [prison], are optimistic."

The government has responded like panicked thugs: They have issued a steady stream of media propaganda, villifying the MBR as "Nazis," "power-hungry," "bloody dictators," and so on. And they cashiered the head of the military prison housing the rebels, because he had dared to permit press interviews with the jailed officers. They put in his place a loyal colonel who immediately cut off all visits to the prisoners—including from family and lawyers—banned all reading material, and reportedly began physically mistreating them, including serving only cold food at random hours.

The press interviews caused particular hysteria in the Pérez government, because the MBR leaders began to make their policies known to the population at large. As the reader can see in the documentation below, the rebels specifically targeted the three key tenets of the Pérez regime, which are also the backbone of current U.S. policy toward Ibero-America today:

- the murder of the population via IMF policies;
- the plot to destroy the militaries of the region by transforming them into weak police forces which cannot enforce sovereignty; and
- the imposition of a fraudulent, corrupt "democracy" as the only form of government allowed in the hemisphere.

But perhaps most significant is that the average Venezuelan is beginning to lose his fear to act. Demonstrations of that new-found courage occur, as usual under such police-state rule as Pérez oversees, at unexpected points. During Carnival celebrations, for example, children traditionally dress up in costumes of their favorite characters. This year, Batman, Superman, and other comic book characters took back seat to the most popular one: a Chávez "costume," consisting of a red beret and military camouflage uniform. Those wearing them were met with applause, and cries of "Long live Chávez" across Caracas.

Now the MRB has called upon the people to act in unison at 10 p.m. on March 10, by turning out their lights, going out on their balconies, banging pots and pans, and shouting 10 times over: "Today's the tenth; it's 10 p.m., get out of here, Carlos Andrés" (which rhymes in Spanish).

### **'Tremble, oligarchs; long live liberty!'**

The Caracas daily *El Globo* reported that this phrase is the MBR's guiding slogan. And it appears that it is already beginning to be fulfilled.

Despite their success in quashing the February military revolt, Pérez and his backers now find themselves fighting for political survival. Pérez has been forced to make several television addresses, reiterating that he will not resign, after a growing number of prominent politicians and parties had called upon him to do so. Then rumors swept the country that the Armed Forces high command had delivered an ultimatum on March 1 to Pérez, to resign within 48 hours or else.

Washington jumped into the situation to at least secure one immediate objective: that Pérez remain in power. Between March 1 and 3, a number of top politicians previously clamoring for Pérez's resignation suddenly backed off, warning that if he did so the military might move into the subsequent "vacuum of power," and finish off democracy once and for all. The hand of Washington in this sudden shift was displayed publicly by Christian Democratic presidential candidate Eduardo Fernández (whose campaign is financed by Rockefeller's friend, Gustavo Cisneros), who warned that "the international community will not permit" another coup. "We would also experience problems selling our oil and we could encounter a desperate economic situation," he threatened.

Simultaneously, Cuba's leftist friends in Venezuela jumped in alongside Washington with dark warnings that the military was planning to act. The former secretary general of Venezuelan's Communist Party (who resigned only after the fall of communism in Moscow), Héctor Mujica, attacked those demanding Pérez's resignation, on the grounds that it "would create a power vacuum," while the *Causa R* party suddenly began demanding that Pérez stay until a constitutional referendum could be held—a clever means of putting off any changes for a year or two.

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## Documentation

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*The following interviews with several of the leaders of the Feb. 4 military insurrection in Venezuela were conducted from their cells at the San Carlos military jail in Caracas, and published in various Venezuelan publications.*

### **Lt. Col. Hugo Rafael Chávez Frís**

On Feb. 29, *El Globo* of Caracas interviewed Lt. Col. Hugo Rafael Chávez Frís, the main leader of the Feb. 4 insurrection:

**Q:** The defense minister has been respectful and considerate in the treatment he has given you. Nonetheless, in a press release he questioned you in the area of military ethics.

**Chávez:** The minister is playing a role within the government, and this could be part of the campaign to discredit us that has been designed. In truth, I would say to [Minister] Fernando Ochoa Antich that he hasn't the moral authority to say this to me or to any of the officers here with me. We stepped out front, breaking the fear in this country, and in general we have demonstrated our caliber, and everyone in the Army knows us. Thus it is said: "Turn a deaf ear to foolish words."

**Q:** When did you make the decision to surrender?

**Chávez:** Our objective, more than a military one, was eminently political. When we realized that the political objective could not be achieved, and that what was coming was a massacre of the civilian population and of military personnel, which would have been a fratricidal fight, we decided to put down our weapons and await better conditions.

**Q:** What was that political objective you didn't achieve?

**Chávez:** Conceptually, it was a taking of power. Concretely, it was the capture of the President of the Republic, to try him before the population. . . .

**Q:** The President spoke to the country and referred to you as criminals deserving the maximum penalties. What do you think your fate will be?

**Chávez:** Anything could happen here. . . . In our case, the proceedings could be manipulated and, in fact, there already exist some details suggesting that this is the intention. But this doesn't concern us, because we have decided to sacrifice even our lives for this people. We are confident in the Venezuelan people's capacity to fight . . . and we believe our action has awakened great expectations and has sown the seeds of freedom, which no one will be able to stop. . . .

**Q:** Who are the corrupt ones that you would have immediate-

ly seized and tried?

**Chávez:** [President] Carlos Andrés [Pérez] is the first. Everyone knows them: Jaime Lusinchi, Blanca Ibañez, Gardenia Martínez, Orlando García. But you know that the list is very long.

**Q:** Was this a civil-military coup or is it solely an internal reaction of the Armed Forces to the crisis in the country?

**Chávez:** The origin of the movement is eminently military, for many reasons that would have to be analyzed in depth, although the intention was to form a civil-military junta with the best in the country. . . .

**Q:** In military terminology, it is said that this was a *coup de main* and not a *coup d'état*.

**Chávez:** In a way one might say that it was a *coup de main*, but this was a national rebellion. We demonstrated to the country the military force that we had and that we continue to have.

**Q:** Is it true that you participated in the Night of the Tanks [reputedly, a 1989 coup attempt]?

**Chávez:** Absolutely false; it will be proven to the country. That night I was playing softball in Miraflores. I was inside when [the tanks] surrounded us. By the way, I made four hits, among them one home run, although we lost to the Seguros Nuevo Mundo team. . . .

**Q:** Venezuela plays a very important strategic role in the Americas. An invasion [by the United States] could have resulted.

**Chávez:** We believe that the United States would not have interfered in our plan, because it was not in open confrontation with its international policy. We simply call for protection for our national sovereignty, the right to organize our Armed Forces as Venezuela needs them, the right to organize our population as they demand, but there is no anti-imperialist or anti-Yankee sentiment which, like the rest, went out of style with the sixties.

**Q:** What would happen to the [austerity] "package"?

**Chávez:** We would like to tell the world that we would respect legitimately subscribed treaties with the international organizations. Of course, our first measures would be anti-"package," because although we respect legitimate commitments, we would first have to guarantee to the people the satisfaction of their basic needs, and the [International] Monetary Fund comes afterwards.

We are not extreme nationalists, nor are we chauvinists. We are progressive members of the military, who would rescue the right of the nation to be itself, and the right of its population to build on its own history. We are steeped in integrationist Bolivarian thought, of course looking first inward to put our own house in order, to be able thus to ally

with other countries in similar circumstances to our own.

We must understand the geopolitical design of these new times, of the new Venezuelan direction more identified with reality. We are a small country with great potential. That understood, we cannot compete with the great powers, we cannot irresponsibly tell the country, as Eduardo Fernández did in his alternative program, that we are going to belong to the First World.

### **Lt. Col. Javier Arias Cárdenas**

Lt. Col. Javier Arias Cárdenas gave his first interview to the Venezuelan daily *El Globo* on Feb. 27, in which he was asked to comment on the reaction of Latin America's armed forces to U.S. efforts to interfere in national defense policies. He responded:

"There is interest in turning our armies into police forces, and some of our commanders acquiesce to this, not out of conviction but because they have to say yes in order to be promoted. . . . I think that the result of this action of ours is going to be, at least, that the high commands will feel obliged to revise this [acquiescence], to take a stand.

"As a Bolivarian army, we reject this approach of turning us into police, because it goes against our principles of independence and autonomy. We are not extreme militarists, but we know that we live in a world where relations of power and force hold sway. We are an army appropriate to our needs and to other defense needs. . . .

"Look, the Armed Forces has many values, people with a lot of dignity, and we know that within the command structure and among people who know us, independent of the witchhunt being carried out which is keeping them silent, there are a great many important elements of the Army, the Navy, the Air Force and the National Guard, who see our actions as a model. The best army combat units, the most powerful artillery units, the medium-caliber units, the parachute units, refused to go along with this nonsense."

Arias also revealed that the government had plans to raid the universities: "As of January, the preparations of plans to invade the universities have accelerated. My unit was involved in preparing *caballos de frisa* to contain the students and the demonstrations. *Caballos de frisa* are barbed-wire blockades, to prevent people from passing through, to keep them contained. The Army is being used not to meet the country's needs or to safeguard its territory, but as enemies of the people, and that is inconceivable. Any army that respects itself and whose anthem says 'our life is in the blood of the people,' cannot shed that blood, but must defend it."

Arias explained that they had become rebels because they refused to become silent accomplices of these plans: "The great majority of those of us who are here [in jail] would have been generals. We have a great number of major lieutenants, the next in line for promotion. Here, in San Carlos, are the officer ranks able to command an army, and which rebelled. Whether Mr. Carlos Andrés Pérez likes it or not, that is the

reality. We are not four nuts who rose up. It was a well-thought-out move, and a difficult one, believe me. I feel the pain of my officers' girlfriends, of their wives, of their mothers, that of my children who see me behind bars and cry, but who are happy to see their father the commander of a very important unit. All of this makes my soul ache, but there are also thousands starving to death in this country."

### **Strengthening national production**

In a second *El Globo* interview on March 3, Lt. Col. Javier Arias Cárdenas asserted that one aspect of the insurrection he helped to lead was to break the barrier between the military and civil society from which it appears to be distanced. Writes *El Globo* of the rebels' plans, "The economic experts were going to be called upon to work toward strengthening national production for the common good, oriented toward the equitable distribution of wealth. The strategic orientation would be directed toward food production, science, and dignity."

Said Arias, "The misery in this country is impressive." *El Globo* paraphrases Arias: "Misery that contrasts with large bank accounts abroad, which would be frozen if their owners did not explain origin and purpose. Within this framework, the unauthorized transfer of foreign exchange, and of money in general, would be considered a serious offense by the appropriate authorities. Also, a tax reform was considered, 'according to the economic and social reality of the country, and the stimulation of those projects which would increase productivity from a social, and not speculative, definition of wealth, and which would contribute to controlling inflation.'

"In the area of investment, priority would be given to research, education, and health, reads the document that reveals the government structure designed by the rebels of the Bolivarian Military Movement. . . .

"Another of their resolutions was 'the reformulation of the Venezuelan educational process. It would be essential to guarantee absolute mastery over our language, interpretative reading, mathematical reasoning, the formation of our identity as a people, study of our history, and of our broad geography.

" 'This educational reform would be based on the premise that knowledge should be centered around the explanation of the why of things.' "

### **Venezuela is no democracy**

The first U.S. correspondent permitted to interview Chávez in his jail cell, Ralph Schusler, published the results of that interview in the March 4 edition of *Economía Hoy*, a weekly magazine. Commenting on the expression of international support for Pérez following the Feb. 4 coup attempt, Chávez said, "The people of America and the rest of the world are fooling themselves if they think that the current government of Venezuela is democratic. What we have here is a dictatorship of parties and of groups with special inter-



ests, a kind of plutocracy lacking any popular representation.

"My message to President Bush, who I imagine should be a person with a democratic spirit, is that I cannot in any way share his statements describing Carlos Andrés Pérez as a representative of the people. He and his counterparts, including his predecessor, former President Jaime Lusinchi, have shamelessly robbed this country, and have left the people to manage as best they can in a lawless land.

"If Bush really wants to find out what I have to say, I invite him to come and hear the Venezuelan people and not the affronts of a man whose democratic profession is but a facade. . . . [Pérez] is a master in speaking out of both sides of his mouth, a very shrewd individual whose dual personality requires psychological analysis. He wants to present himself as the leader of the Third World involved in the most noble battles for the people, as a great Latin American patriot, but that is pure bombast. Venezuelans know that some day the entire world will also realize this."

Referring to the so-called *Caracazo*, the anti-austerity riots in Caracas in 1989 which triggered a brutal military response, Chávez said that there are various divisions of the Armed Forces which have become "Praetorian Guards, protecting a government which serves the interest of a small group of persons and which acts against the interests of the people." Chávez explained that the failure of the insurrection was in part due to logistical oversights, as well as the determination of the rebels not to cause casualties among the civilian population. "This was an uprising in favor of the people; we did not want to cause a shedding of civilian blood."

Chávez justified the uprising on the basis of Article 250 of the Venezuelan Constitution, which addresses the problem of misappropriation of state funds: "In such an eventuality," said Chávez, "every citizen—whether invested with authority or not—has the duty to collaborate in bringing the Constitution back into force." Chávez's assertions were reiterated by Maj. Francisco Javier Centeno, a fellow rebel, who declared, "We consider it our duty to ensure that the Constitution be respected and to rescue democracy from the clear violations committed by this government."

Chávez added that all those charged with responsibility for such violations would be tried, and all or part of the goods with which they illegally enriched themselves confiscated. Major Centeno noted that "with what they have stolen from the country, we could pay the \$35 billion foreign debt!" On Pérez, Centeno said, "We only wanted to capture him together with his buddies, so that we could try them for theft and for voracious corruption."

### **A government of national emergency**

On March 2, *El Globo* published a summary of a programmatic document "for national recovery," confiscated by the Venezuelan police from the Bolivarian Military Movement. The following are excerpts of that summary:

"A provisional government of national emergency would

be formed, as the expression of a national alliance for rescuing Venezuelan dignity, and for a moral, political, and economic recovery. . . . [Its] highest form of expression would be the National General Council, composed of nine citizens. For practical purposes of managing the state, a Council of State would function, made up of the President of the Republic or chief of state, the Minister of Government, and the eight cabinet ministers covering national policy matters.

"In the counties, public assemblies would elect the authorities, composed of: a civil chief, an administrator, a prosecutor, a representative of the organized communities, and a secretary. . . . For now, the current National Congress, Legislative Assemblies, and Municipal Councils will cease to operate. . . . Soon, a Constituent Assembly would dictate a new Constitution. The Supreme Court Magistrates would be relieved of their functions and the National General Council would name, subject to public approval, new magistrates with full powers to designate the members of the Judiciary Council. . . .

"The police would be immediately reorganized. . . . There would be a program so that the Armed Forces and civil society could break the barriers that reactionary policies imposed on their relationship. The Armed Forces would develop a consciousness of what is owed to Venezuelan society, and civil society would see the Armed Forces as their best bulwark in defense of freedom. . . .

"Continental integration, particularly with Colombia, would be a priority, but always within the Bolivarian doctrine. We would maintain security in supplying crude oil and its derivatives to the international markets, and signed agreements, legally contracted, would be kept in force—as long as we are not subjected to any kind of retaliation on the part of the foreign powers."

### **PLV demands, 'Enough is enough'**

*The following is the text of a full-page paid advertisement that was published by the Venezuelan Labor Party (PLV) in the newspaper El Nuevo País on Feb. 27.*

From Mexico to Argentina, Ibero-America is living under the iron dictatorship of the International Monetary Fund. During the decade of the eighties alone, our countries paid \$480 billion in foreign debt, and the debt has nonetheless tripled. Sixty percent of the population is living in poverty, unemployed, or with miserable wages, without schools, water, housing, or hospitals; and nonetheless these puppet governments continue to punctually pay their foreign debt. Enough already!

In Venezuela, it is worse still. In 15 years we have received more than \$200 billion in oil income, but the country still lives in misery. And now that the United States is bankrupt, the International Monetary Fund (IMF) wants us to pay the debt through more hunger, more poverty, with our "privatized" resources—like CANTV and PDVSA [the former state telecommunications and petroleum companies, re-

spectively]—and even with our national territory. Pope John Paul II demanded that the foreign debt not be paid with the people's hunger. Enough is enough!

Humanity is experiencing a revolutionary period of its history. Scarcely two years ago, the entire population of eastern Europe went out into the streets in search of freedom and sovereignty; Moscow's puppets fell. Less than a year ago, the people took to the streets in the former Soviet Union to reject the dictatorship: the communist powerbrokers fell. It is now Latin America's turn.

Venezuelans, we invite you from today forward to wear some patriotic symbol (flag, coat-of-arms, tricolor armband) in show of support for the following:

1) the immediate resignation of Carlos Andrés Pérez; resignation of the Supreme Court of Justice; resignation of Congress; a new constitution, to do away with rule by the party elites;

2) formation of an emergency government, with civil and military participation;

3) suspension of payment of the foreign debt for a minimum of five years, strict exchange controls, and implementation of an emergency program to assure jobs, food, housing, clothing, health, education, and public services, such as water;

4) trial of the corrupt, especially of the economic groups which have been the front-men of foreign colonial interests and which are linked to the narco-economy;

5) respect for the human rights of Commander Chávez and the rest of the military men who participated in the events of Feb. 4;

6) Latin American integration, but not based on the "Enterprise for the Americas" initiative or Bush's "new order," which seek to loot and colonize us until we have become Wall Street's backyard; who want to turn us into drug-producing countries to guarantee the flow of narco-dollars to finance their immense deficit. Rather, we want a powerful and developed Latin America, united around great agricultural and industrial projects, works of transportation and infrastructure such as the continental railroad, and a Latin American common market.

Venezuela urgently needs a nationalist movement, one which is not dependent on any "International" [organization], which promotes a return to morality and to patriotism. Instead of a "class struggle," Venezuela needs a "harmony of interests" more in accordance with the concept of human dignity. The country needs to be politically reorganized, and the population assured of genuine participatory democracy—not by voting every five years, but through non-partisan forums and town, union, and business meetings, and where each and every individual can deliberate and decide, in accordance with the proposals of the encyclicals *Rerum Novarum* and *Quadragesimo Anno*.

Venezuelans, the hour of struggle for our rights, for our families, and for our dignity has arrived.

## U.S. prepares to hit Iraq again

by Joseph Brewda

The United Nations, under Anglo-American domination, is preparing to bomb Iraq again, possibly in April, as part of its general policy to spread war in that region, and also to attempt to restore the fortunes of George Bush's reelection campaign. On Feb. 28, the U.N. Security Council issued a statement which "deplored and condemned" Iraq for its alleged failure to implement various United Nations resolutions, and warned of unspecified "serious consequences" if that "failure" continues. The statement is purportedly based on the findings of a recent trip to Iraq by Swedish Ambassador to the U.N. Rolf Ekeus, who has been charged with destroying Iraq's "weapons of mass destruction." Iraqi Deputy Prime Minister Tariq Aziz will travel to New York in early March to respond to the latest U.N. charges.

### Iraqi industry is the target

U.N. Resolution 687, passed last year, had demanded that Iraq destroy its weapons of mass destruction, purportedly to bring peace to the region. These weapons, according to U.N. definition, include the highly inaccurate Iraqi Scud missile. While Iraq has destroyed its Scuds, which the U.N. acknowledges, it has requested that plant and equipment used to make the Scuds be converted to civilian use rather than be destroyed. In November 1991, the Iraqi Foreign Ministry had requested that Iraq be allowed to convert this equipment to the "production of liquid fuel tanks, rubber separators for the oil industry, and for the production of civil explosives used in road construction, cement industries," and for building short-range missiles not proscribed by the U.N.

