

# EIR

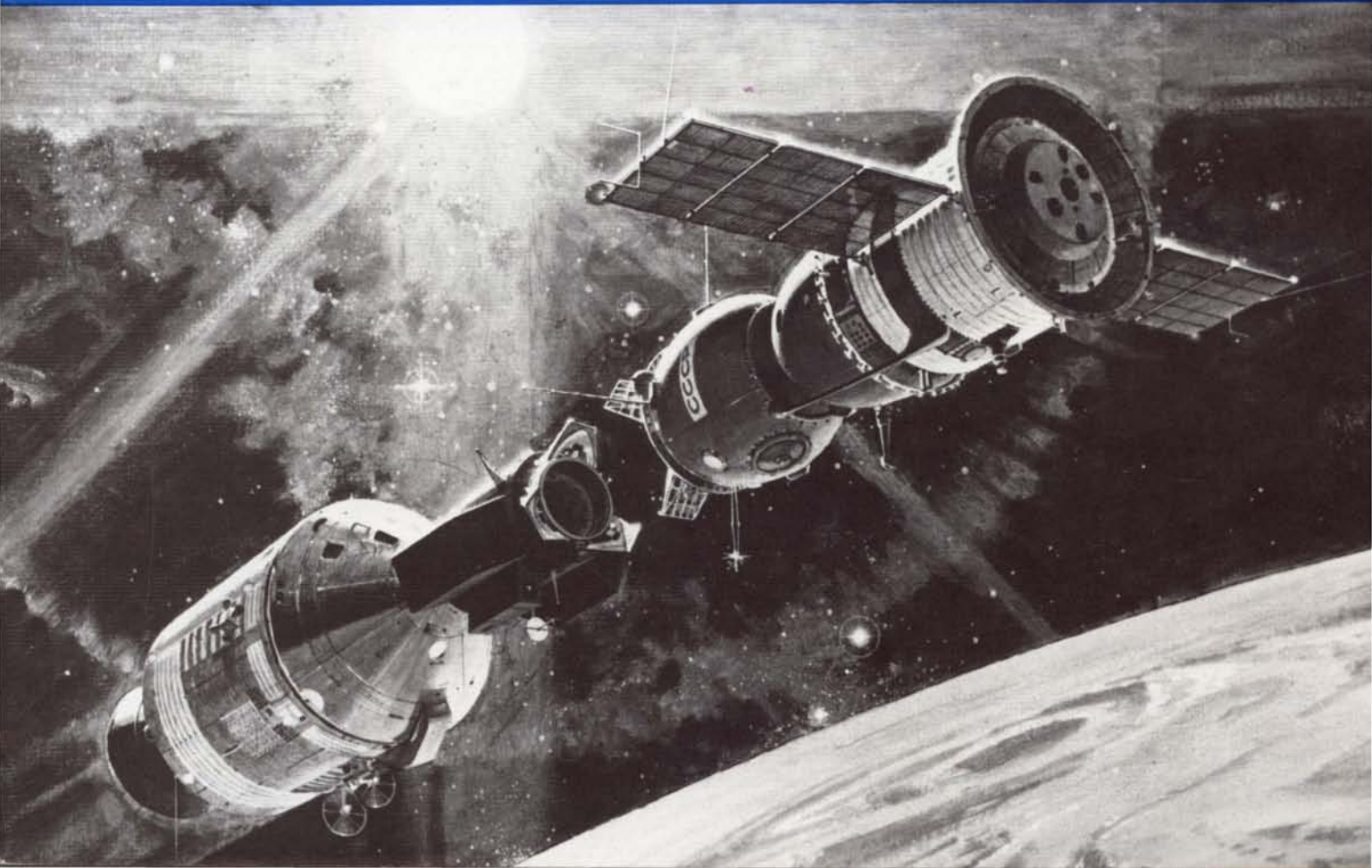
Executive Intelligence Review

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Ibero-America's anti-IMF revolt has begun  
Iraq, Libya, Afghanistan: new perils, new hopes  
Is the Establishment pulling the plug on Bush?

**The United States must save  
'Soviet' science capability**



# IN DEFENSE OF COMMON SENSE

by Lyndon H. LaRouche, Jr.

SCHILLER INSTITUTE



## The Power of Reason: 1988

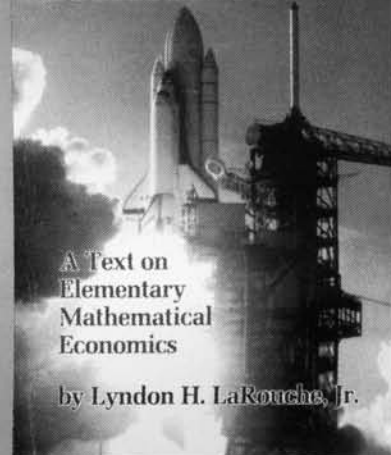
an autobiography by Lyndon H.  
LaRouche, Jr.



### 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 Editor

**A** powerful alternative program to the George Bush “new world order” is condensed in this issue.

In the *Science & Technology* report our analysts confront one of the biggest strategic issues of the day: the future of that capability which used to be known as “Soviet” science. The *Feature* outlines the reasons why Europe’s newly freed countries, once part of the Soviet Union or the Soviet bloc, and Ibero-America’s revolutionary ones must unite to defend their people from a common enemy, the International Monetary Fund.

To put the issue of Soviet science into perspective, we are going to press a few days after the cult ritual of mud worship known as Earth Day. Let us never forget that Mother Earth is, left to her own devices, not God, but mankind’s greatest enemy. The “natural” disasters of floods, earthquakes, and killer epidemics have carried off far more human beings, and destroyed more civilizations than any wars. Our tool to turn this cruel mother into a benign one is a concerted effort to master and apply *science*. And, the first criterion for thinking scientifically is to take responsibility for every single man, woman, and child on the planet—moved by the kind of universal love which Christianity named *agapē*.

That leads to the exclusive coverage of the situations in what has been called the “Islamic arc of crisis” in the *International* report. In Iraq, Pope John Paul II’s plea for an end to the embargo represents the best hope yet for reversing the genocide there. In Afghanistan, our New Delhi correspondents write, the grave risks can be forestalled by national forces if the U.S. and others will just “butt out.” In Libya, we present the evidence that the same Anglo-American alliance that has bombed and shredded the Iraqi economy, is preparing to grossly violate international law to justify a new genocidal escapade in northern Africa.

The U.S. political scene is in rapid flux. Pieces of the establishment are looking for an alternative to Bush/Clinton and their “new world order.” They exclude the one alternative that will actually work, represented by Lyndon LaRouche’s campaign for the presidency and his demand for justice. However, events have erupted in Loudoun County, Virginia that might lead to the unraveling of the frameup of LaRouche, making it possible to enact the solutions we present in this issue.

Nora Hamerman

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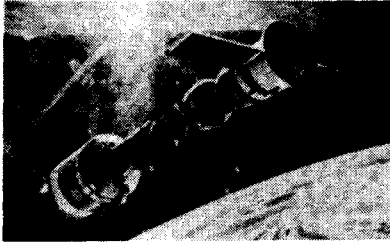
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**Correction:** The cover photo of a child chipping at the Berlin Wall in the April 17, 1992 issue (Vol. 19, No. 16) was incorrectly captioned and credited. It was taken by Mark Nafziger in November 1989, shortly after the opening of the Wall.

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## Behind Alan Greenspan's obfuscations on Japan

by Chris White

We did tell you he was a follower of the mystical cultist, the Russian-originated Ayn Rand. Some objected: whether their objections applied to the Russian part, or the mystical-cultist part, it doesn't really matter. Perhaps the objectors ought to take another look at the man they defended, who is, at present, the chairman of the Federal Reserve Board, Alan Greenspan, after the testimony he gave to the Senate Committee on Banking, Housing, and Urban Affairs, on April 17.

This appearance was the occasion for Greenspan to utter his weighted opinions on the situation which has recently developed in Japan, together with the possible implications for, and effect on, the United States. Televised media, dominated by shrinking "sound-byte" characterizations, have obscured the fact that the sound-byte most often quoted to characterize Greenspan's testimony. Here it is, quoted in full: "In my judgment the impact on the United States from Japanese stock price changes to date are likely to be limited." This is actually the very last sentence of 12 pages of testimony.

The chairman's grammar is awful: The word "impact," the subject of the sentence, is singular, but its verb, starting with the auxiliary "are," is cast in the plural. His punctuation also leaves something to be desired: Not only ought there to be a comma after "judgment," but properly, "to date," ought also to be set within commas.

The two words, "to date," after all, do nullify the entirety of the chairman's testimony, and would thus merit the emphasis the addition of the necessary commas would lend. The same formulation, even more hedged, can be found on page 3, to wit, "The Japanese stock market decline does not appear to have had important spillover effects on U.S. financial markets to date." Here, it is not only the present and future

which are left an open question, as they are in the concluding sentence of the testimony. Greenspan's "to date" formula also leaves the continuing effect of events which have already happened under a contingent question mark, raised by the use of the verb "appear."

### Is it the Bush-team line?

Is this the legacy of Greenspan's days as a consultant with Townsend and Greenspan? Is it the added constraint of a team member following the Bush league's election year gameplan? Nothing should be done, or give the appearance of being done, which might contradict the master's requirement that there be a recovery, so-called, in the second half of the year. Or is it the continuing influence of Ayn Rand's irrationalist brew? The Senate will not have to dig a hole in the floor of the committee room, and hang a tripod over it, as seat for the Delphic oracle, the next time Greenspan appears, for conclusions to be drawn about that.