The Feb. 28 Security Council statement condemned this Iraqi request and related refusals to carry out the destruction of plant and equipment as a violation of U.N. resolutions. Only the U.N., it claimed, has the authority to judge what equipment will or will not be destroyed. The Iraqi request not to destroy industry constitutes a violation of its alleged responsibility to accept all U.N. demands "unconditionally," the statement read.

Following the release of the Security Council statement, U.S. Ambassador to the U.N. Thomas Pickering warned that Iraq "must be aware of the serious consequences of continuing breach of" U.N. orders. British Foreign Secretary Douglas Hurd elaborated, in remarks on British television,

that "we do not rule out going back to military action." He continued, "We are not at that point yet, but they have to understand that they have to obey the United Nations."

On March 2, Tariq Aziz told the Iraqi press that, as part of his coming mission to the U.N., "We will ask the Security Council, 'Is your aim to destroy Iraqi industry or implement Resolution 687?' If your aim is to carry out 687, you have our approval. But if your objective is to annihilate Iraqi industry and deny Iraq the chance of becoming a prosperous industrial country, that would be a different matter."

On Feb. 23, U.S. Army Chief of Staff Gen. Gordon Sullivan released a statement to the *Washington Post* in which he said that the post-Gulf war, post-Cold War world had defined a new assessment of strategic threats to the United States. "Unfair or governmentally restricted competition" by other states and the proliferation of "modern military technology" to the Third World are two conditions defining a *casus belli*, said the general. The U.S. military destroyed 85% of Iraq's electrical power capacity, among other civilian infrastructure, valued in excess of \$200 billion during the war.

On March 1, the *Dresdner Morgenpost* of Germany reopened the "Islamic bomb" scare story justification for bombing Iraq. The paper claimed that Iraq has recruited more than 50 Russian nuclear scientists who are now working on a nuclear bomb in a complex near Baghdad.

### Human rights pretexts

To help prepare the climate for a hit, the U.N. Special Rapporteur on human rights in Iraq, former Dutch Foreign Minister Max van der Stoel, released a report on Feb. 20 which claimed that Iraqi human rights violations are so grave and widespread that few parallels can be found except the Nazis. Van der Stoel, drawing on accounts of the U.S.-funded "Iraqi opposition," claimed that Iraq has tortured "hundreds of thousands" of people in the recent period, and has prevented food from reaching the Shiites in the south and the Kurds in the north. He called for a "resolute effort to save human lives."

Speaking in response to Van der Stoel's claims, British Foreign Secretary Douglas Hurd warned that the Gulf war allies would "not stand idly by" while this "repression" continues. For such reasons, Hurd said, the U.N. sanctions and embargo against Iraq, which de facto block food and medicine from reaching the country, must continue. The embargo has killed approximately 200,000 children under five years of age since it began in August 1990.

One Iraqi Kurdish leader on the Anglo-American payroll, Massoud Barzani, met British Prime Minister John Major and French Foreign Minister Roland Dumas in a late February-early March tour of Europe. The meetings were intended to build support for a hit on Iraq based upon alleged repression of the Kurds. Dumas told the press that, for the French, the issue was a "sacred cause."

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## Pakistan

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# Is Sharif government running out of time?

by Susan B. Maitra and Ramtanu Maitra

There are strong indications that Pakistan's 15-month-old government, headed by Prime Minister Nawaz Sharif, has about reached the end of its rope. Pressured by Washington to open up its nuclear installations and support the United Nations Plan on Afghanistan, and pushed by London, through the Jammu and Kashmir Liberation Front, for self-determination of Jammu and Kashmir, Prime Minister Sharif has made vital concessions, and these are coming back to haunt him.

By making the concessions, Prime Minister Nawaz Sharif has stepped on a hornet's nest—otherwise known as Jamaat-e-Islami, the orthodox Sunni political grouping which has brought down a number of duly elected governments in Pakistan and which is an active, now estranged member of the Islamic Democratic Alliance (IJI) team that won the November 1990 elections.

Prime Minister Sharif's trouble with the Jamaat began in the early days of his administration in the Sindh province, where he, without a political base of his own, began to court the powerful Mohajir Qaum Movement (MQM) to keep the Pakistani People's Party (PPP) away from office.

It was evident that the IJI needed all the help it could get in Sindh, and the MQM was willing to give it. But the Jamaat considers the MQM as its mortal enemy, and fights it physically and politically in Karachi and other major Sindh towns. Thus Prime Minister Sharif's move to get closer to the MQM was taken as an affront by the Jamaat-e-Islami.

While Nawaz Sharif's pro-U.S. position on the Gulf war was disliked by the Jamaat, it did not create any major fracas. However, the United States did figure as a major issue of conflict between the two following the Gulf war, when U.S. pressure on Pakistan to open up its nuclear installations and sign the Nuclear Non-Proliferation Treaty increased multifold. Sen. Larry Pressler's January visit further aggravated the situation, as the South Dakota senator claimed that Pakistan possesses nuclear weapons and is also involved in putting together an Islamic fundamentalist bloc of nations by bringing the nuclear weapons-possessing Central Asian republics into the fold. Pressler, author of the notorious

amendment which demands that the United States certify that Third World countries have no nuclear weapons capability before they are given any aid, said that "there is fear of an Islamic bomb here and in some states in the Soviet Union [sic]. . . . A bloc or confederation of some sort, if two or three countries in it have nuclear weapons—that would be a great concern to my countrymen and many others."

Because of the Pressler amendment, U.S. aid to Pakistan has been suspended since 1990. The *Hindustan Times* reported on Jan. 30 that not only has Washington decided to deny economic and military aid to Pakistan for the third year in a row, but \$500 million worth of assistance already "in the pipeline" has now also been frozen, leaving only \$50 million in "humanitarian aid." Last year, the United States allocated over \$200 million, including \$100 million in military aid, to a "trust fund."

When Pakistani Chief of Armed Services Gen. Asif Nawaz Janjua went to Washington to explain the Pakistani position and implore Washington to resume military and economic aid, it became clear that Washington wants Pakistan to give up its nuclear ambitions and follow the United Nations solution of the Afghan imbroglio.

### **Policy on Afghanistan**

Pakistan's Afghan policy, put in place by the late President Mohammed Zia ul-Haq during the Cold War days, was to extend Pakistan's influence over Afghanistan through installation of the Sunni-fundamentalist mujahideen in Kabul. The United States supported the policy until the Soviets withdrew from Afghanistan in 1990. However, Saudi Arabia, another major proponent of Sunni fundamentalist rule in Kabul, has continued to support Pakistan on this issue.

But, the U.S.-U.S.S.R. rapprochement, the eventual collapse of the U.S.S.R., President Bush's war in the Gulf and drive for a "new world order," implied that a consensus solution had to emerge on the Afghanistan issue. Pakistan's government, backed by the Saudis, a pro-Islamic faction within the Army, and the Jamaat, resisted the new policy line, notwithstanding the resignation of the suave Foreign Minister Yaqub Khan.

Now, Prime Minister Nawaz Sharif, under growing pressure from Washington, has agreed to go along with the United Nations plan, which means a secularization of Afghanistan. The agreement was signaled in various ways. In February, a major player in the Afghan mujahideen "jihad" against the Najibullah regime in Kabul, Lt. Gen. Hamid Gul, was retired from the Army, a year before his normal retirement date. Before the rumors could die out in the barracks, Major General Durrani, the chief of Pakistan's Inter-Services Intelligence (ISI), who was chiefly responsible for implementing Pakistan's Afghan policy, was sacked. Not many were surprised and not many doubted that the orders came from Washington and that Prime Minister Sharif had merely carried them out.

### **The crisis in Jammu and Kashmir**

But before Durranti's sacking, Prime Minister Sharif committed yet another blunder. Under pressure from Britain to accede to the Jammu and Kashmir Liberation Front (JKLF) demand for the self-determination of Jammu and Kashmir, which means providing the Kashmiris with the option of forming an independent Kashmir, Sharif, in an interview with the BBC from Teheran, Iran, said that the right of self-determination for the Kashmiri people included the right to opt for an independent state. Although two days later, Minister of State for Foreign Affairs Siddique Kanju categorically denied any change in policy, saying "I am not for an independent Kashmir at all," the prime minister was still subjected to some of the severest criticism he has faced, mainly from the Azad Kashmiris and the Jamaat. Jamaat chief Qazi Hussain Ahmed, who considers himself the chief guardian of the nation's ideological frontiers, spared no venom.

As things grew hot, an attempt was made to reconcile the Jamaat with the prime minister. A conciliation meeting was called at the prime minister's home in Lahore to discuss matters face to face. The outcome was a disaster. Jamaat chief Qazi Hussain Ahmed got into a verbal mud-slinging match with the prime minister and, reportedly, the prime minister's father came to the rescue just in time to prevent an exchange of blows.

### **Showdown looms**

The Jamaat's claim that the IJI government is not living up to its election promise of a truly Islamic Pakistan may not have many takers, but there are ambitious people around who would like to bring down the IJI government and Prime Minister Sharif in particular.

Among them is the son of the late President Zia ul-Haq, Ejazul Haq, a banker-turned-politician, who promoted his father's Afghan policy. Another ambitious dissident is Zahid Sarfraz, reportedly close to President Ghulam Ishaq Khan, who accuses the Sharif government of massive corruption and kickbacks. The latest to join the fray is the old Sindhi politician and former prime minister Ghulam Mustafa Jatoi. In all likelihood, when the chips are down against Prime Minister Nawaz Sharif, another former prime minister, Mohammad Khan Junejo, will step in to seal his fate.

The showdown is going to take place soon. The Jamaat is demanding an early election for the post of IJI party chief. If such an election does not take place, the Jamaat will quit the grouping and actively join others to bring the prime minister down. Meanwhile, there are rumors that the dissidents may bring a no-confidence motion against the prime minister soon. If that ends the Nawaz Sharif tenure, the proposed March 30 march across the India-Pakistan borders announced by JKLF chief Amanullah Khan will push the situation into a tight corner. Although General Janjua has been warned by Washington to keep his hands off politics, no one can tell how much chaos the Army will tolerate.

# CIS pullout from Nagorno-Karabakh opens new phase of Transcaucasus war

by Konstantin George

The next Azerbaidzhani offensive to obliterate the Armenian presence in the enclave of Nagorno-Karabakh has become a certainty, with the withdrawal of the last Community of Independent States (CIS) forces from that region. These forces had formed the only shield protecting the Armenian population, not from the murderous destruction visited on the Karabakh capital of Stepanakert by Azeri rocket and artillery barrages, but at least from an all-out Azeri ground offensive, aimed at physically eliminating or expelling *en masse* the Armenians of Karabakh.

Addressing the United Nations on March 3, Armenian Foreign Minister Hovannisian declared that if the international community doesn't intervene, then "a tragedy threatens with the worst consequences for the region and the world." Speaking on the same day, Armenian President Levon Ter-Petrossian deplored the CIS withdrawal as "a bad decision, not well thought out," which would pave the way for general war. One day later, Armenian Defense Minister Sarkisian warned that Azerbaidzhan was preparing new and larger offensives against Karabakh.

By March 3, western correspondents based in the Azerbaidzhan town of Agdam, just northeast of the border with Karabakh, were reporting large numbers of Azeri reinforcements moving into Agdam, both from the newly formed Azerbaidzhan Army and militia units of the extreme nationalist Azerbaidzhan Popular Front, units equipped with heavy tanks, light tanks, and armored personnel carriers.

Despite the tragic consequences of the move, and against the vehement protests of Armenia, the withdrawal of the personnel from the last CIS unit, the 366th Motorized Rifle Regiment, took place March 2-3. In a further blow to the Armenian defenders of Karabakh, according to a March 4 announcement by the CIS command in Moscow, stocks left behind in Karabakh, which would have been useful for Armenian self-defense, will be flown out by Mi-26 helicopters to bases in the Republic of Georgia, the republic containing the headquarters of the CIS Transcaucasian Military District, which covers the territory of Georgia, Armenia, and Azerbaidzhan.

The withdrawal of CIS troops marked the continuation of a Russian government policy tilted in favor of Azerbaidzhan. As we have noted, the 366th Regiment was the last

unit to leave. All other CIS Army units and Interior Troops had already been withdrawn in the period September-December 1991. In the final withdrawal, to provide effective escort for the departing troop convoys, airborne troops sent by Moscow arrived on March 1 to secure the Stepanakert-Agdam road, the route of withdrawal.

According to Gen. Col. Valery Patrikeyev, commander of the Transcaucasus Military District, the 366th Regiment will proceed to the Azerbaidzhan city of Kirovabad, and from there relocate to Georgia.

## Smokescreens hide real slaughter

The Russian withdrawal was based on a two-level policy determination. First there is the tactical level, where Moscow had no real choice, with nearly 1 million Russian civilians living in the cities of Azerbaidzhan, who now have become hostage to the policies of the Mutalibov regime in Baku. The turning point was a March 1 statement by Azerbaidzhan President Ayaz Mutalibov, accusing CIS forces of having committed "genocide" against Azeri civilians in Karabakh. This statement created a very ugly anti-Russian mood in Baku and other Azerbaidzhan cities. The operational capability for organized pogroms against a Christian minority inside Azerbaidzhan had been repeatedly demonstrated in the repeated outrages committed against the Armenian communities in the cities of Sumgait, Kirovabad, and Baku, 1988-90.

The Azeri charge of "genocide" was based on accusations by Baku that after Armenian forces captured the Azeri village of Khodzhalay inside Karabakh, they killed 1,000 Azeri civilians. The "massacre" story has been accepted at face value by the western media, and has been used to prevent any international mobilization on behalf of the starving, surrounded Armenian civilian population of Karabakh, numbering some 250,000, who actually are faced with being butchered.

While there probably were civilian casualties in the Armenian seizure of Khodzhalay, the "massacre" story is very fishy. In the initial accusations, Azerbaidzhan spoke of "hundreds of corpses" including "many women and children," and said the same concerning alleged "massacres" in the Agdam District. Then, on March 4, the spokesman for Azerbaidzhan President Mutalibov accused Armenia of having

“gotten rid” of the corpses, to “hide the evidence” of the “massacre.”

### **Geopolitical factors: the role of Turkey**

The deeper consideration behind the CIS withdrawal is that Russia feels it needs to work with Turkey, as part of an overall strategic relationship with the United States to contain Islamic fundamentalism in the Muslim republics of the former U.S.S.R.

This policy materialized during the little-noticed Feb. 4-5 visit to Ankara by Russian Foreign Minister Andrei Kozyrev, which inaugurated, in his words, “a new era in Russian-Turkish relations,” and where Kozyrev welcomed Turkey’s involvement in the Muslim republics of Central Asia. The visit was climaxed by an announcement that Russian President Boris Yeltsin will visit Turkey later this year. The Kozyrev visit was coordinated with the Washington summit one week later of President Bush and Turkish Prime Minister Suleyman Demirel, and the talks held in Baku with the Azeri leadership by U.S. Secretary of State James Baker, talks that set the stage for Azerbaidzhan’s onslaught against Karabakh.

Since the Kozyrev visit, Russia has granted Turkey extraordinary favors, aimed at countering Iran’s influence in Central Asia. Turkish merchant ships may now transit from the Black Sea, over Russian territory, via the Don River, Don-Volga Canal, and Volga River, into the Caspian Sea, breaking the Iranian monopoly on non-Russian seagoing trade with Azerbaidzhan, Kazakhstan, and Turkmenistan.

The global strategic dimensions of this new Russo-Turkish dynamic were evident in statements in Moscow, Feb. 25, by NATO Secretary General Manfred Wörner, declaring that the “rise of Islamic fundamentalism” in Central Asian republics is against the “interests of NATO” and Russia. Thus, with NATO ally Turkey as the wedge, the West is trying to co-manage, with Russia, the entire “southern tier” of the former U.S.S.R.

The U.S.-Turkish policy to fuel crises in this southern belt, as levers to increase the influence of Washington through its Ankara surrogate in the region, has been sharply denounced by Iran. Speaking in Teheran March 2, at an international conference of academics on “The Transformation of the Former Soviet Union and its Implications for the Third World,” Iranian Foreign Minister Ali Akbar Velayati accused the United States and Turkey of working against Iran in Central Asia and the Transcaucasus, by fueling hot spots. Speaking just after his unsuccessful mediation tour of Azerbaidzhan and Armenia, Velayati condemned “those who pretend to care, but are not willing to see another country [i.e., Iran] solve the problem. Many western countries and some countries in the region [referring to Turkey and Saudi Arabia] don’t care to see Iran put out the fire. They are not happy that it is not them or someone in their bloc. Many are attacking our motives in this region, but we are used to being attacked. We will carry on and do what we think is right. . . . Sources

of instability in these republics can pave the way for the growing American influence in the region.”

### **Expect new ‘mediation’ efforts**

Moving into the second week of March, the next round of internationally coordinated efforts to discredit Armenia, following the insidious effect of the “massacre” stories, will be in full bloom, this time under the rhetorical guise of “mediation” and demands for “unconditional cease-fire.” The big mid-March “mediation” effort will be made by Douglas Hogg, a minister in the British Foreign Office, who will travel to Moscow, Baku, and Yerevan. Public statements made to date by Hogg, putting the blame on “both sides” for the war, foretell a repeat of the same British support for aggression, under the cover of pseudo-objectivity, that had occurred regarding former Yugoslavia through the “peace mission” of Lord Carrington.

Hogg stressed, in a March 3 statement, his support for the next “mediation” mission being a Russian-CIS effort. Within 24 hours, Azerbaidzhan President Mutalibov welcomed the Hogg mission and any Russian-CIS mediation. Besides the pro-Azerbaidzhan tilt of Russian policy, one must not forget that anything labeled “CIS” is stacked in Azerbaidzhan’s favor, as six of the 11 CIS republics are Muslim and pro-Azerbaidzhan. Any “cease-fire” agreements, if not minimally augmented by ironclad clauses banning any Azeri troop reinforcements and movements near the borders of Karabakh, will be, as in former Yugoslavia, the mere breathing space preceding the next offensive by the aggressor.

## **Baroness Cox warns of slaughter in Karabakh**

by Mark Burdman

On Feb. 28, the office of EIR Nachrichtenagentur in Wiesbaden, Germany received a chilling briefing by telephone on the situation in and around Nagorno-Karabakh, from Britain’s Baroness Caroline Cox. Baroness Cox, a member of the House of Lords, has been very active in trying to bring the world’s attention to the plight of the Armenian population of Nagorno-Karabakh. She has visited that enclave five times in the past 10 months, most recently in mid-January. Specialists on the Transcaucasus region regard her as a reliable source of “on-the-ground” readings about what is happening in Karabakh. In the last days of February, she traveled to Germany and Switzerland, attempting to rally parliamentarians, Christian groups, humanitarian agencies, and others, to take urgent action to save the population from genocide.

In her view, the situation in Karabakh threatens to become a slaughter, unless action is taken within the next days



to contain the Azeris. She is appealing for the immediate dispatch of international observers to Karabakh itself, rather than only to the respective capitals of Armenia and Azerbaidzhan, Yerevan and Baku. This direct, "on the ground" stationing, would be a deterrent action. She is hoping that initiatives by the Conference on Security and Cooperation in Europe (CSCE) or the United Nations can be transformed into such an "on the ground" action. This, in her view, must be coupled with "massive humanitarian aid," at a time when the intensive multiple rocket-launcher bombardments of Karabakh's capital, Stepanakert, is making the city unlivable.

Baroness Cox warned that Stepanakert is on the verge of becoming "an absolute hellhole, worse than anything we have seen in Croatia, as bad as that has been." What has dramatically worsened the situation, is the Azeri use of GRAD BM-21 multiple rocket-launchers, which fire 40 rockets in one volley, and have a similar effect on the population and infrastructure as weapons of mass destruction. These GRADs are destroying multi-story buildings, which are collapsing on top of people. Electricity is being destroyed, it is impossible to move the debris, there is no running water, and, because of the lack of water, it is impossible to put out fires. The hospitals, insofar as they remain standing or operate out of cellars, are out of analgesic drugs, and are performing surgery with vodka. She stressed that the use of GRADs and the destruction they have caused, have come on top of a situation that was already desperate.

The use of GRADs began in mid-February, first against the Armenian-populated village of Shaumyan, and then against the Karabakh capital of Stepanakert. What worsened matters still further, is that on Feb. 24-26, the Azeri forces seized three more arsenals of weaponry of the former Soviet Army (see details below), and gained the capability to greatly escalate the onslaught. She also stressed that what is unfolding, if not stopped, will be worse than a "simple slaughter," given the precedent of the atrocities that the Azeris committed when they carried out forced deportations of Armenians in April-May of last year, at that time in tandem with the Soviet Fourth Army.

Baroness Cox expressed the fear that Armenian military successes of the past couple of days, while undoubtedly meaningful in terms of undermining the Azeri blockade of Karabakh, are only "desperate measures of self-defense." The various "international mediation" efforts now ongoing—Iranian, French, and others—are only giving the Azeris more time to consolidate their military buildup. As an example, she noted that the "so-called peace talks" that recently took place in Moscow, sponsored by the Russian leadership, were taking place coincident with Azeri missile attacks on Stepanakert. The danger now is that the appearance of "mediation efforts" will only "lull the international community into a sense of false complacency."

Baroness Cox said she was "very, very dismayed" by the diplomacy of U.S. Secretary of State James Baker III in this

area, since he agreed to American recognition of Azerbaidzhan "with no specified stipulated conditions at all," without even demanding respect for human rights or the "right to life" of the Armenians. Since that time, the Azeri military buildup has proceeded massively, including the creation of an Azeri army through conscription and "re-conscription," i.e., re-drafting Azeris who had previously served in the Soviet army.

### The danger of 'impending genocide'

In addition to the above evaluation, Baroness Cox's office in London released, on Feb. 26, the following press statement:

"In the last two days (Feb. 24-26):

"1) Azerbaidzhani forces have seized control of the military base Agdam with its large supply of military equipment and weapons; it is thought that these forces may not be under the control of President Mutalibov.

"2) Azeri troops have also taken control of the village of Nasosnaya which has the biggest stock of military armaments including 'GRAD' missile rocket launchers; it is thought that these troops are from the Azeri Popular Front.

"3) Also seized by Azeri forces is the base at South Lenkoran, which contains 40% of the Soviet military equipment based in Azerbaidzhan.

"The seizure of these massive supplies of military arms and equipment clearly represents a grave danger of an imminent all-out onslaught on the Armenians of Karabakh. In the meantime, 'GRAD' rockets and other artillery shells are still being fired on the capital city of Stepanakert as well as on villages in the region.

"If a major and decisive onslaught is to be averted, *urgent* initiatives must be taken. Otherwise, Azerbaidzhan may achieve a *fait accompli* before any initiatives recommended by the recent CSCE delegation can be implemented."

On Feb. 27, she released a situation report on Karabakh, warning: "The enclave of 200,000 people is besieged, blockaded, and bombarded, with devastating effects on the civilian population. There is no electricity, no light, heat, power for hospital equipment or for power-assisted machinery for moving rubble caused by shelling, burying civilians; water shortages have been cut off—so not only is there an acute shortage of adequate drinking water—there is no sanitation, a serious risk of epidemic disease."

She enumerated "priorities requiring *urgent* assistance," including medical supplies, milk for infants, and food, etc., and warned about the massive destruction caused by the GRAD launchers. This statement concluded: "The situation in Karabakh today is probably one of the most catastrophic in the world at the present time. The double effects of war and blockade mean that the civilian population is trapped in desperate conditions, and faces death either by slow strangulation through deprivation of essential supplies, or by bombardment with massive casualties and no effective medical treatment for those are not killed outright."

# Indonesia will not yield to 'anti-Indonesia' campaign

by Mary M. Burdman

Indonesian Foreign Minister Ali Alatas was in Bonn, Germany Feb. 29, on the last stop of an international tour to present Indonesia's perception of what happened on Nov. 12, 1991, when soldiers of the Indonesian Army fired on anti-Indonesian demonstrators in Dili, East Timor, killing at least 50 people. Another 90 people were wounded, and some 91 are still missing. Alatas described the events as "very regrettable and tragic."

He has visited Japan, France, Great Britain, the United States, and Germany to counter what he termed the "anti-Indonesia campaign" being waged in the media and by international groups with Portugal's backing. Besides conveying Indonesia's view of the history of East Timor and the current tensions there, he also presented what Jakarta is doing to prevent the recurrence of such killings. He stressed that provocations are still being waged on behalf of the Fretilin, the separatist movement whose members are Portuguese-trained and supported, and that these will be countered by his government.

East Timor is one half of an island in the Indonesian archipelago, which was carved up by the Dutch and Portuguese colonialists. The Portuguese ruled East Timor for 450 years; when they finally pulled out in 1975, civil war broke out. In 1976, after discussions between the Indonesian and Portuguese foreign ministers failed to resolve the crisis, East Timor was integrated into Indonesia.

Alatas's tour was also intended to brief parliaments and media on East Timor. In Bonn, he stated that the "very tragic" shootings in Dili were clearly *not* ordered by, and did not reflect the policy of, the government of Indonesia or its armed forces. President Suharto called the shootings in Dili a tragedy, to be deeply regretted. The incident was a serious setback to efforts to end the strife and economic backwardness of East Timor, and find a solution to the "East Timor question" in the U.N. acceptable to both Indonesia and Portugal.

But also regrettable, Alatas stated, was the misrepresentation of what happened in Dili by some foreign media immediately after the demonstration and shootings. Contrary to these early press reports, the demonstration—which was permitted by the authorities—was turned "from the outside by agitators into a wild, disorderly, and at times destructive demonstration." Days and weeks of planning, he said, had

gone into creating premeditated provocations. Two security personnel were stabbed by demonstrators. This does not justify the killings, he said, but gives some perspective on what happened.

## Indonesian government's actions

On Nov. 18, the government appointed a National Commission of Inquiry, headed by a Supreme Court judge, which released an advance report on its findings on Dec. 26. The full report will be issued soon. The report stated, Alatas said, that the shooting by security personnel was "excessive," and that there was careless handling of casualties. It also refuted earlier versions of the number of deaths given out by the local authorities. There were 50 killed, not 19 as first announced, and the figures of both wounded and missing were also higher than originally stated.

Two days later, President Suharto exhorted both the nation of Indonesia and the local government in East Timor to take what had happened as an opportunity for self-correction and introspection. It should never have happened; it should never happen again, he said. A Military Council of Honor was convened by the Chief of Staff, for only the second time in Indonesia's history. Legal action must be taken against those who violated the law, the President said, and the missing must be found. On Feb. 27, six high-ranking Army officers responsible for East Timor, including two generals, were sacked.

One of the major causes of unrest is the lack of economic development, which is being exploited by those opposed to integration, Alatas said. East Timor was extremely backward in 1974. Indonesia has in the past 16 years built more asphalt roads, bridges, schools, hospitals, health centers, public markets, and places of worship than were built in the entire 450 years of Portuguese rule. East Timor is now connected to the world by air and sea, and integrated into the Indonesian national telephone and television network. Yet severe problems remain. Although many more East Timorese are now receiving university-level education and training than they did under the colonialists, they cannot be absorbed in the labor market in East Timor. When demonstrations began 18 months ago, the demands were for jobs and investment in East Timor. Indonesia has for the past year accelerated the

development of East Timor, and this will be intensified, Alatas said.

## The colonial heritage

Looking at East Timor from the point of view of a nation like Indonesia, which had to fight for its national independence 50 years ago, all the hoopla in the press about "human rights violations" and "illegal occupation" is suddenly seen right side out. At the end of World War II, the British, under the command of Lord Mountbatten, used both Indian troops and as many formerly occupying Japanese troops as they could muster, to attempt to stop the Indonesian nationalists trying to free their country, and to *bring back* the defeated Dutch colonists. They did not succeed for long. It is notable that the Netherlands is one of the very few countries which imposed a ban on new aid to Indonesia after the Dili shootings.

The Portuguese colonists have created some of the worst disasters of the post-imperial world. Why are the Portuguese so disturbed about East Timor? It is clear, stated Alatas: This time, their "boys" lost. In the two former Portuguese colonies in Africa, Angola and Mozambique, the Portuguese pulled out of both countries as civil war broke out—and civil war still rages today. In East Timor, civil war began in August 1975—and the Portuguese left.

In a statement at the National Press Club in Washington, D.C. on Feb. 20, Alatas said of the Fretilin (Revolutionary Front of Independent East Timor) that it "opted for independence [from Indonesia], although it had never opposed, let alone participated in the the struggle against Portuguese colonialism. In fact the Fretilin has always played exactly the opposite role, that of a favorite collaborator of the colonial administration." It is a "mélange of . . . a small group of young radicals, and . . . the worst elements of Portuguese colonial army." The Fretilin is still being "sustained under the protective custody of Portugal." The Fretilin launched a campaign of terrorism and assassinations, especially against the Apodeti party, "which had waged the persistent struggle against the Portuguese colonists," for which many of their leaders were imprisoned, exiled, or executed. Apodeti had opted for integration with Indonesia, to achieve reunification of the island of Timor.

Portugal "clandestinely turn[ed] over its arms and munitions to the Fretilin," and then, at the height of the civil war, which killed 3,000 people and sent 42,000 refugees into West Timor, "the then-governor of East Timor and his staff simply packed up and left." Indonesia *begged* Portugal to return and stabilize the situation, but Portugal did nothing. On Nov. 30, 1975, the other parties called for the independence of East Timor through integration with Indonesia, and by June 1976, a request for integration was presented to the Indonesian government.

Talks between Indonesia and Portugal were again conducted in 1983. "If it comes to a showdown, we have the

documents" of these discussions with Portugal, not only from 1983, but also from 1974, Alatas stated. "Some nations should not stand on pedestals on human rights."

The next phase of the anti-Indonesia campaign involves a Portuguese ferry boat, the *Lusitania Expresso*, which sailed from Lisbon in February to pick up a group of 100 "students and journalists" in Australia, to sail to Dili. The group's intention is "expressly and explicitly to *force* its way into Indonesian territory," Alatas said. "From statements of the group's organizers, Indonesia cannot but view the boat as a provocation." It is a "politically motivated attempt" to intensify the turmoil and cause another incident, to be used against Indonesia abroad. The boat's passengers have been notified in advance that Indonesia will *not* allow the ship to enter its waters.

## Human rights and national rights

The view of human rights in developing countries, and in Asia, is very different from that being promoted in the West, Alatas stated. As a lawyer, he said, he knows that western views of human rights are based on Jean-Jacques Rousseau, John Locke, and Thomas Hobbes. In Asia, social relationships developed differently; harmony and consensus, the rights of society, are viewed as just as important as individual rights, he said.

If you read the U.N. Charter, human rights are an issue to be treated in the context of "international cooperation" between states—not confrontation, Alatas said. It is *not* an issue in which one state can stand in judgment on another, as the sole tribunal. All rights—civil and political, economic, social, and cultural—are indivisible; you cannot pick and choose certain "rights" in assessing the record of a nation on human rights. In developing countries, the lack of development makes social and economic rights very important. The most fundamental rights are universal, but in implementation in a national context, there must be room for national competence. This is not the Indonesian position, stated Alatas; it is the U.N. position.

He cited the 1977 General Assembly Resolution 32/130 on "Alternative Approaches and Ways and Means Within the U.N. System for Improving the Effective Enjoyment of Human Rights and Fundamental Freedoms." This resolution states that international cooperation on human rights "should be based on a profound understanding of the variety of problems existing in different societies and on the full respect for their economic, social, and cultural realities." The resolution is based on the recognition that "colonialism, foreign domination and occupation, aggression and threats against national sovereignty and national unity and territorial integrity, as well as the refusal to recognize the fundamental rights of all peoples to self-determination and of every nation to exercise full sovereignty over its natural wealth and resources, constitute situations which in themselves are and generate mass and flagrant violations of all human rights and fundamental freedoms of peoples as well as individuals."

## New economic plan a fraud

*The "economic recovery" program of Prime Minister Keating has more to do with the elections than with the economy.*

Prime Minister Paul Keating, facing new elections by March 1993 and with the lowest approval rating of any prime minister in the nation's history, announced in a speech before Parliament on Feb. 26 a dramatic new program which he said would cure Australia's economic ills. It was Keating who, as treasurer in the Labor government of Prime Minister Bob Hawke (1983-91), did more than any other single official to destroy Australia's economy, through astronomical interest rates, deregulation, and free trade.

The Aus. \$2.3 billion (U.S.\$1.7 billion) plan calls for upgrading, and partially constructing, a standard gauge national railroad from Brisbane in the northeast to Perth in the west, via the southern port cities of Melbourne and Adelaide. In addition, Aus. \$600 million will be spent to rebuild dilapidated roads. The program also includes:

- a one-time family allowance of \$125 for a one-child family;
- some accelerated depreciation schemes and tax relief for small businesses;
- income tax relief for middle-income families;
- \$61 million in aid to the textile, clothing, and footwear industries;
- \$100 million "to promote competition" in the electricity industry;
- marginal aid to the country's stricken wool and wheat farmers.

Headlines in the nation's press captured Keating's motivation: "PM's Jobs and Votes Grab," and "Fixing a Recession to Buy an Election."

While any spending on Australia's grossly inadequate infrastructure is certainly to be welcomed, the idea that a \$2.3 billion plan could create 800,000 jobs in four years, as Keating maintains, and bring the country out of recession, is ludicrous.

More importantly, the plan reaffirms the policy axioms which have caused one of the highest unemployment rates in the industrialized world, and the second highest foreign debt in the world—\$160 billion (U.S. \$122 billion), for a population of only 18 million. Keating stated that Labor will continue to slash, as it has for the past nine years, tariff protection for domestic production, and will continue to work for a "successful conclusion" of the Uruguay Round of the General Agreement on Tariffs and Trade. GATT will decimate agricultural producers, both in Australia and worldwide. Regarding payment of debt service on Australia's gigantic foreign debt, Keating apparently regards this as so sacrosanct that he did not even mention it.

Still other measures in the plan will open the economy up to foreign looting and drug money laundering. The requirement that new mines be at least 50% Australian owned was abolished, as was most of the oversight authority of the Foreign Investment Review Board. Foreign banks will now be allowed to buy up any Australian banks except the "big four," and massive tax concessions were granted to set up an "offshore banking industry."

Though Keating's economic pro-

gram will not pull Australia out of its deepening depression, a well-articulated program toward that end does exist. In the summer of 1990, the Citizens Electoral Councils released "Sovereign Australia: An Economic Development Programme to Save Our Nation," developed in consultation with *EIR*. Over 10,000 copies have circulated all over the country, provoking widespread interest.

Sovereign Australia called for, among other things:

- a high-speed rail network to link Brisbane, Sydney, Melbourne, and Adelaide, as the centerpiece of a national infrastructure program;
- building hundreds of extremely efficient and ultra-safe high-temperature gas-cooled nuclear reactors, a technology in which Australia once led the world, to cut the nation's high energy costs;
- upgrading the rural sector through large-scale irrigation programs, intensive use of fertilizers to rebuild Australia's extremely poor soils, and ensuring parity prices to farmers;
- low-cost credits for frontier industries such as aerospace, shipbuilding and nuclear shipbuilding, biotechnology, and modern automotive and machine tool industries;
- reinstatement of the Commonwealth Bank, a "national bank" on the model of Alexander Hamilton's National Bank of the United States. The Commonwealth Bank functioned brilliantly from 1912 to 1924, until it was replaced by the current Federal Reserve-style system. Interest rates must be pulled down to low single digits from the high teens or twenties where they are now.
- reestablishment of protective tariffs;
- a maximum of 5% in interest payments on Australia's gigantic foreign debt.

## Mexico's 'Winter Colloquium'

*Marxists of the world unite to defend liberalism and stop more Venezuela-style rebellions against usury.*

Dozens of liberal, social democratic, and Marxist intellectuals from around the world descended on Mexico City Feb. 10-21, for a ten-day "Winter Colloquium," entitled "The Great Changes of Our Time: The International, Latin American, and Mexican Situation." The gathering rallied the troops for the Anglo-American establishment's plan to set up a formal legal system and global policing powers to enforce its lunatic "ecological" dictates in Rio next June, at the planned United Nations "Earth Summit." As part of this, it targeted Ibero-America's nationalist military institutions for extinction. And although the colloquium was undoubtedly planned months before, the recent uprising against the austerity dictatorship by broad layers of the population and Army in Venezuela was very much on the minds of the socialists and free-traders who converged on Mexico City, and gave an urgency to their deliberations.

The Winter Colloquium was organized by the leftist magazine *Nexos*; the National Council for Culture and the Arts (CNCA), led by Víctor Flores Olea, former Mexican ambassador to the U.S.S.R., and an expert in the counterculture of the Frankfurt School; and the Autonomous National University of Mexico (UNAM). *Nexos* is run by the writer and "former" terrorist of the 23rd of September Communist League Héctor Aguilar Camín and by Rolando Cordera, one of the founders of the Unified Socialist Party of Mexico (PSUM). Not only are all these entities subsidized by the Carlos Salinas de Gortari government, but

it became obvious from the international personalities on hand that the real architects of the affair were two highly placed officials, Federal District Mayor Manuel Camacho Solís, and Joseph Marie Córdoba Montoya, a Franco-Spanish social democrat who heads the Coordinating Office of the Presidency, the "superministry" created by President Salinas.

The foreign genocidalist contingent was led by Jacques Attali, the French official who wrote a book in defense of cannibalism, and Pierre Schori, the vice president of the Foreign Relations Committee of Sweden's Parliament, both social democrats.

On Feb. 6, a newspaper column in *El Economista* by Luis Manuel Arellano suggested that the Winter Colloquium was arranged as a kind of safety valve for Mexican President Salinas de Gortari. The colloquium was conceived by Camacho Solís and others, Arellano wrote, as an "alternative economic program for what might happen," premised on "some groups of [Mexico City] analysts . . . having compared the military insurrection [in Venezuela] with the electoral insurgency that Mexico experienced on July 6, 1988." (That was when the establishment-anointed presidential candidate Carlos Salinas was challenged in the election by Cuauhtémoc Cárdenas, and many believe, only "won" by massive vote fraud.) The columnist wrote that this "alternative economic program" was designed to deal with the fact that the Venezuelan military rebels who sought to take power last month, were trying to "re-

verse the economic measures implemented by the Venezuelan government," which are the same as Salinas's.

Most explicit was Swedish social democrat Pierre Schori, who deplored the fact that "the militarist threat, as exemplified by Venezuela, still remains." Mexico's Pablo González Casanova demanded the elimination of "nationalist populist solutions . . . which with authoritarianism and corruption will again lead to disaster" and argued in favor of a "global democracy."

It was left to the Spaniard Fernando Savater, who writes for the Madrid daily *El País*, to make it clear who the beneficiaries of global democracy should be—the narcotics mafia and its terrorist armies. Calling for legalization of drugs, he said, "I have always maintained that encouraging a ban on drugs" increases prices and gangsterism, and "turns it into a pretext for intervention into other countries."

The second day of the colloquium, devoted to "Environment and Sustainable Growth," was dominated by the Club of Rome, the oligarchical group which explicitly identifies "sustainability" with an all-out war on human race as the main enemy of the planet. Víctor Urquidi, founder of the Mexican chapter of the Club of Rome, José Sarukhan, dean of the UNAM, and others, spoke of the urgency of implanting a "global ecological ethic." Sarukhan, an ecologist by profession, blamed an alleged plethora of ecological problems on "population growth" and "the irrational use of energy." He then offered the colloquium's answer: "a coalition between the defenders of sustainable ecological development" of the Club of Rome, and "the defenders of social and economic justice," i.e., the Marxists and free marketeers gathered at the colloquium.

## Noriega prosecution is lying again

*The truth is: The Panamanian leader gave "unrestricted and unswerving support" to the U.S. war on drugs.*

The U.S. government lied in its 1988 indictment of Gen. Manuel Noriega, saying that the Panamanian leader took an unscheduled trip to Cuba in 1984 allegedly to ask Fidel Castro to mediate a dispute with the Medellín Cartel about a cocaine laboratory that was destroyed by the Noriega-led Panamanian Defense Forces (PDF). According to testimony at General Noriega's federal drug trial in Miami, far from being an emergency, the trip to Cuba was undertaken with the advance knowledge, the encouragement, and the collaboration of the U.S. government.

"The CIA knew well in advance that the general had received an invitation to Cuba," said defense attorney Frank Rubino.

Donald Winters, CIA senior agent in Panama during the period, testified that on June 12, 1984—fully two weeks before the alleged dispute with the cartel—Noriega told Winters he had received an invitation to Havana. "Fidel Castro was eager to discuss with General Noriega the situation that existed at that time in Central America, especially in Nicaragua and El Salvador," Winters testified March 2.

U.S. intelligence agencies "appreciated and encouraged" Noriega's contacts with the Cubans and prepared a briefing paper for him to take to the meeting with Castro. Since the United States had no diplomatic ties with Cuba, Winters testified, "We viewed this as an opportunity to bring certain things to his [Castro's] attention."

On Aug. 1, CIA director William

Casey and another high CIA official traveled to Panama, where Noriega briefed them on his talks with Castro, said Winters. Noriega helped the U.S. with Castro on several occasions, including one time when he arranged the release of detained American crewmen, he said.

By way of damage control, following Winters's testimony prosecutors rushed to stipulate that Noriega had cooperated, by allowing the CIA to use its "eavesdropping" installations in Panama to fight drugs. "He encouraged us to use this capability in the investigation of drug trafficking," prosecutors admitted, thus preventing the defense from questioning other CIA officials.

Earlier, the jury heard the testimony of three Panamanian PDF military officers taken prisoner during the 1989 American invasion: Maj. Cleto Hernández, a Swiss-trained, former child psychologist who served as PDF intelligence chief; Maj. Nivaldo Madriñán who ran the investigative police branch; and Lucino Miranda, chief of narcotics interdiction. Their testimony was videotaped at Panama's Modelo Prison, where all three have been held, without trial, since the U.S. invasion, under nominal custody of the Panamanian government.

In sharp contrast with the convicted drug traffickers, kidnapers, and murderers, whose sentences were shortened or who were paid millions of dollars to testify against Noriega, the three defense witnesses received nothing. On the contrary, "Panama's current civilian government is perse-

cuting those witnesses and a fourth former military official whose testimony [defense attorneys] regard as essential," the *New York Times* reported March 1. An official at the Panamanian Embassy in Washington was quoted openly threatening to prosecute the witnesses.

Nonetheless, the three forcefully denied that Noriega engaged in any illegal drug activity. Major Madriñán testified that Noriega "gave his unrestricted and unswerving support" to the U.S. fight against drugs. He showed a key prosecution contention—that the Colombian cartels paid a \$4.5 million bribe to Noriega to protect one cocaine-processing lab in Panama's jungle province of Darién and another one in Tranquilandia, Colombia—to be a lie. Not only did Noriega order the Darién lab destroyed, but he also gave the DEA crucial information that allowed Tranquilandia to be shut down.

As our readers know, the bribe was paid to Julián Melo, whom Noriega cashiered from the PDF in 1984, when the latter ordered the lab destroyed. Melo, who now walks the streets of Panama a free man, indicated the money was intended, not for Noriega, but for the previous PDF commander, Gen. Rubén Darío Paredes, a protégé of Henry Kissinger. Not surprisingly, prosecutors have refused to offer Melo immunity for his testimony.

The government was also embarrassed by the testimony of Adm. Daniel Murphy (ret.), former head of the National Narcotics Border Interdiction Service, who testified on Feb. 19 that Noriega's cooperation allowed the U.S. to seize 63 drug ships and tons of drugs. "The Panamanian government cooperated in all our requests to board Panamanian vessels on the high seas that were suspected of carrying illegal drugs," Murphy testified.

# International Intelligence

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## ***Saudi prince wounded as power struggle rages***

The Saudi ambassador to the United States, Prince Bandar, was seriously wounded and is now in a military hospital in Washington, D.C., following an assassination attempt in Riyadh, Saudi Arabia in February, the Italian daily *La Repubblica* reported on March 3, citing *Yediot Aharanot*, Israel's largest-circulation daily.

Bandar was reportedly shot by a member of the Saudi security services, apparently as an outgrowth of a power struggle within the Saudi kingdom between two brothers of King Fahd, Prince Abdullah and Defense Minister Prince Sultan, Bandar's father. One of Abdullah's men reportedly shot at him. Bandar had been summoned to Saudi Arabia to be told to distance himself from President Bush and to stop holding meetings with the leaders of the Zionist lobby in the United States.

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## ***Germany, Japan set up policy coordination***

Regular German-Japanese coordination on international policy matters was established during German Foreign Minister Hans-Dietrich Genscher's trip to Japan in February, the *New York Times* reported March 1, citing diplomatic sources in both countries. The foreign ministers of the two countries will begin holding formal consultations every six months, and Chancellor Helmut Kohl and Prime Minister Kiichi Miyazawa will exchange state visits this year.

Germany accepted a proposal to mediate between Russia and Japan on the Kurile islands, a conflict which Japanese sources say they expect to be resolved "fairly soon," with Russian President Boris Yeltsin expected to bring a new proposal with him when he visits Japan in September.

Genscher pressed Japan to follow Germany's example, and "play a political role not only in East Asia, but in the whole world." He pressed Tokyo to seek observer status in the Conference on Security and Co-

operation in Europe (CSCE). Said one unnamed German diplomat: "We are both countries that maintained a low profile in the world for some years and that are now facing new responsibilities. We are no longer interested in being economic giants and political midgets."

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## ***Italy's Andreotti calls for new evangelization***

Italy will die as a nation unless a new Christian evangelization is launched, said Italian Prime Minister Giulio Andreotti, in an interview with the daily *La Repubblica* of Feb. 22-23. He denounced the "de-Christianization" of the country, sometimes carried out through "clandestine and underground warfare," typified by the recent circulation of a document on "bio-ethics, euthanasia, and artificial insemination."

"We want to appear modern, and we end up by playing dissonant music," he said. "We are not yet like Pompei, but Europe risks, in a few years, becoming [a subject for] archeology."

Andreotti's recommended solution is to build up the institution of the family, and to make sure that his party, the Christian Democracy, makes a truly Christian contribution.

"The devil exists," said the prime minister. "I don't know if it's red or black, or if it has a tail or not, but the principle of evil in our human history has been the attempt to take away from Christians their dignity, by all means."

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## ***Serbian militias on the rampage in Sarajevo***

Serbian militias carried out a virtual insurrection in the republic of Bosnia-Herzegovina on March 2, manning barricades all around the capital city of Sarajevo, and closing Sarajevo off from the outside world for several hours. The action was carried out after the Bosnian authorities announced the results of a referendum showing that the majority of the population favors independence

from "Yugoslavia."

Amid forecasts of imminent bloody conflict involving the Serb, Croat, and Muslim populations in Bosnia, the leader of the Serbian Democratic Party in Bosnia, Radovan Karadzic, poured forth dire threats at a press conference in Sarajevo on March 2. He warned that the results of the referendum should be negated "before it is too late. Too many errors have been committed. It will be impossible to avoid inter-ethnic and inter-communal war. Any recognition of Bosnia would light the fire in this republic and throughout the Balkans. . . . Northern Ireland could be like a holiday camp compared to Bosnia."

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## ***NATO chief meets with Russian patriarch***

A most unusual meeting took place in Moscow on Feb. 24, between NATO Secretary General Manfred Woerner and the official head of the Russian Orthodox Church, Patriarch Aleksii II.

According to the Russian news agency Interfax, one of the chief topics discussed at the meeting was Islamic fundamentalism. Woerner "said the spread of Islamic fundamentalism and its increasingly strong influence on the Central Asian republics of the former Soviet Union do not meet the interests of the North Atlantic bloc," the agency reported.

In response, "Patriarch Aleksii observed that mutual understanding and dialogue between the Orthodox Church and the Muslim world were a major stabilizing factor for both the Middle East and the Community of Independent States. He said the Muslim leaders of the former U.S.S.R., with whom he maintained friendly relations, shared his view that preventing religious or ethnic strife needed concerted efforts.

"Mr. Woerner said that his meeting with the Russian Patriarch should facilitate the forthcoming Moscow talks on disarmament and the establishment of a new system of security throughout the Euro-Atlantic region."

During his Moscow visit, Woerner also



met with Russian President Boris Yeltsin, Russian Foreign Minister Andrei Kozyrev, CIS Chief of Military Staff Marshal Yevgeny Shaposhnikov, Russian Vice President Aleksandr Rutskoy, as well as Russian Parliament Speaker Gennady Burbulis.

## ***Kazakhstan threatened with guerrilla warfare***

Uighur nationalists exiled from the Xinjiang region in China have vowed to start a guerrilla war from their base in Alma Ata, the capital of the republic of Kazakhstan, the *Times* of London reported on March 3. A spokesman for the Front for Liberation of Uighurstan said from Alma Ata, "We will start a guerrilla war and seek international recognition for our cause."

In February, at least six people were killed in bombings in Urumqi, the capital of Xinjiang. The Uighurs in Kazakhstan have denied all responsibility for the bombs, calling them a "Chinese provocation," and said they had yet to obtain any weapons.

There are about 6 million Uighurs in Xinjiang and 250,000 in Kazakhstan, many refugees from Xinjiang since the 1950s. The Uighurs have a similar language and culture to the Uzbeks in Central Asia. An editor of an Uighur newspaper stated: "We estimate there are 1 million Uighurs in the former Soviet Union. We now hope we can have our own state and join our relatives in our motherland."

## ***Catholics, Orthodox seek to head off rift***

A high-level meeting of Roman Catholic and Orthodox representatives in Geneva starting on March 2 is seeking a way to prevent an explosive confrontation between them.

The dispute concerns the issue of the Eastern Rite Catholics, or Uniates, who recognize the authority of the pope, while using Orthodox ritual. The Greek Orthodox Church has accused Pope John Paul II of using the Uniates to expand his authority in

former Yugoslavia, Romania, and Ukraine. On Feb. 4, the Greek Church officially asked the Greek government to break relations with the Vatican.

Russian Orthodox "foreign minister" Kyril, who is the personal representative of Russian Patriarch Aleksii, headed the Russian delegation to the Geneva meeting. The Catholic delegation was headed by Australian Edward Cardinal Cassidy, head of the Congregation for the Unity of the Christians, and by Archbishop Pierre Duprey, who had recently concluded talks in Cairo with the leaders of the Coptic Church.

If the Geneva talks do not succeed, an Istanbul meeting of the Orthodox churches on March 15 is expected to be the beginning of an open confrontation. The Orthodox confrontationist faction is led by Greek Patriarch Seraphim.

## ***Ukraine's opposition charts new policy***

After a stormy three-day meeting, Ukraine's Rukh movement, the main parliamentary opposition to the government of President Leonid Kravchuk, ended with a decision to play a more positive role as a constructive nationalist opposition, rather than opposing Kravchuk across the board.

The Congress adopted a resolution whereby Rukh will decide on a case-by-case basis whether to support or oppose policies of the Kravchuk regime. The Congress also rejected a resolution which would have called for Ukraine to leave the Community of Independent States. Instead, the resolution states that Ukraine will remain in the CIS as long as it does not infringe in any way on the independence and sovereignty of Ukraine. This position corresponds precisely to formulations by President Kravchuk.

A new Rukh leadership was elected, in which the anti-Bolshevik former political prisoners, who were never tainted with Communist Party membership, became the new leaders of Rukh. Rukh is now headed by a troika consisting of its former chairman, Ivan Drach, and its two leading nationalist figures, Vyacheslav Chornovil and Mikhailo Horyn, who hold the real power.

● **ISRAELI** arms dealer Ya'akov Nimrodi has bought out the late Robert Maxwell's 87% share of Israel's second-largest daily, *Ma'ariv*, for \$14.5 million. Nimrodi, the controller of the Israeli Land Development Company, was Israeli military attaché in Iran during the 1970s and played a leading role in the arms-for-hostages deals of Lt. Col. Oliver North.

● **ARGENTINA'S** imprisoned nationalist leader Col. Mohamed Alf Seineldín has received a death threat, according to the weekly *El Informador Público* of Feb. 28. Seineldín was reportedly warned, through an anonymous phone call to his prison, not to appear at a scheduled court hearing, where he was to have been a witness in a fraud case, because there would be an attempt on his life.

● **RADIO MOSCOW** reported on March 2 that CIS Armed Forces Chief of the General Staff General Samsonov had arrived in Pyongyang, North Korea after a six-day visit to China. He said the purpose of his visit was to sign an agreement on military cooperation, and that "the nuclear issue was touched upon" in the discussions.

● **THE LIBYAN JUDGE** trying the suspects accused of the Lockerbie bombing has resigned, citing "insults to the Libyan judiciary . . . political pressures from inside and outside . . . and attempts to force me to violate the laws," according to the Libyan news agency JANA.

● **FORMER U.N.** Secretary General Javier Pérez de Cuellar, who retired from that post at the end of last year, has been named co-chairman of the Inter-American Dialogue, and will be working on a new project on "redefining sovereignty," the *New York Times* reported March 1. A native of Peru, he will be co-chairing the group with Sol M. Linowitz, former chairman of Xerox Corp.

# A Florentine fresco masterpiece rejuvenated

by Nora Hamerman

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## **Anatomy of a Restoration: The Brancacci Chapel**

by Ken Shulman

Walker and Company, New York, 1991

246 pages, hardbound, \$29.95.

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The Brancacci Chapel in the church of Santa Maria del Carmine in Florence was decorated in the mid-1420s at the dawn of Christian civic humanism by two great artists, Masolino and Masaccio. Because of this work in particular, Leonardo da Vinci later credited Masaccio with having singlehandedly revived classical painting. In this delightful book, the ten-year history of the cleaning and conservation of the chapel is recounted by Ken Shulman, an American freelance writer who lives in Florence.

The chapel decoration, commissioned by the Florentine merchant Felice Brancacci, was left unfinished and may have been subjected to vandalism in the turbulent events surrounding the Medici rise to power in the 1430s. It then was finished a half-century later by Filippino Lippi, whose artistic lineage traced back to the same circles as the original masters two generations earlier. Lippi attempted to accommodate his own, quite different, style to blend into a cycle of paintings which had become the major "school" where Leonardo, Raphael, Michelangelo, and others studied. Lippi's success in this pious mission is vindicated by the fact that after the recent cleaning, it became apparent that he is the author of most of the figures in one of the scenes, including those previously believed to have been painted by Masaccio.

The paintings have survived almost miraculously. After

1450, a rededication of the chapel entailed removing the original high altar. In the 1690s, the Renaissance cycle was nearly destroyed to make way for a more up-to-date decoration, but as a compromise, the entire upper part was radically renovated as a baroque chapel, and the original Masolino/Masaccio frescos in the vault disappeared without a trace, except for a pair of *sinopie* (underdrawings) which were discovered in the recent cleaning process. Then the church burned down! Although the chapel suffered only smoke damage then, over the centuries, there were numerous "restorations," which had a long-term deleterious effect, as they coated the pictures with *beverone*, an organic compound used to impart a short-term luster to darkened frescos.

Students of the Italian Renaissance view this chapel, and the genius Masaccio, who died at the age of only 27, with reverence. Masaccio's work, and to a lesser extent that of his older partner Masolino, expressed eloquently in their cycle of stories about man's fall from grace and the life of Peter, the revolutionary ideas about human society and human potential which were to redeem Europe from the dark age after the Black Death. Insofar as Florence is the cradle of the Italian nation, they are great patriotic paintings; insofar as the Council of Florence which took place here in 1439 unified Christendom—including the forerunners of today's Protestants, Catholics, and Orthodox—they are great monuments for all Christians. As expressions of the idea of the sacredness of every individual human life, they are universal.

This reviewer has been privileged to know a few of Italy's dedicated fresco restorers, particularly around the Central Institute of Restoration in Rome, and also had the chance to study with Eve Borsook, the American art historian who pioneered the scholarly study of the art of fresco, and who obliged her students to physically replicate the steps of mak-

ing (in our case a small-scale version) a mural painting in this manner. Fresco, as Shulman explains, is the technique of painting on wet plaster such that the color chemically binds with the wall, to become relatively indestructible. As ancient as the Etruscans, this mural technique was revived and raised to its highest glories in the 14th to 16th centuries by their descendants in Tuscany, the region of north-central Italy where Florence is located. As one who has climbed the scaffolds and confronted up close the bewildering problems of rescuing these old masterpieces, assaulted by moisture, vibrations, chemicals in the air, and other multifarious enemies, I have become inspired by the skill, humility, and patience of the teams of artists, scientists, and historians who make this their lifework. Ken Shulman obviously became similarly infected.

### Why restore?

Shulman's is a popular book which re-creates the historical background and technical and artistic aspects of the work, as well as some of the vicissitudes in the 20th-century scholarly history. As he reports, art critics like the late, brilliant Roberto Longhi tried to give fresh solutions to the old problems of distinguishing Masolino and Masaccio's work, by guessing at the chronological sequence of the two painters' respective work in the chapel—including several major, no longer surviving scenes of the life of St. Peter, the apostle to whom the chapel was dedicated.

*Anatomy of a Restoration* offers itself as a kind of layman's handbook for the whole field of fresco restoration. He reports that no restoration is undertaken simply because scholars desire to see the work in its original colors, or are curious about what's underneath, but only when the work is in serious danger of further deterioration. Thus, the Brancacci Chapel restoration, was dreamed of by Ugo Procacci, the dean of Florentine Renaissance scholars, back in 1932 when he led a project that uncovered some long-hidden fragments of the fresco decoration. But it did not begin until the 1980s when it became clear that the world-famous murals were at risk.

Second, modern techniques of restoration, though superior in so many ways to those of the past, can also be more dangerous than the old "unscientific" techniques. Only the long-term health of the art works can really decide what is right. Indeed, the revolution in restoration in the recent decades has been in diagnostics, figuring out exactly what makes paintings decay and hence how to stop it. This science is still in infancy.

Ornella Casazza, who directed the Brancacci restoration, cautions that the actual "original colors" can never be restored, since artworks are not sealed into time capsules, but do undergo fading and exposure to the elements over time. Maurizio Seracini, an engineer who carried out the ultraviolet fluorescence reflectography in the Brancacci Chapel, stressed to Shulman, "no matter how sophisticated our tech-

niques become, it will never be possible to dictate a series of systematic rules which can be applied indiscriminately to all works of art. . . . Restoration is and will remain a manual art, dependent above all on the hands of the restorer. And the degree of subjectivity in his work will increase along with the degree of difficulty of the particular restoration."

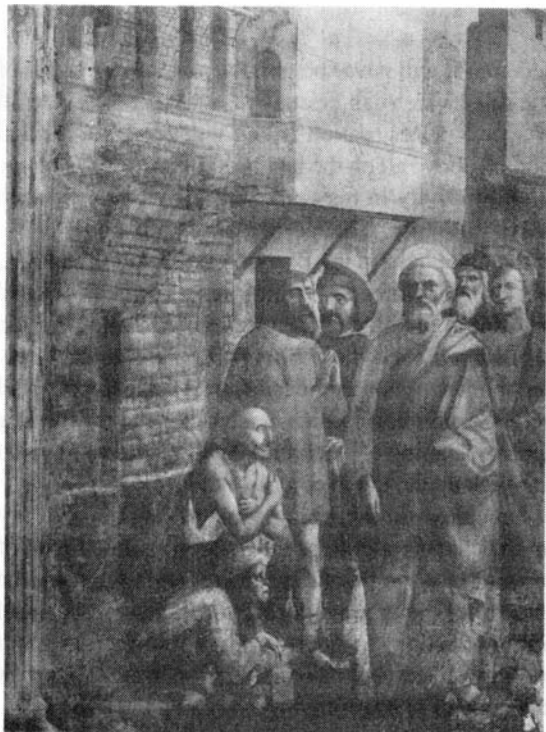
After the first phase of the Brancacci restoration in 1981, the project director Umberto Baldini was transferred to head the Rome Central Institute of Restoration, and a turf dispute broke out that removed the funding to continue the work. Only after an interruption in the Brancacci Chapel work, did the Olivetti Corporation (which is also, I believe, funding the remaining cleaning of Leonardo da Vinci's *Last Supper*) move in to pick up the tab to complete the work.

The plan called for detaching some of the 18th-century frescos in the chapel vault to see if traces might be found of the Masaccio/Masolino paintings; and removing parts of the altar erected after the original decoration. These aspects had a scientific motivation, to discover more information about the chronology of Masaccio's collaboration in the project, as well as the hope of uncovering lost works by the two artists. At times, a lengthy laboratory analysis of an unknown substance on the wall had to be undertaken to determine whether it was original and if not, how precisely to remove it.

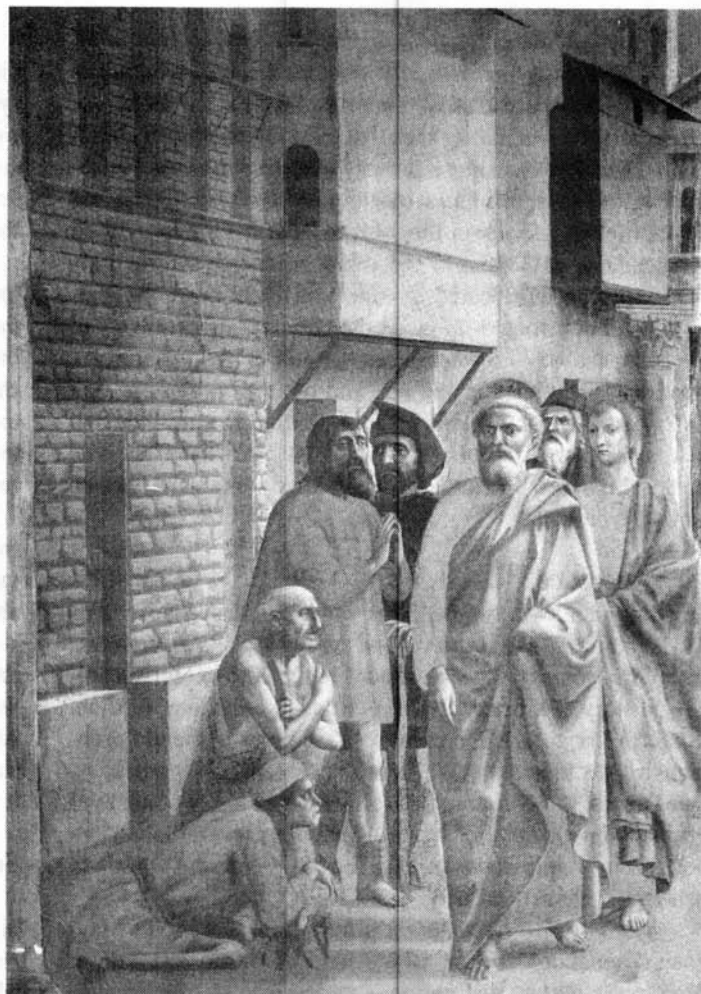
### Scientific advances

Especially absorbing are the chapters which address the discoveries made in Florence after the catastrophe of the November 1966 flood. I vividly recall visiting the restoration laboratories at Florence's Fortezza del Basso the following summer, 1967, and again in 1968. Numerous paintings which had been affected by the flood waters were still being detached from their original supports (panel or canvas, in some cases detached frescos) and lay in large cabinet drawers where they were sprayed with disinfectants to prevent fungus from developing until there would be the time to reline them with new supports. It was like a hospital with a triage system. As soon as one "patient" was stabilized so that it would no longer deteriorate further, the "doctors" went on to the next.

In the chapter entitled "Enzo Ferroni and Dino Dini," author Shulman gives a dramatic account of the discovery by Dr. Ferroni, chairman of the department of physical chemistry at the University of Florence, and the restorer Dino Dini, in solving the tragic problem of the rapid deterioration of the frescos of Taddeo Gaddi, one of Giotto's leading pupils, in the refectory of Santa Croce, after the 1966 flood. Santa Croce, in effect the "national church" of Italy (where many of its heroes are buried), is the huge Franciscan church lying in the lowest area of Florence near the Arno River, where the devastating flood waters rose highest in 1966. As the waters receded, they left exposed the Gaddi fresco, with saline crystals which were rapidly causing the color to fall off the wall. This masterpiece was literally vanishing before the anxious eyes of the experts.



Right, *St. Peter Healing with His Shadow*, fresco by Masaccio, c. 1427, Brancacci Chapel, S. Maria del Carmine, Florence, after cleaning and conservation. Note the three levels of healing: from the prone beggar, to his kneeling counterpart, to the erect citizens, one of whom walks with a cane. The piazza and church facade behind the figures were recently rediscovered. Above, the same fresco, before cleaning and removal of altar frontal which covered the right hand fragment of the fresco.



The decision was taken to remove it from the wall—the most radical surgery ever prescribed for saving frescos. Yet, traditional techniques for detaching frescos were to no avail, as the animal glue normally used as an adhesive to trip the *intonaco* (paint surface) mysteriously refused to gel. The heavy artillery had been hauled out, and it misfired! Ferroni realized that the salts that had formed on the fresco had been left behind by waters that had risen from beneath the room through capillary action in the walls, were nitrates, resulting from the decomposition of the bodies buried under the refectory over many centuries. These nitrates prevented the gelling of the glue. Ferroni proposed use of TBP, a widely used industrial chemical which separates ammonia from water. With the collaboration of the late Dino Dini, a masterful restorer with decades of experience, Ferroni's idea was pioneered with the frescos at Santa Croce, and Ferroni became the first internationally reputed scientist to dedicate himself to the study of fresco. The pair were later invited to be consultants to the Brancacci Chapel project, although it was another team that actually carried it out. It was Dino Dini, even before the breakthroughs of the post-1966 period, who had discovered how to turn the *gesso* (calcium sulfate) that results from chemical deterioration of a fresco, back into *intonaco*,

or calcium carbonate, and had applied this technology in restoring the marvelous frescos of Fra Angelico at the monastery of San Marco in Florence. Dini trained a whole generation of Florentine fresco-restorers.

Other chapters discuss such techniques as infrared reflectography, holograms (applied to fresco for the first time at the Brancacci Chapel), and spectrophotometry, which was used to record permanently the colors of the frescos as they were in 1988. Another chapter is devoted to anionic resins, which the Montedison chemical giant developed especially for absorbing sulfate ions that were buried in fresco or in marble, and which were used as “grime busters” on the Brancacci frescos. Yet another chapter gives an objective account of the debates over how restorers should deal with filling in the gaps in old master paintings where the original paint is irretrievably lost.

### **Peter healing with his shadow**

Shulman reports on the dismaying fight that exploded and delayed the opening of the chapel to the public. This had to do with the decision to put back the 18th-century altar which had covered over important fragments of two of the frescos, especially Masaccio's *St. Peter Healing with His*

*Shadow*. Prof. Federico Zeri, the foremost living authority on Italian art, called this decision a “scandal.” “Enough with this business of history,” the excuse used for retaining the altar, he said with his usual bluntness: “What did they clean the paintings for then? Wasn’t the layer of grime which coated the frescos also history?”

As the comparison between the pre-restoration fresco and the restored scene with the missing fragment shows, what had appeared for centuries to be a scene of two apostles healing on a narrow Florentine alley, is now revealed to be a street which opens into a large piazza in the background with a classical church facade at the back of it. Even in its previous condition, the fresco expressed one of the most powerful concepts in Renaissance art. Masaccio used a minor passage in the Acts of the Apostles, to show the mere *shadow* (a beautiful metaphor for “example”) of Christ’s successors transforming an individual from the lowest, quasi-bestial state of the first beggar, to the half-human individual in a state of being uplifted above him, to the full-fledged productive citizens shown standing behind the beggars. This is intended to show three stages of a process, telescoped into a one scene.

Masaccio’s scene from the Life of St. Peter functions as a kind of programmatic statement for how the dark age can be overcome. If you consider that the Brancacci family, which commissioned this chapel decoration, was very close to the papacy, and that all of Europe was then debating the question of reforming the Church, it is quite obvious how important it is that Masaccio’s painting be seen in its entirety. Indeed the full cycle with its powerful images of a Peter, who is transformed by obedience to the commandments of Christ, and who uplifts others in turn, has to be viewed in the context of a crossroads in world history.

For one thing, during the 1420s and 1430s, there was a trend in the conciliar movement, which held councils at Constance, Siena, and then Basel, and finally Florence itself, to effectively abolish the Pope as the head of the Church and run the Church “democratically”—in that day, by mob rule—under the guise of reforming what were, indeed, serious abuses. Ultimately the greatest thinkers, like Nicolaus of Cusa, rallied to the papal cause, but they also assumed there would be a reformed papacy. The Brancacci Chapel frescos put forward the kind of “Peter” qualified to be the leader of a universal church.

The cycle must also be seen in the light of the political ideal of the Florentine republican fathers of the 1420s, the ambience in which the young Masaccio and his mentor, the great architect Brunelleschi were working. As later formulated by their admirer L. B. Alberti, they believed that the best way to inculcate the qualities of citizenship in the republic, was to carry out conspicuous acts of virtue in public, in suitably beautiful public spaces. Brunelleschi’s buildings, from the dome to the Foundling Hospital to his churches, were all set into the urban context in such a way as to create precisely those kinds of exterior and interior spaces, on a

scale and with a quality of precision and loveliness that would inspire the noblest of civic virtues.

Masaccio’s painting of *St. Peter Healing with His Shadow*, once it is seen in its totality, is a priceless expression of that ideal, in which the civic and religious sides are inextricably interwoven. It is also very similar to his other most famous fresco, the *Trinity* in Santa Maria Novella, where three levels of reality—contemporary portraits, the historical Crucifixion of Christ, and the image of the Holy Trinity—culminate in a magnificent Renaissance chapel, depicted with perfect perspectival illusionism on the frescoed wall by Masaccio.

Cover up the piazza and church in the background, and you have removed a crucial part of the idea. The conspicuous act of virtue remains without the appropriately beautiful setting, and moreover, the religious focus—the church building—has been removed. This is the equivalent of removing Brunelleschi’s dome as the focal point of all the other beautiful buildings and piazzas in Florence. Or, as Shulman remarks in another place, referring to how changes in the medium affect our ability to comprehend a work of art: “Cancel a few key passages of a Mozart concerto and the composer’s intricately fashioned structure crumbles in on itself.”

### Art desacralized

A decade ago, it was still a simple matter of getting to the opposite side of the Arno River from the main part of Florence, and walking into the church of S. Maria del Carmine to view the Brancacci Chapel. A 100-lira coin (then worth about 16¢) sufficed to get the lights turned on for one minute. The frescos were grimy but stable under their dirt. Now, you must pay \$4 for a ticket and stand in line, as only 30 visitors are admitted at a time into the climate-controlled chapel, through—I am informed—an anteroom which publicizes the good works of the Olivetti Corporation.

This is ironic to say the least. Olivetti’s management, beginning with its former chairman Aurelio Peccei, the founder of the Club of Rome, has a policy-commitment to the most rabid anti-human policies of zero population growth and world federalism. Thanks to this crowd’s heavy influence in the Italian government and media, Italy has the lowest birth rate in Europe, and is on its way to becoming a nation of aging yuppie turnkeys for its great artistic monuments.

Ironically, one of the Brancacci scenes painted by Masaccio shows Saints Peter and John distributing alms to the poor, including a touching figure of a young mother with an infant in her arms. In the foreground Ananias, who lied and held back from the common fund the proceeds of a property he had sold, is shown stricken dead by the vengeance of God. The contrast between monetary wealth of the sort so idolatrously worshiped by Olivetti’s executives, and real wealth, which lies in investing in the potential of the population, could not be more clearly depicted. In spite of everything, the Renaissance idea still has a chance of winning.

## Bush is getting battered, as other candidates founder

by H. Graham Lowry

With the results of the presidential primaries of March 3, reported the London *Times* on March 6, George Bush now has less support than Jimmy Carter did during the primaries of 1980. It looks like the highest reaches of the Anglo-American establishment are giving the “thumbs down” signal to the incumbent President—just as the American voters are.

Indeed, in election races of the past, incumbent Presidents with no more support than Bush has now—like Harry Truman and Lyndon Johnson—have pulled out of the race. Commentator Mark Shields said on Cable News Network television the night of the primaries, that if the current pattern continues, the GOP elders will advise Bush to get out.

Roughly one out of three voters rejected Bush in the Republican primaries in Georgia, Maryland, and Colorado. His sole opponent in those, Patrick Buchanan, campaigned actively only in Georgia, and won over 36% of the vote there—about the same showing that shocked Bush two weeks earlier in New Hampshire. According to exit polls, the major issue on the voters’ minds was the wretched state of the economy. Even in South Dakota, where Buchanan was kept off the ballot, the uncommitted vote was a staggering 31%.

Bush felt compelled to declare, “To those of you who have been with me in the past, but did not vote for me today, I hear your concerns and understand your frustration with Washington. I am committed to regaining your support.”

During one of his Maryland campaign stops, Bush, ever out of touch with reality, ranted: “They say our economy has fallen into an abyss. They say America is a weakened giant. I say, bunk!” Following the March 3 results, Bush noted that there are “tough times out there, and I think people are beginning to understand that what counts is who wins these primaries.”

But the fact is that neither Bush nor any other of the so-

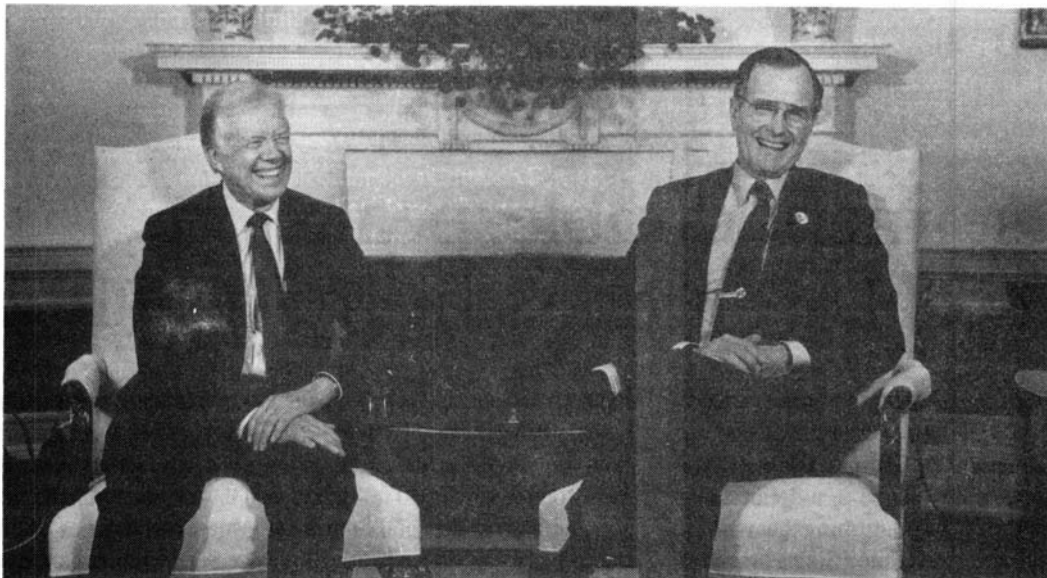
called front-running candidates is addressing the reality of the economic crisis, or has any idea of what to do about it. We are in a depression worse than the 1930s, and it was created by the financial policies of the Anglo-American elites. It will not be solved by “free trade,” or by tax increases, or by budget cuts. The only thing that can reverse the great mudslide is the program that Lyndon LaRouche, alone among the candidates, advocates: the creation of 6-8 million new jobs, cranking up infrastructure development and real production, and thereby generating three-quarters of a trillion dollars in new tax revenues, without raising taxes.

### Studying the Democratic entrails

As for the Democratic primaries, no clear pattern has emerged. The only thing clear about the Democratic contenders is that some nobody is ahead of somebody, somewhere. Sen. Paul Tsongas of Massachusetts, who won in his backyard of New Hampshire, was stomped by Bill “the Scandal Man” Clinton in Georgia, 57% to 24%, despite the endorsement of the *Atlanta Constitution* and its report that Tsongas was “closing fast” in the polls. Jerry “Moonbeam” Brown, nearly invisible in New Hampshire, lit up enough environmentalists to beat Tsongas in Colorado, after finishing in a dead heat with him in the Feb. 23 Maine caucuses. Tsongas beat Clinton in Maryland, 40% to 34%, leaving Brown and the rest of the field in single digits. In the Washington state caucuses, Tsongas took an early lead, with 32%, over the uncommitted slate (20%) and Jerry Brown (19%).

Sen. Tom Harkin, whose critics have likened him to a “snake-oil salesman” with a “rentevangelist” grin, squeaked by Tsongas in the minor Idaho primary, where Clinton trailed far behind even the 17% garnered by the uncommitted slate. Sen. Bob Kerrey, whose best campaign jokes were about his





Two big losers: Jimmy Carter and George Bush at the White House, March 1990.

lack of a following, dropped out of the race March 5. Both Harkin and Kerrey finished behind the uncommitted slate in Maryland.

Whatever election scenarios can be derived from these feeble signs, are worthless. The vacuous pronouncements from the woeful array of “leading” Democrats have done nothing to energize the electorate, as ever dwindling turnouts confirm. By initial reports, only 16% of eligible Democrats voted in Georgia’s Democratic primary, in part because of a crossover of Democratic voters to the Republican camp, so that they could vote for Buchanan—against Bush. Even where the voters do turn out, uncommitted slates committed to “none of the above” are running about as well as any of the “name” candidates. In Maryland, where there was a relatively high turnout of about 40%, exit polls showed that 60% of the voters did not like *any* of the candidates, and some 80% of the Republicans said they probably would vote for a Democrat in November.

### The new ‘Jimmy Carter’

Even the U.S. establishment media is giving indications that it no longer finds Bush suitable for the job. The *Wall Street Journal* on March 5 printed a front-page story suggesting that Bush’s reelection campaign may suffer the same fate as Jimmy Carter’s. The headline was “Malaise ’92: As Bush Ratings Sink, Some Sense Parallels with Carter in 1980.” The lead began: “A year after an impressive foreign policy victory, the President looks like an ineffectual leader, saddled with a weak economy, dropping like a stone in public opinion polls and suffering from a debilitating ideological challenge within his own party. Jimmy Carter in 1980—or George Bush in 1992? The two are beginning to look alike.”

A poll commissioned by the *Wall Street Journal* and NBC News, conducted just before the March 3 primaries, showed Bush’s current approval rating down to virtually the

same level as Carter’s was at this stage of the campaign in 1980. Pat Buchanan, Bush’s “ideological challenge,” declared March 4 that “Mr. Bush is in danger of becoming the Jimmy Carter of the Republican Party.” Buchanan declared that “President Bush should begin giving serious consideration to standing down as a candidate for renomination for the Republican Party for President of the United States.” Should that happen, the Democratic nominee will be a shooin for the White House.

Yet Bush, without batting an eye, declared in his “victory” statement of March 3, “Barbara and I deeply appreciate the support we received today for our message of jobs, family, and peace.”

### The LaRouche alternative

During such a unique moment of national crisis, the ordinary rules of the game clearly do not apply to the presidential elections. Yet it is still up to the majority of American citizens to seize the opportunity to change them in a positive direction. The only candidate with a viable program is LaRouche, who remains in jail, where George Bush put him, simply because too many Americans have allowed Bush to keep him there.

The Federal Elections Commission has illegally withheld the matching funds he qualified for, and state officials have denied him ballot access in a number of instances. Yet despite all of that, entering the March 10 Super Tuesday round of primaries, LaRouche remained on the ballot in 18 more states. And even though he was held to 1% of the vote in the primaries conducted before that, there was evidence that he could win the Democratic nomination, if the voters decide to make that happen. In the South Dakota primary, a small group of his supporters in a Mt. Vernon County precinct decided just that—and LaRouche won with 29% of the vote.



# U.S. government doublespeaks on violations of LaRouche's human rights

The U.S. Department of State has deceptively answered a reporter's question as to why the U.S. government has not responded to inquiries from the U.N. Human Rights Commission on the case of Lyndon LaRouche in a deliberately misleading and false manner, thereby confirming that when it comes to human rights violations, the United States practices double standards.

In a Feb. 26 release on the LaRouche case, the State Department totally ignores the issue of why the U.S. has failed to respond to human rights allegations from Special Rapporteur Angelo Vidal d'Almeida Ribeiro, in his report to the Human Rights Commission plenary session on Feb. 7, that "Mr. Lyndon H. LaRouche, Jr. is reported to have been subjected to harassment, investigation, and prosecution solely because of his beliefs." In the State Department briefing on Feb. 26, a reporter clearly identified that it was these allegations of the Special Rapporteur on Feb. 7 that he was referencing. Instead, the State Department changed the subject. How?

The U.N. Special Rapporteur's allegations arose as a result of a formal request by a U.N. Non-Governmental Organization—the International Progress Organization (IPO)—at the full plenary session of the 47th Session of the Human Rights Commission on Feb. 28, 1991. The State Department instead refers to other complaints on the LaRouche case which were made under a confidential procedure by the political prisoner's wife and an associate (the 1503 Procedure), which are acted on before the annual August meeting of the subcommission. This is yet another instance of the U.S. government's consistent failure to respond to the serious human rights abuses in the LaRouche case.

In the Feb. 26 release, the State Department alleges that LaRouche "and certain confederates had been found guilty of conspiracy to defraud the Internal Revenue Service." None of LaRouche's co-defendants was charged with or found guilty of anything involving the Internal Revenue Service. This official U.S. government statement is, therefore, untrue and demonstrates that they failed to check the trial record. This willful disregard of the record is not only proof of passing off false information to the United Nations, but part of a worldwide pattern of systematic inaccuracies and falsehoods spread by the State Department on the LaRouche case. In

other instances, U.S. government officials have spread lies that LaRouche was convicted for not paying his taxes (rather than the nebulous conspiracy charge) or that the amounts at issue totaled some \$30 million (when the judge established at sentencing that the total amount at issue in all charges of all defendants was under \$300,000). The State Department has willfully spread lies and falsehoods, without checking the record, as a desperate tactic to defuse the growing international outcry of human rights violations in the LaRouche case.

After the U.N. Special Rapporteur communicated allegations in writing to the U.S. government in the fall of 1991, asking for its "comments and observations" that it was in violation of the "Declaration Based on the Elimination of All Forms of Intolerance and of Discrimination Based on Religion or Belief," in the LaRouche case, the United States has stonewalled.

## The failure to respond

Not including the Feb. 26 misleading statement, four times before the U.S. government failed to respond to the allegations: 1) It failed to answer the written communication from the Special Rapporteur; thus, the written report was printed with no rebuttal from the U.S. government (E/CN.4/1992/52). 2) When the first U.S. delegate spoke under the relevant agenda item during the plenary session in Geneva, he made no comment on the case in the Special Rapporteur's written report. 3) Vice President Dan Quayle made no mention of the allegations in his speech on Feb. 10, 1992. 4) After the delegate for the IPO challenged the United States during the plenary session on the floor of the U.N. Human Rights Commission in Geneva on Feb. 10 for gross double standards on human rights abuses by not answering on the LaRouche case, even then the U.S. government did not exercise its oral "right to reply" to his speech.

Even as the U.S. government refused in Geneva to acknowledge the existence of the Special Rapporteur's allegations, U.S. embassy personnel around the world coordinated by the same State Department were busily spreading lies about the LaRouche case. For instance, on Feb. 4, a U.S. embassy official in Bonn, Germany dispatched a signed communication on embassy stationery lying that LaRouche was not imprisoned for his political beliefs but for not paying his

taxes, a charge which LaRouche was neither convicted of, nor even indicted for. While refusing to face the human rights allegations openly in Geneva, American embassy personnel in numerous countries around the world are vigorously spreading the same falsehoods as part of a coordinated "black propaganda operation." American Embassy personnel are working for the same State Department which issued the Feb. 26 deceptive statement. Fake stories have been planted in the press from eastern Europe to Ibero-America to try to defuse the impact of the human rights violations in the LaRouche case. Various sources on Capitol Hill report that the U.S. government is surreptitiously spreading the exact same lie throughout official channels in Washington.

### **The State Department statement**

*The full text of the Feb. 26, 1992 State Department statement follows:*

U.S. Department of State/ Office of the Assistant Secretary/ Spokesman/Feb. 26, 1992.

LYNDON LAROUCHE—UNHRC

**Q:** Why hasn't the United States responded to inquiries from the U.N. Human Rights Commission about possible violations of the human rights of Lyndon LaRouche? Isn't the United States applying a double standard?

**A:** Each year for the past three years, allegations have been made to the U.N. Human Rights system that the United States is violating the human rights of Lyndon LaRouche. These allegations have been made under a mechanism referred to as the confidential 1503 procedure. Under this procedure, the allegations are forwarded by the U.N. Human Rights Center to the government concerned for comment. Each year we have presented the Human Rights Center with USG [U.S. government] comments before the Sub-commission's annual meeting in August.

In each case the gist of these comments has been that Mr. LaRouche's case had been subject to due process under the American legal system. Based upon the evidence presented by the prosecution, he and certain confederates had been found guilty of conspiracy to defraud the U.S. Internal Revenue Service and is now serving his sentence.

Under the 1503 procedure, the allegations and any responses from governments can be studied at four different levels in the U.N. Human Rights system. The first three levels examine primarily whether the allegations are indicative of a consistent pattern of gross violations of human rights and merit further consideration at a higher level.

To the best of our knowledge, allegations against the United States in the LaRouche case have never even been passed up from the lowest level of examination.

We feel this indicates that the United States has been fully responsive to the U.N. inquiries and has satisfied the U.N. Human Rights system that Lyndon LaRouche's incarceration is not the result of a violation of his human rights.

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## **LaRouche's War for Freedom**

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# **Judge denies bail, gov't gets extra time**

by Warren A.J. Hamerman

In total contrast to the way he normally runs the "rocket docket," Judge Albert V. Bryan, Jr. ruled on March 6 that the U.S. government could have 30 days' extra time to answer Lyndon LaRouche's motion to vacate the 15-year prison sentence imposed upon him three years ago after he was framed up by the "Get LaRouche" task force. Thus, Bryan gave the government approximately double the time (60 days as compared to 34 days) which Lyndon LaRouche had from his indictment until his trial. He also demonstrated that the rocket docket is a hoax, because its adverse schedule is only being applied at the government's convenience.

Bryan also denied LaRouche's motion for bail pending the outcome of his 2255/Rule 33 Motion, on the grounds that there were "no exceptional circumstances," and that bail should be "sparingly applied."

Bryan made both of these rulings in a hearing which began with LaRouche counsel Odin Anderson reminding the judge that the Fourth Circuit Court of Appeals had a panel currently sitting on his recusal because of the bias he had exhibited at LaRouche's trial and sentencing. Therefore, Anderson argued, Judge Bryan should recuse himself and should not decide on the government's request for more time and on LaRouche bail application. Bryan then denied this renewed motion to recuse himself, and proceeded to rule on the other two motions.

### **Double standards**

Bryan's action on March 6 demonstrated his gross double standards. Having denied LaRouche time to prepare a defense when liberty was at stake, now, when liberty is enthralled, the government gets all the time delay it asked for. Anderson reminded Judge Bryan: "What's good for the goose is good for the gander."

LaRouche's attorney Anderson made a clear case at the hearing that it was outrageous for the government to argue in its papers that the defense had "delayed" three years to file the motion, and therefore they should get extra time. Each day that passes is at the cost of LaRouche's liberty. Anderson stated that the process of getting the massive new evidence

was grueling because the U.S. government had concealed evidence. The government can't now complain that LaRouche took too long to find the evidence which the government itself had deliberately concealed.

### **Outrageous government misconduct**

Furthermore, LaRouche's motion for freedom is likely to win on the facts and law, because it is so substantive and palpable. Anderson argued that new evidence demonstrates: 1) serious and multiple violations of hiding of exculpatory evidence; 2) undisclosed rewards and inducements to key witnesses; 3) contrived and false testimony; 4) illegal abuse of the civil bankruptcy statutes; 5) the discovery of an FBI "airtel" which undermines the premises, argument, and facts which the prosecution presented at trial; and 6) the discovery that the foreman of the jury hid his connections to law enforcement and the national security apparatus.

As if to further underscore the hypocrisy of Judge Bryan's court, immediately before the LaRouche case came on the docket a multi-defendant drug and murder case involving the notorious "P. Street" gang was heard. The defense charged that the prosecution should not be allowed to change the venue of the case from Washington, D.C. to northern Virginia. Bryan used the occasion to give several pompous speeches about how serious an offense "forum shopping" is, and about how it violates the U.S. Constitution and legal standards.

When it comes to murder and drug dealing, Bryan is concerned about defendants' rights. He therefore ruled that the drug case has to go back to Washington. But it should be recalled that Bryan dismissed out of hand LaRouche's defense team when it raised the issue of the U.S. government's crude "forum shopping" in its effort to bringing LaRouche's case to Alexandria after a mistrial had been declared in his earlier Boston trial. Washington, D.C. is across the river from Alexandria, Virginia; Boston, Massachusetts is several hundred miles away from Alexandria.

### **Rocket docket implodes**

The bail request for LaRouche's immediate release from prison came in response to U.S. government prosecutor Kent Robinson's request for a 30-day extension to answer LaRouche's motion for freedom.

The LaRouche prosecutor cited the fact that he is overworked, had prior travel commitments, and didn't want to run "the risk of creating a record in which falsehoods are left un rebutted." But back in late 1988, when LaRouche's attorneys attempted to gain time through an extension motion before the Alexandria trial, Judge Bryan himself steamed back with the following words, taken from the official transcript:

"I really don't want to hear any more about that. . . . It's reached a point where it's no longer a motion. It's a lament, and the wailing and moaning and so on has gone on as long

as I am going to hear it. You men are big men. You have tried cases before, I assume. You are experienced. I am sure you have tried cases under adversity. I will accept that this is going to be a trial under adversity for you, but I am not going to hear any more wailing and moaning and carrying on and bellyaching about why I can't be ready for trial."

### **Kent's lament and Al's nod**

Despite this history, in his flailing written response to LaRouche's request for bail, Assistant U.S. Attorney Kent Robinson conceded that Judge Bryan has the legal authority to grant bail, but that his request for more time before the rocket docket should not be considered such exceptional circumstances. Why? He argued that with the exception of a handful of documents produced in December 1991, all of the six volumes of exhibits were available months, and in many cases years earlier, and therefore LaRouche delayed his own bid for freedom!

Always willing to serve the government, Judge Bryan has now given Prosecutor Robinson nearly double the time that LaRouche had from his indictment to his trial.

In his affidavit of bias which accompanied Attorney Anderson's request to recuse Judge Bryan from hearing LaRouche's bid for freedom, Anderson cited in part the following aspects of the judge's gross bias:

1) Judge Bryan personally made the critical decisions approving the illegal "forced bankruptcy" against LaRouche-associated firms which manufactured the alleged financial crime.

2) At sentencing, Judge Bryan couldn't suppress an outburst that the repeated suggestion by LaRouche and associates that this was a "politically inspired, politically motivated prosecution," was "errant nonsense."

3) Because of Bryan's history on the Foreign Intelligence Surveillance Court and his Classified Information Procedures Act rulings at trial, he can not judge the claim in LaRouche's petition that the case against him was framed up as part of an Executive Order 12333 covert intelligence operation.

Judge Bryan's outrageous rulings on March 6 only further highlight this Freemason-connected judge's gross bias in the service of U.S. government interests. Bryan, the son of the architect of the Fourth Circuit's "rocket docket," stands in the shadow of his father, a high-ranking member of the Freemasons. Bryan has a long career as protector of the interests of the Anglo-American Establishment. He was the attorney of record for Interarms, Inc., an international weapons distributor with close ties to the intelligence community networks who are documented to be at the core of Oliver North's Iran-Contra drug-for-guns operation.

It is anticipated that the LaRouche defense team will bring Judge Bryan's outrageous role in the events of March 6 to the attention of the Fourth Circuit Appeals Panel which has been convened to decide on the motion for his recusal.

# CAN cult seeks bill against older people

by Bruce Director

The Cult Awareness Network (CAN) and Delegate John Overington of West Virginia are pushing a fascist legislative proposal in state legislatures throughout the country, which targets the political movement associated with Lyndon LaRouche under the guise of regulating "elderly solicitation." In late February, the House Economic Matters Committee of the Maryland state legislature held hearings on the bill which became a platform for lying anti-LaRouche diatribes from CAN supporters.

The bill calls for police-state control over the affairs of anyone over 60 years old. The bill defines "elderly solicitation" as solicitation of anyone over 60 years old between the hours of 8 p.m. and 8 a.m. It would require any organization which solicits funds to submit a report to the secretary of state with the name, address, age, and amount of money solicited from elderly persons. It would require any organization to refund any contribution within one year and give any information requested to a family member of the elderly person. Any telephone solicitation call must state within 30 seconds after beginning the call that the call can be terminated at any time and this must be repeated every 10 minutes. Any solicitor must post a bond of 1.5 times the amount of money to be raised. These measures are clearly an infringement on the constitutional rights of citizens who happen to be over 60 years old, and are indictative of a growing and dangerous contempt for the "elderly."

Although proponents of the bill claim its purpose is to protect the elderly, testimony at the hearing was aimed solely at the LaRouche movement. Testifying in support of the bill were Delegate Overington's mother, Helen Overington, Galen Kelley, a "deprogrammer," and other supporters of CAN. Opposing the bill were direct marketing groups and other Maryland business organizations.

CAN is a hate group with ties to the Anti-Defamation League (ADL). CAN's leaders are a sordid group of perverts, brainwashers, and kidnapers. CAN's former president, Mike Rokos, resigned after it was revealed he had been arrested in Baltimore for soliciting perverted sex from an undercover police officer. Galen Kelley, who testified at the hearings, has been involved in kidnappings and forced "deprogrammings." CAN works with a network of psychiatrists such as Jolyon West, Margaret Singer, and Robert Lifton, who are veterans of the CIA's experiments in mind control, drugs, and brainwashing. There are numerous reports of CAN's involvement

in kidnappings and forced "deprogrammings" of people whom CAN considers to be members of "destructive cults."

Recently CAN established a "LaRouche Victims Support Group" made up of family members of LaRouche supporters. These family members use coercive techniques to force the supporter to discontinue his or her support for LaRouche's political movement. It is reported that the group's efforts are funded by E. Newbold Smith, the father of Lewis du Pont Smith. The younger Smith is a former candidate for Congress and a supporter of LaRouche. In 1985, E. Newbold Smith went to court to have Lewis Smith declared mentally incompetent because of his political beliefs. CAN assisted in this effort making Smith the first person in the United States who was subjected to this Soviet-style use of psychiatry.

The case of Helen Overington is illustrative of the methods used by CAN. According to published accounts, Mrs. Overington was an independent woman who was an enthusiastic supporter of the political views of Lyndon H. LaRouche. In late 1990, Mrs. Overington was pressured by her children, who also called on the Virginia State Police, the ADL, and the FBI to pressure her to change her political views. According to one press account, Mrs. Overington said she was a supporter of the LaRouche movement and, "When I tried to talk to politics with my children, they'd say 'Oh Mom, you don't really believe that stuff do you? . . . especially Peggy, the most liberal. She finally told me, 'Look, Mom, we can't discuss these things. We just don't agree.' " Mrs. Overington later changed her mind, but admitted that she did so only after being pressured by the ADL, the police, and her family.

In its letter supporting the bill, CAN reveals its true contempt for the rights of anyone over 60. The letter states, "Many seniors are particularly vulnerable to solicitation techniques that are pitched specifically to make them feel they still have a useful contribution to make to others."

## Win the Battle For America's Future

Money is needed to wage the fight to free Lyndon LaRouche and to overturn the convictions of his associates. Your contribution to the Constitutional Defense Fund will help finance legal efforts against the federal and state government agencies, private organizations like the ADL and NBC, and individuals, which have engaged in an illegal conspiracy to frame up LaRouche. This conspiracy is a threat to everyone's freedom. There is no limit to how much you can give.

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# Bush presides over anti-drug farce

by Valerie Rush

The Feb. 27 “anti-drug summit” between President George Bush and five Ibero-American heads of state concluded in San Antonio, Texas on an embarrassing note. The 25-page final declaration contained not a single concrete initiative toward defeating the drug plague; candidate Bush was unable to chalk up an anti-drug “success story” that would carry him through “Super Tuesday”; and his Ibero-American colleagues returned to their outraged countrymen with empty rhetoric and emptier pockets.

Much ado was made in the press about the “squabble” between Bush and Peruvian President Alberto Fujimori, who allegedly represented the two sides of a “guns vs. butter” fight over how to defeat drugs. Bush urged the formation of a multinational strike force and a military escalation of the war—more interdiction, more eradication, more repression—while Fujimori purportedly represented the “alternative development” approach, that of supposedly offering coca farmers legitimate economic alternatives to producing dope, through land titles, technological and financial assistance, and so forth.

But neither even mentioned the underlying cause of the whole mess: the economic austerity policies of the International Monetary Fund (IMF) and the Wall Street banks, which launder \$500 billion in yearly revenues from the drug trade. Both Bush and his Ibero-American counterparts fully support those financial policies.

Bush’s push for a military escalation was viewed with great apprehension by the Ibero-Americans: Fujimori warned of possible “new Vietnams,” Bolivia’s Jaime Paz Zamora and Mexico’s Carlos Salinas de Gortari “absolutely rejected” any multinational interventions, and Colombia’s César Gaviria dismissed what he dubbed the “Rambo” approach. And yet Fujimori’s so-called “development” approach is equally insidious, for it is in essence the drug legalization strategy of the international bankers, in a Third World guise.

## Legalization by any other name

None of the press coverage of the summit mentioned that the Peruvian President had just received the fulsome praise of IMF Managing Director Michel Camdessus for his merciless imposition of drastic IMF austerity dictates, which make the

possibility of “legitimate economic alternatives” a cruel joke. In fact, it is precisely such IMF policies which have *bankrupted* these countries’ productive sectors, forcing them instead to produce the one lucrative product—drugs—that will enable them to continue payments on their foreign debt.

One small gain at the summit could perhaps be seen in the fact that Bush’s primary objective for the summit—formation of a multilateral anti-drug strike force empowered to cross national borders—was rejected before the summit even began, by jittery governments which had been reminded by their armed forces back home (and by the recent military rebellion in Venezuela) that such blatant contempt for national sovereignty was flatly unacceptable.

However, as Mexican journalist Carlos Fazio noted in the daily *El Financiero* of Feb. 28, “History has demonstrated that the U.S. has traditionally succeeded in imposing its policies on the hemisphere, one way or the other. . . . The logic of power—the noted law of the jungle on an international plane—usually has no limits. . . . Everything therefore suggests that the U.S. will continue to insist on its new military project for the sub-continent.”

## ‘No more blank checks’

When Bush preceded the summit with an announcement that no new U.S. anti-drug funds would be forthcoming for his Andean colleagues, an angry Fujimori responded by pulling the plug on a U.S.-backed Colombian proposal for setting a *two-decade* timetable of targets and goals toward eliminating the drug trade. Progress in eradication, said Fujimori, “is directly related to the size of financial support. It is not possible to have goals if the finances are not assured.”

A provoked Bush shot back, “There are no blank checks anymore, for this or anything else.” Bush declared, “The responsibility of the President of the United States is to the people of the United States.” On Bush’s urging, the final communiqué of the summit included a determination to send delegations to Canada, Europe, and Japan to seek “closer cooperation,” specifically financial, from those parts of the world newly suffering the cocaine plague.

While Bush was busy claiming “major progress” in the war on drugs, his own State Department put out its Annual Report on Narcotics Affairs which revealed that cocaine production has dramatically increased in the past year to an *officially* estimated 1,000 metric tons, or more. Even more frightening was the report that the production of opium, the raw material for heroin, had increased worldwide by 8%, with a substantial percentage of that in the Americas.

Narcotics specialists published reams of analysis before, during, and after the summit. Yet not one of these analysts, nor did the participants at the summit, raise the obvious: that cutting the financial jugular of the drug trade by hitting the international banks which launder their profits would be the simplest, quickest, and cheapest success they could chalk up in a seriously prosecuted war on drugs.

# Drug czar Martinez comes under attack

by Jeffrey Steinberg

When George Bush came into the White House, no domestic issue enjoyed greater verbal priority than excising the "scourge" of drugs. Nine months after his inauguration, in his first televised address from the Oval Office, President Bush labeled drugs "the gravest domestic threat facing the nation."

Now, three years later, in the midst of a hotly contested reelection effort, the drug epidemic is the furthest thing from Bush's mind. Despite record-setting levels of spending (this year's White House Office of Drug Abuse Control budget is a projected \$12.7 billion) the administration's anti-drug effort is foundering; since last January, White House drug czar Robert Martinez has been the subject of an FBI probe into illegal campaign financing; every top White House anti-drug official has either been fired by Martinez or has resigned; and every important government statistic—with the exception of the White House's own dubious January 1992 drug survey—shows a leap in illegal dope trafficking and related violence.

The Bush so-called war on drugs is such an obviously low priority that the February drug summit with five Ibero-American heads of state in San Antonio, Texas scarcely interrupted President Bush's frenetic campaign schedule and was virtually blacked out of the U.S. media.

## Cocaine and heroin epidemic

In a Feb. 25 interview in the *Washington Post*, Stanley Morris, the former deputy chief for supply reduction of the White House Office of National Drug Control Policy (who was dumped by Martinez), bluntly stated: "There's no indication anywhere that there's less cocaine coming out of South America than there was coming out three years ago. Indeed, there is such a surplus that they are pushing new markets in Europe because they have saturated the market" in the United States.

The White House admits that cocaine production is back up to 1988 levels—over 900 metric tons in 1991. But European Community estimates place that figure at over 1,100 metric tons. The EC study attributes this jump to expansion of cocaine production into Brazil, Ecuador, Venezuela, and Central America.

While the Bush White House claims that there is a decline in "casual" drug use, the number of hard-core cocaine users increased in 1991 by over 200,000, up to the 1988 official high of nearly 886,000 individuals in the United States.

Further, Ibero-American cocaine cartels have expanded

into the heroin business, producing bumper crops of opium poppy in Colombia, Brazil, and throughout Central America, and forging ties to the Chinese opium barons of the Golden Triangle in Southeast Asia and the Sicilian mafia networks now operating in Maracaibo, Venezuela.

A great deal of the public blame for this state of affairs has been directed at Martinez, the former Florida governor and a crony of Jeb Bush, the President's son. Last January, according to a report in the March 4 *Washington Post*, the FBI launched a probe of Martinez after he used White House letterhead to arrange for leftover funds from his failed gubernatorial campaign to be funneled to the Florida GOP "to support George Bush and Dan Quayle for reelection in 1992."

Right after Martinez arranged for nearly \$64,000 to be routed to the Florida Republican Party, he received a thank-you note from White House political director Ronald C. Kaufman. Kaufman has been identified by sources close to the White House as a political dirty trickster who is operating on behalf of the Bush-Quayle reelection effort in a fashion reminiscent of the 1972 Nixon "plumbers." The Martinez-Kaufman link has prompted speculation that the White House drug czar office is being used to conduct dirty tricks.

The real thrust of the criticisms of Martinez, however, centers around his poor performance as the nation's chief drug cop. Rep. Charles Rangel (D-N.Y.), chairman of the House Select Committee on Narcotics Abuse and Control, complained to reporters recently about the collapse of the White House anti-drug effort: "If you told me Martinez resigned three months ago, I couldn't argue with you. I never thought I'd see the day I'd miss Nancy Reagan, but at least she was out there pushing."

## Annual drug report a fraud

Nothing is more symptomatic of the Bush regime's abandoning of even a pretense of concern about the drug epidemic than the January 1992 National Drug Control Strategy report, issued under George Bush's signature. The report, issued annually under congressional mandate, is a pastiche of manipulated statistics aimed at concealing the simple fact that the country is being overrun with illegal drugs. Even in the course of trying to paint a favorable picture, the report admits that drug use among Americans 35 years of age and up is skyrocketing, and that the United States is being flooded with high-grade, cheap heroin; the result has been that heroin use and reported incidents of heroin overdoses at hospital emergency rooms is also rising.

Although the survey claimed that there has been a net decrease in drug use among American youth, the information was based primarily on a study of high school seniors. But increasingly, larger numbers of American teenagers are dropping out of high school before they reach their senior year. The statistics are, therefore, almost useless in measuring overall drug use by the nation's young people.

# War Crimes Tribunal convicts U.S., allies for actions in Iraq

by Muriel Mirak-Weissbach

"The truth can make you free. . . . But beyond the truth is the requirement for action. Truth is the foundation on which you stand to change the world." Thus Ramsey Clark summed up the function of his International War Crimes Tribunal, at its final session in New York City on Feb. 29. Drawing the conclusions of dozens of hearings held during the last year in as many cities throughout the world, the tribunal summed up the charges, presented the documented evidence, and issued the final verdict against George Bush et al.: guilty of war crimes in their preparation and conduct of the war against Iraq.

The truth, artfully covered up by the complicit media, emerged in the course of the tribunal's ambitious undertaking. Not only the truth regarding the atrocities committed by the U.S.-led coalition in the war (like the bombing of the Ameriya civilian shelter, evoked by Mohammed Khader, who lost his wife and four of his five children there), and the continuing killing of innocent children through the embargo, but the truth regarding the deeper motivations and policies driving the war effort.

Clark, in his opening remarks, characterized the war as the "bloodiest use of military might in history." In fact, "It was not a war at all, because those who perpetrated the massacre knew they had the power to kill with impunity and they did." This occurred through massive bombings and, according to material presented by Joyce Chediak, included deployment of advanced laser weaponry capable of blinding. Officers returning from Kuwait reported having seen aerial assaults leave dead bodies in their wake, but no sign of blood, explosions, or of bombs having been dropped.

## Food production destroyed

The destruction of infrastructure, including that associated with agricultural production and food processing, was deliberate. Clark cited the case of a date-processing plant, "bombed in order to make people hungry, bombed two, three times, so it was no mistake." Charlotte Paquet, who had traveled to Iraq in September-October 1991 with a team of experts to assess the damage to agriculture, reported that a seed plant had been bombed three times, as had a veterinary complex for vaccines, taken for a "chemical weapons factory"; dams regulating the flow of water for agriculture had

been destroyed, as had the only baby milk factory, a joint project with France. As she pointed out, "U.S. experts say they would rather feed the Iraqi people than let Iraqi agriculture recover." In other words, the purpose of such destruction was to place the country and its people at the mercy of the victors.

Clark's list of targets in this context was appalling: all eight major dams used for hydroelectric energy and irrigation had been hit; all pumping stations; 32 separate food storage centers; 90% of poultry production, and 80% of fisheries, destroyed; access to pesticides eliminated. Clark laid bare that the aim was simply to "cripple the population for a generation." This intent, Clark stressed, had been made clear by former Air Force Chief of Staff Gen. Michael Dugan back in November 1990, when he said that they wanted to "make a parking lot of Baghdad," and cripple the nation so that it could not be a factor in the region for a generation.

Further pieces of the truth of the war included documentation of how the food weapon was wielded not only against Iraq but also against reluctant coalition partners. A Japanese speaker, Yuriko Okawara, who is leading an effort to sue the Japanese government for unconstitutionally supporting the war, reported on how the United States used its leverage with the International Monetary Fund and World Bank to force compliance with the war vote. China, Egypt, Turkey, Syria, Iran, the Soviet Union, Ethiopia, and Zaire were all bribed with debt forgiveness or aid, to vote for war. The case of Egypt, elaborated by Dr. Sherif Hetata, was typical: enmired in debt, Egypt, he said, depends for 80% of its wheat on imports, particularly from the U.S., Canada, and Australia. "Egypt therefore cannot make its own decisions. It is a neo-colony of the United States. If Egypt were involved in a war against our Iraqi brothers," he concluded, "it was because we were not independent." This was explicit: "The Egyptian foreign minister was told that he could not depend on the U.S.—i.e., he could not count on wheat imports—if he did not go along with the United States against Iraq in the U.N."

Bill Doares, testifying on the U.S. role in the Middle East, drew on historical precedents for the Gulf war, seen as a means to gain colonial control over Iraq's oil. He recalled how Mossadegh had been called a "madman" by the West for having nationalized Iran's oil, and how John Foster Dulles



dubbed Nasser the "Hitler of the Nile" for having asserted control over the Suez Canal. "Now, it is Iraq that is considered a threat to civilization, and its leader the devil incarnate," because of the country's ambition to allocate its oil revenues for industrialization. That the U.S. wanted the war long before the Kuwait crisis, he said, was clear in its creation in 1980 of a rapid deployment force based in Saudi Arabia. Iraq was identified as the probable enemy in 1989, and Gen. Norman Schwarzkopf met repeatedly with the Kuwaiti royal family, encouraging them to steal Iraqi oil. "The Pentagon, the White House, and Wall Street," he concluded, wanted this war." As speaker Shreeram stressed, the U.S. wanted to ensure "the flow of cheap oil and the flow of oil revenues to the West." Furthermore, Washington "wants a stranglehold over oil there in order to have a stranglehold over the economies of Germany and Japan." He too cited Schwarzkopf, in testimony to the Senate on Feb. 8, 1990, when the Desert Storm butcher had warned that one power in the oil rich region could pose a threat to U.S. interests which would "require military intervention."

### **Depth of economic dislocation**

The truth about the dimensions of the economic dislocation caused by the war came out in the testimony by several witnesses from Third World countries. Bassam Haddadin showed how Jordan is still suffering the social effects of the expulsions of masses of guest workers from the Gulf states. A country of only 3 million, Jordan is ill-equipped to assimilate new workers, and is suffering 30% unemployment rates, increased pressures on its education system (where 80,000 students have no schools to attend), and housing. In addition, since Jordan was cut off from Saudi and other Gulf state markets, where it had formerly sold 55% of its exports, the economy was shattered, along with its trucking and shipping sectors. The economic shock was felt as far away as Tanzania, as Alsha Nyerere documented. Particularly hit were Ethiopia, Sudan, and Somalia, whose men, who had worked in the Gulf states and supported families at home, were turned out without documents or savings, forced to trek across deserts, and live in concentration camp conditions, hoping to make it home. Dr. M.A. Samad-Matias, presenting her testimony on its impact on Yemen and the Horn of Africa, estimated that 55 countries in all had been affected by the war. She voiced the tribunal's demand "that reparations should be paid for these victims of the war," and charged indignantly, "How dare they ask Iraq to pay?"

When the verdict was read by Deborah Jackson, and "Guilty!" rang through the auditorium, the 1,000 or so participants rose to their feet to second the conviction. It was recommended, furthermore, that all embargoes and sanctions be immediately revoked; that public action be taken to prevent further military action, as threatened against Iraq, Libya, Pakistan, and others; that the power of the U.N. Security Council, now manipulated by the U.S., be vested in the

General Assembly; and, that the report be preserved and distributed, and the option to pursue further charges be left open.

In his final remarks, Mr. Clark brought his audience again to its feet in a stirring speech calling on them to take the painful truth laid bare as the "foundation on which you stand to change the world." Realizing that the work of the tribunal, though laudable, cannot become an end in itself, the former Attorney General outlined the main points contained in a 30-page working paper on preventing war crimes in the future. First, regarding Iraq, he called for preserving the country by providing food and medicine, ending the embargo, aiding all refugees, and forcing reparations payments by the guilty to the victims. His war prevention proposal entailed drastic reductions in military expenditures, elimination of all militaries, etc., as well as the general reform of the U.N., to vest power in the people. Though sketchy, his most interesting proposals were those calling for true accountability on the part of government, and bringing criminals to justice. This he proposed be achieved through institutionalizing the international war crimes tribunal and giving it governmental powers.

### **The fight for economic justice**

The area which Clark acknowledged to be "the most difficult," involves economic and social justice; though the final goals he identified well deserved the enthusiastic endorsement they received—increasing food production to prevent hunger and malnutrition, providing universal inoculation to prevent disease, launching a crash program to defeat AIDS, ending exploitation of human labor and of the Third World—there was no indication of the means by which this new, more just economic ordering of society could be brought about.

What most fired up his listeners was Clark's call to "liberate America," to wit: overcome hunger and illiteracy, and, on the basis of the resolution presented in January 1991 by Rep. Henry Gonzalez (D-Tex.), to impeach George Bush and put him and his co-criminals on trial.

Although the tribunal's final session had been systematically blacked out of the major press, attendance at the Martin Luther King High School exceeded the most optimistic expectations of its organizers, a fact which underlines the quasi-revolutionary mood gripping large parts of the American population. Many participants were veterans of the 1960s anti-war ferment, apparently content to revive that movement, but others, particularly those coming from layers directly targeted by the war—Arab-Americans, Muslims, and citizens originating from developing sector nations—seemed to be looking for a more concrete perspective of how to finally right the wrongs of the world. Whether or not the tribunal and its leadership can provide such programmatic initiatives is what the most thoughtful participants were asking themselves as they left the hall.

## Livingston claims 'October Surprise' a LaRouche ploy

In a debate on the House floor on Feb. 25, Rep. Bob Livingston (R-La.) attacked the "October Surprise" investigation, now given the go-ahead by the House leadership, as a hoax perpetrated by Lyndon LaRouche and *EIR*.

Livingston referred to the *Newsweek* and *Village Voice* articles, which attempt to discredit allegations that the Reagan-Bush campaign conspired to delay the release of American hostages from Iran until after the 1980 elections, and placed the entire Feb. 25 *Village Voice* article into the *Congressional Record*.

Livingston called on Democrats to call off the "partisan witchhunt" and to "apologize to Presidents Reagan and Bush for this political hatchet job."

Earlier in the year, Livingston had attacked LaRouche's qualification for federal matching funds to demand a reform of the campaign funding system.

## Senate conditions on China MFN vetoed by Bush

The Senate passed a measure which would place stringent conditions on any continued issuance of Most Favored Nation (MFN) status to the People's Republic of China, in a 59-39 vote on Feb. 25.

The bill would require China to improve its record in the area of human rights—end religious persecution, allow free assembly, freedom of the press, and end torture and inhumane prison conditions—open its markets to American exporters, stopping unfair trade practices, and cease its proliferation of weapons systems.

The measure was vetoed by President Bush on March 2, a move which a grateful Chinese leadership charac-

terized as "very sensible."

Senate Majority Leader George Mitchell (D-Me.) said that the veto "again demonstrates the President's tenacious support for the Communist Chinese leadership against the interests of the Chinese people."

Because the vote fell far short of the 66 votes needed to override a presidential veto, the veto will undoubtedly be sustained when the bill comes back to the Senate.

## Byrd filibuster, Dems defeat line-item veto

An attempt by Senate Republicans on Feb. 26 to win congressional approval for a presidential line-item veto was defeated 54-44 after a mini-filibuster by Senate Appropriations Committee chairman Sen. Robert Byrd (D-W.V.). GOPers then urged the President to begin vetoing individual items in spending bills even if the Congress refuses to give him the power to do so.

Sen. John McCain (R-Ariz.) and Sen. Dan Coats (R-Ind.), the sponsors of the bill, which was attached as an amendment to pending anti-trust legislation, knew that the measure would fail, but felt that raising the issue of "pork-barrels" would strike a sympathetic chord with voters in an election year.

Under the proposal, the President could sign an appropriations bill and then, within 20 days, strike out individual items. The spending rescissions would take effect automatically unless Congress passed a resolution of disapproval within another 20 days.

Byrd presented a historical overview of the legislative responsibility over the budget as "the taproot of the tree of Anglo-American liberty." Byrd denounced the measure as "quack medicine which would be better de-

nominated as snake oil," calling it a threat to the foundations of the republic.

McCain and Coats are nevertheless calling on Bush to unilaterally invoke authority to veto individual spending items, in spite of the failure of the legislation. Budget Committee chairman Sen. Jim Sasser (D-Tenn.) called such a tactic a "naked power grab."

When the White House was asked whether the President indeed plans to invoke the veto authority, White House Chief of Staff Samuel Skinner said that they were "giving that and several other ideas serious consideration," but added that "there are legal ramifications that need to be looked into." The line-item veto would concentrate power over the budget with the President, whereas the Constitution clearly reserves control of the federal purse with the Congress.

## Dymally warns: Don't neglect plight of Africa

In an address at the beginning of February to the students of Central State University, a black university in Wilberforce, Ohio, Rep. Mervyn Dymally (D-Calif.), the chairman of the Africa subcommittee of the House Foreign Affairs Committee, warned of the growing neglect of African affairs by the U.S. Congress.

The "calls for us to abandon foreign assistance," said Dymally, "come just at the time when we have been able to increase aid to Africa." He said it was one of the "supreme ironies of our time that the continent blessed with the earth's richest treasure chest of natural resources should also be the home of the world's poorest people."

Dymally noted that Africa had

been severely hit by the AIDS epidemic—"the fourth horseman of the Apocalypse"—deteriorating terms of trade, and an increasing debt burden. "Africa is in the incongruous position of sending more money to the industrialized countries than it receives from them," he said, encouraging more participation by the United States in promoting economic development on the African continent.

## **Gonzalez targets Kissinger Associates in BNL probe**

In floor comments on Feb. 24, House Banking Committee chairman Rep. Henry B. Gonzalez (D-Tex.) presented some of the findings of the committee's investigations of the Atlanta branch of the Italian Banca Nazionale del Lavoro and its loans to the Iraqi government—activities which were initiated by Bush administration officials formerly employed by Kissinger Associates.

The investigation has been conducted by the committee despite strong opposition from former Attorney General Richard Thornburgh. Deputy Secretary of State Lawrence Eagleburger, the investigation had found, had been instrumental in giving his support to a \$1 billion Commodity Credit Corp. program for Iraq in 1989. While he was undersecretary of state for political affairs in 1983, he had written to Export-Import Bank chairman William Draper III urging him to open the program to Iraq, which had earlier been excluded.

Gonzalez pointed out that Eagleburger had been the director of the Yugoslavian LBS Bank, and that he had helped to set up its U.S. operations.

Gonzalez also related how then-Vice President Bush had pressured

Ex-Im Bank chief Draper to get the bank to finance an Iraqi oil pipeline to the Jordanian port of Aqaba.

Gonzalez repeatedly returned to the key role of Kissinger Associates. "The beauty of this game is that these fellows [Eagleburger and Brent Scowcroft] can wear all kinds of hats and then they can come and wield all kinds of power," Gonzalez said. "Then they can go back and pick up that other hat that they had temporarily not used. Now, they are not elected. People have no control over them, only through the President."

Gonzalez continued his discussion of the BNL investigation on March 2, reiterating that "behind all of this you have the National Security Adviser, Scowcroft, and the Deputy Secretary of State, Eagleburger, all of whom came from Henry Kissinger's stable known as Kissinger and Associates, which incidentally has had more influence with foreign potentates and ambassadors coming over than even the State Department sometimes." Gonzalez noted that although Kissinger "has no official title," he still "lurks in the penumbra of power and has for many years."

## **Pryor targets SDI in new Pentagon scandal**

Lambasting the "great star wars gravy train," Sen. David Pryor (D-Ark.) launched a new attack on the Pentagon, alleging contracting scams in the Strategic Defense Initiative (SDI) Organization, in floor comments on Feb. 27.

Pryor asked, "Why does this particular program continue to grow so rapidly? What exactly are its costs? What are its benefits?" Pryor warned that in the coming weeks he is going to review the SDI's "over-reliance on

the contractors and the subcontractors. . . . We are going to be looking at the Pentagon oversight, and especially the lack of oversight. We are going to be studying some conflicts of interest, Mr. President."

In particular, Pryor said that he would be examining the role of the Defense Science Board, the input its decisions have on the SDI, and possible conflicts of interest.

Similar to the judicial persecution launched against Pentagon contractors by U.S. Attorney Henry Hudson in a witchhunt code-named "Operation Ill-Wind," Pryor seems intent on using the same type of methods to destroy what is left of the SDI. He characterized the SDI Organization as "an invisible bureaucracy of contractors feeding from the open money sack."

## **Baker scrounges for funds for United Nations**

In testimony before the House Appropriations subcommittee responsible for State Department funds on March 2, Secretary of State James Baker III had a difficult time convincing the committee that it should shell out an additional \$1.9 billion over the next 18 months for a peacekeeping force of 22,000 troops to supervise elections in Cambodia.

The Bush administration had requested \$81 million for U.N. peacekeeping activities in fiscal year 1990 and \$116 million in 1991. The request for 1992 has reached \$350 million as the role of the U.N. has expanded in the context of George Bush's new world order.

Baker called the money "a good buy," but it met considerable criticisms from lawmakers, who are faced with cutbacks in programs for their constituents.

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# National News

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## IRS stung by corruption charges

The Internal Revenue Service (IRS) is dealing with reports of illegal conduct by agency staff by bringing in an outside agency to retrain personnel.

The IRS damage control came after the House Government Operations Subcommittee on Consumer Affairs investigated "allegations of misconduct and resulting cover-ups by many senior IRS personnel," the Feb. 24 *Richmond Times-Dispatch* reported. Some of the incidents looked at were: 1) information given by a top IRS investigator and several IRS informants; 2) a scheme allowing some tax evaders to avoid prosecution; and 3) retaliation against IRS managers who reported misconduct by superiors.

As a result of the congressional attention, the Josephson Institute has been called into conduct a random survey on "ethics" of 5% of the IRS's 105,000-man work force. The institute has already concluded that "senior managers, left unchecked, abused their position and authority." In a preliminary survey last year, 7% of IRS employees replied that they had seen corrupt actions. The institute's current questionnaire asks for instances where IRS employees have lied to taxpayers, instances where those with "political clout" received preferential treatment, and instances of unfair treatment of taxpayer grievances.

Apparently such widespread corruption is expected that all of the 105,000 employees will receive 6-8 hours of classroom instruction on the IRS's ethics problems.

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## Can't innocence be bar to execution?

The U.S. Supreme Court has agreed to consider whether it is unconstitutional to execute a person who may be innocent, the Feb. 25 *Washington Post* reported.

The case involves Texas death-row inmate Leonel T. Herrera, who was scheduled for execution on Feb. 19. As in the cases of Herbert Bassette, Roger Coleman, and

Roger O'Dell in Virginia, Herrera's lawyers have developed evidence since his murder conviction 10 years ago that someone else committed the murder, and have filed a petition for a hearing in federal court. A Texas federal judge granted the hearing, but his decision was overturned by a three-judge appellate panel. That court ruled that "Herrera's actual innocence claim does not allege a ground upon which *habeas* relief can be granted."

Herrera's lawyers asked the U.S. Supreme Court to intervene because Texas, similarly to Virginia's 21-day rule, allows no new evidence to be introduced 30 days after sentencing unless a defendant can show that the new evidence was not available, for example, because the prosecutor violated the defendant's constitutional rights and withheld it. Herrera's brief states, "While there has been much debate of late about capital punishment and *habeas corpus*, there is not yet a groundswell for executing innocent persons. . . . If it would violate the Constitution to execute someone who was 12 years old at the time of the offense, or someone who was insane at the time of an execution, then . . . it would violate the Constitution to execute an innocent person."

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## Court okays patients' work without pay

The U.S. Supreme Court on Feb. 24 let stand a decision requiring retarded and mentally ill patients in institutions to work full-time without pay, UPI reported. The Court's refusal to review an Indiana Supreme Court decision "tells Indiana and other states that they can forcibly exact labor with no fear whatsoever that they will ever have to pay a dime in compensation," charged Lawrence Tribe, attorney on behalf of a class action suit seeking back pay for former patients at 10 Indiana mental institutions.

The case was brought under the Thirteenth Amendment, which prohibits involuntary servitude. The plaintiffs contend they were threatened with delayed release, solitary confinement, and even electric shock treatments if they failed to work at continuous menial labor.

"If the Thirteenth Amendment can be banished here, it can be banished anywhere," Tribe warned. The implications are potentially far-reaching. The state of Indiana rejected the plaintiffs' invoking of the Thirteenth Amendment, on the grounds that requiring payment for labor "would raise serious constitutional questions nationwide for public (and private) programs such as workfare and 'token' economies developed for welfare recipients and the handicapped."

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## Anti-Semitism smears must stop, says rabbi

The "Jewish establishment" should stop "waging an anti-Semitism smear campaign" against Pat Buchanan and other American politicians, because "Jews have no right to label people anti-Semitic," states Brooklyn's Orthodox Rabbi Isaac Levy, head of an organization called "Jews for Morality," in comments made to the Feb. 23 *Jerusalem Post*.

Levy said that his group, a "grass-roots" organization of Orthodox rabbis, specifically regards Buchanan as "a friend of the Jews," and supports his "pro-family" activities. The group has investigated, and found to be false, the accusations that Buchanan is anti-Semitic.

He affirmed, "We have no right to call politicians anti-Semitic. I'm not one of the founding fathers of the United States. Jews have no right to label people anti-Semitic."

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## Texas bishop hits abortion as eugenics

The real purpose of abortion providers is "to control and stop the population growth of the black, brown, red, and yellow minorities," said Bishop Rene Gracida of Corpus Christi, Texas, in "A Pastoral Letter on Racism and Abortion" published Jan. 24 in the *South Texas Catholic*, his diocesan newspaper.

Gracida pointed to Planned Parenthood founder Margaret Sanger's writings in

## Briefly

● **VIRGINIA** Attorney General Mary Sue Terry's office has announced that it had obtained a May 20 execution date for Roger Coleman. Terry has argued in court that Coleman has no right not to be executed even if he is innocent, because of procedural defaults. Terry's "office has spent more time arguing against" a hearing on evidence of innocence "than the hearing itself would have taken," the Feb. 26 *Richmond Times-Dispatch* noted.

● **THE 'JFK' MOVIE** is "courageous" says the January-February issue of *Solidarity*, the magazine of the United Auto Workers. Reviewer Dick Olson calls for the release of the Warren Commission files, stating, "Americans shouldn't have to wait until deep in the 21st century for the assassination inquest record to be open to the public."

● **VICE PRESIDENT** Dan Quayle told reporters over the Feb. 22-23 weekend that President Bush's decision to break his tax pledge was necessitated by the war buildup against Iraq. Ironically, the U.S. got a net infusion of funds from the war because of allied contributions.

● **THE YANKEE ROWE** nuclear power plant will be closed due to government and environmentalist pressure. Andrew Kadak, president of Yankee Atomic Electric Co., told the Feb. 27 *Boston Globe*, "The technical criteria we must meet and the path we must follow to restart the plant are not sufficiently defined to justify spending" money to keep the plant going.

● **THE AMERICAN** Council on Science and Health held a press conference in Washington on Feb. 26 to warn against another Alar apple-type scare. In that panic, people stopped eating apples, growers lost \$100 million, and in the end it was shown that Alar never posed a risk of cancer.

● **DR. JACK KEVORKIAN** must stand trial for his "assisted suicide" murder scheme, Archbishop of Detroit Adam J. Maida said in a letter prepared for distribution in the 1.5 million member archdiocese.

which she argued the "inferiority" of "Slavs, Latins, and Jews."

"The cultural traditions of Native American, Hispanic American, Asian American, and African American women find the abortion-on-demand mentality to be reprehensible and repugnant," he added. "And so, millions of dollars are being spent in a massive propaganda attempt to 're-educate' these persons into thinking that abortion is not only an acceptable means of birth control, but is actually what the modern 'liberated woman' should do in order to free herself from enslavement to men, or church, or society in general."

In a separate pastoral letter issued Feb. 13, Kentucky's Catholic bishops have called the policy of abortion on demand a "national scandal" and said no Catholic politician or voter can "hide behind the evasion" that they personally oppose abortion but feel it's a matter of choice.

### FOIA action seeks secret FBI files on LaRouche

Release of the FBI's most tightly held secret files on the case of Lyndon LaRouche is being sought in papers filed Feb. 27 before federal Judge Thomas Penfield Jackson in Washington. The files at issue include the FBI's secret file compiled under Executive Order 12333, and its file on Henry Kissinger's instigation of an FBI investigation against LaRouche and his associates in 1982-83. Disclosure of the files is being sought in a Freedom of Information Act (FOIA) lawsuit brought by *EIR* counterintelligence editor Paul Goldstein, who charges that government misconduct is being protected under the guise of "national security" and "personal privacy."

It was in the Goldstein proceeding that the existence of the "12333 file" on LaRouche was first disclosed in 1989. One of the grounds for release of the files, Goldstein argues, is that the FBI is "concealing evidence of an improper and unauthorized investigation" by keeping the files classified.

As part of Goldstein's motion, extensive evidence is presented of the targeting of LaRouche by a faction of the intelligence

community centered around such figures as Roy Godson, Walter Raymond, and Herb Romerstein. Documentation is presented which shows how Godson's line, that LaRouche and his associates are "Soviet disinformation" agents, was used as a pretext for investigating LaRouche, and was circulated by the FBI and disseminated to foreign governments.

The second bloc of files sought is the "Kissinger file," much of which the FBI is withholding on the grounds of protecting the privacy of Kissinger. "This is not a case of good and honest citizens cooperating with the FBI to root out crime," Goldstein argues. "This is simply a case of a powerful former government official using his political connections to go after his political enemies. . . . Kissinger and his friends pounded [FBI Director William] Webster's door down to get the FBI to go after LaRouche—yet their identities and related information are being protected, under the guise of preventing 'an unwarranted invasion of personal privacy.'"

### Thornburgh appointment to U.N. post criticized

George Bush's appointment of former Attorney General Richard Thornburgh to a post at the U.N. has been sharply criticized by the highest ranking American at the U.N., Undersecretary General Ronald Spiers. Spiers is largely responsible for many of the so-called reforms now under way in the U.N. bureaucracy.

In an interview in the Feb. 29 *Washington Post*, Spiers said that the appointment of Thornburgh to the U.N.'s most important administrative post creates the appearance of patronage at a time when the organization is trying to reform itself. "It could be that Thornburgh turns out to be very good . . . but I am concerned about a process where it's effectively an unemployed politician that has been put in a job that requires a lot of management strength and skill. People in Washington tell me he's got a reputation as a not-very-good manager. You have to get members to stop using it [the U.N.] as a patronage dump."

### *Unscientific American, again*

The March issue of the magazine *Scientific American* exposes the ugly role of the anti-science mafia in the United States and western Europe. While in the March issue of their Japanese-language magazine, published in Japan, an amazing breakthrough in cold fusion is reported in detail, this news is kept out of the English-language edition.

Such political censorship is par for the course. Cold fusion has been a political football since March 23, 1989, when Martin Fleischmann and Stanley Pons announced their astounding breakthrough. Every effort has been made to bludgeon American and European scientists into dropping research in this area.

The reason for this is not so difficult to fathom. The Bush administration, which has sought to place the export of advanced technology to the Third World under its own hands-on control, was not apt to embrace a scientific advance which had the potential to make the development of a relatively cheap form of fusion technology easily available to every nation. Nor did it welcome the climate of renewed scientific optimism, which the Fleischmann-Pons cold fusion breakthrough was encouraging worldwide.

Within months of the announcement by Fleischmann and Pons, their work was being dubbed "pathological" science by the official scientific establishment, and charges of fraud were being bandied about not only against them, but against other highly reputable chemists such as John Bockris, who reported experimental results which corroborated their claims. The official Anglo-American science mafia had been mobilized to kill cold fusion. Japan was the exception to this situation.

Like the editors of *Science* and *Nature* magazines, and the rest of the so-called science press, *Scientific American* has systematically tried to spread the myth that cold fusion is dead. But like Tom Sawyer, the "drowned" corpse survived the funeral.

Top Japanese nuclear physicist Akito Takahashi has designed a cold fusion cell which allows him to generate over 250 watts per cubic centimeter of power in excess of that needed to run the experiment. At the same time he has measured the presence of neutrons

and tritium, and he proposes an exciting new theory to explain why the heat which his cell produces is greatly in excess of the nuclear products which he measures.

Surely the English-language readers of *Scientific American* would be interested in hearing such good news. We can hardly be accused of being unfair if we suggest that the editors are politically biased. The report on the cold fusion results appears in the local news section of the Japanese-language *Scientific American*—but no one could argue that such a breakthrough is only important to Japanese readers, merely because it occurred in Japan. In fact, the Takahashi results have been widely reported—favorably—in such Italian leading journals as *Il Sole 24 Ore*, *La Repubblica*, and *La Stampa*.

It is of interest to note, that in the same March issue of *Scientific American*, there is a four-page article by the Harvard economist Jeffrey Sachs, in which he brags about how he has wreaked havoc on the Polish economy. As his own figures published in this article demonstrate, under his guidance, an economy which was seriously ailing under communist misrule has been virtually destroyed—and now, the Russians are being put through the same "shock therapy."

The editors make no bones of the fact that they endorse Sachs's incompetent and evil policy. Under the headline, "Building a Market Economy in Poland," the subhead rhapsodizes: "How is a previously centralized economy to be transformed? Poland's experience thus far offers lessons for other eastern European nations and a challenge for the West."

Jeffrey Sachs is a henchman for a policy hatched at the highest levels of the Anglo-American establishment, which intends to substitute the colonial looting policies of the erstwhile British empire, for republican economics. The Polish people and the Russians are in danger of becoming slaves to this dictatorship run from Britain and the United States, but the U.S. population is in almost as bad shape: The same policies are applied domestically to destroy a once-great industrial economy. That is the secret behind *Scientific American's* refusal to tell the American people the truth about cold fusion.

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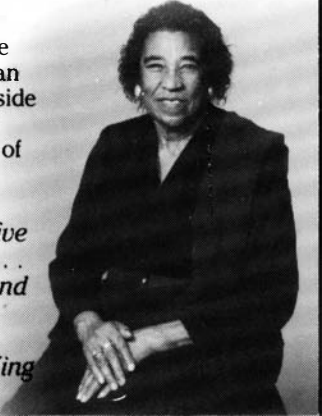
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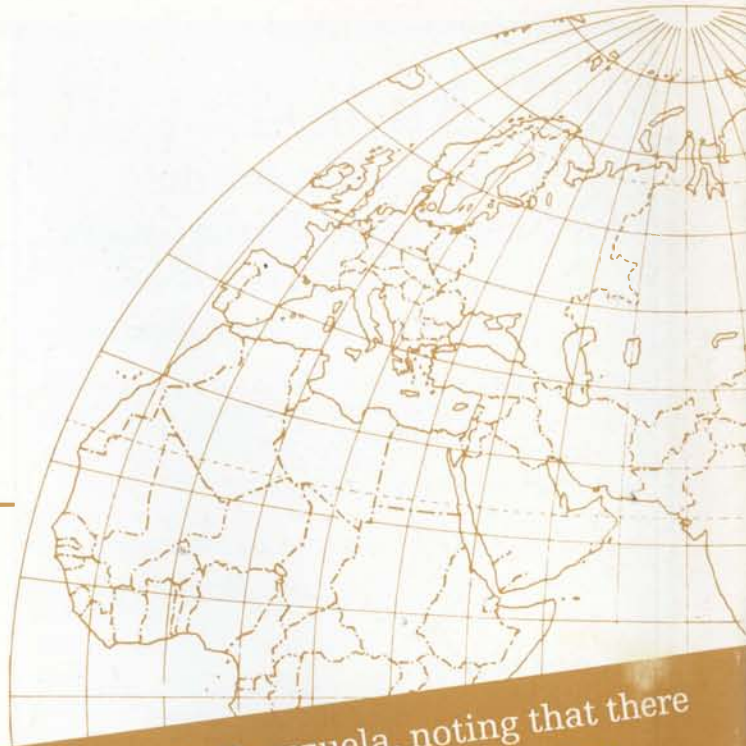
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**December 5, 1991**

EIR Alert reports coup rumors in Venezuela, noting that there are constant meetings among the lower ranks of the army about a military coup, but that the high command opposes it.

**February 4, 1992**

A "colonels' coup" against Venezuela's Carlos Andrés Pérez takes over a large part of the country, but is suppressed by the high command.

**October 22, 1991**

EIR Alert reports that Lord Carrington is considering a "Cyprus" model to resolve the Serbian war against Croatia.

**January 1992**

The United Nations decides to send troops to Croatia to enforce a Cyprus-style partition of Croatia.

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