It is very unusual, if not almost unprecedented, for the chairman of the Federal Reserve board to be called up to Capitol Hill in Washington to give testimony on developments in another country. Of course, the Fed chairmen do, and have testified on such matters as, "the debt crisis," or "trade" questions, which often enough raise questions about the countries involved. In this case, the sole purpose of the testimony was to make known what Greenspan thinks about the ongoing collapse of the Japanese equity markets.

### 'We have no idea'

Though such might be considered unwarranted interference in the internal affairs of another sovereign country, especially given the existence of Salomon Brothers' notori-

ous report on the vulnerabilities of Japan's banks to a slide, or collapse of their stock value, it is the caveats introduced into the testimony which make the occasion absolutely astounding. For Greenspan's use of the hedge formula "to date," reduces the testimony to a statement which could be translated into the simple English, "We do not have any idea what the effects of what has happened will be. Nor do we know for sure if there have already been spillover effects."

One can only imagine what was going through the minds of the senators who were present to hear the words which were to be uttered, just as one can also only imagine the effect of a news sound-byte, "Fed Chairman Greenspan tells Senate he has no idea what's going on," on the markets which take their cues from the spillover of the Fed chief's lips.

It is not credible, is it? Neither on the formal level, nor on the level of what was actually conveyed. Here's the biggest market development since Black Monday 1987.

Contrary to the actual content, the words Greenspan employed conveyed the impression that the developments which resulted in the collapse of the Japanese stock market are a purely local affair. "A correction of the bubble in asset prices that was causing distortions to the Japanese economy with some spillover effects on the rest of the world," was his most concise formulation.

### **A silk purse from a sow's ear**

Accompanying testimony by Richard Breeden, the head of the Securities and Exchange Commission, took this view more than one step further, arguing that the "correction" was actually beneficial for the United States, because it would mean more open Japanese markets, a less competitive Japan, and greater opportunities to lend to Japanese banks and corporations.

This is all obviously total nonsense and obfuscation, which is, of course, affirmed to be such by the very hedges and qualifiers with which Greenspan supplemented his remarks. A longtime cash cow for the U.S. banks, the Japanese stock market has fallen by 50% since its high was reached at the end of 1989. Half of the fall has been registered this year, and it has recently accelerated. But the collapse in Japan takes place at the same time that Olympia & York, the largest real estate company in the western world, is headed on a course which will lead it into the bankruptcy courts, and when property markets are collapsing throughout the Anglo-American world. It is actually no wonder that Greenspan did not want to say anything either meaningful, or substantial.

As he ought to know full well, the question at issue is not the local effect of deflating Japan's super-bloated real estate bubble, but the matter of the collapse of the combined U.S. bubble of bloated real estate, usuriously expanded indebtedness, and speculation.

Since James Baker won Japan's agreement to strengthen the yen against the dollar, to the ostensible effect of promoting U.S. exports, in the accords finalized at New York City's

Plaza Hotel in 1986, Japan's surpluses have been employed as an adjunct to funds secured against the international drug trade, in underwriting the development of a bubble economy inside the United States.

### **Japan propped up U.S. real estate bubble**

Additionally, speculative increases in Japanese real estate values have also provided increases in collateral for various dubious financial operations conducted as part of the 1980s' buyout looting of a corporate America. In one known example, part of the financing for the Carlyle Group's takeover of Northwest Orient was provided by Bankers' Trust, against the collateral of a certain piece of Tokyo real estate, which had fallen into American hands during the postwar occupation period. Valued at next to nothing after the war, the parcel of land was put up to back \$650 million worth of the airline takeover.

Despite usually reliable reports that a sizable portion of the funds invested in U.S. real estate during the last years in the name of Japan is actually the realization of so-called capital gains taken out of inflated real estate holdings accumulated by Americans, and others, in Japan, during the immediate postwar period, the degree to which Japan's internal real estate bubble was assimilated as a further massive margin to collateralize the extension of credit within the United States remains undetermined.

Such practices make a mockery out of Greenspan's purely "local" presentation. For it is not simply a matter of the actual monies Japan has recently deployed into the U.S., for purchases of real estate, and government debt. Also involved is the extent to which credit, and obligations have been assumed inside the United States on the basis of the security of unrealized capital gains within Japan.

But none of this has anything to do with the main issue, which is the cultist irrationalism of Greenspan's refusal to say, one way or the other, what he thinks is going on, and what its effects will be. As the caveats imply, he does know, there is no doubt about that. All he's got left, like so many around him, is the hope that it doesn't mean what he knows full well it does mean.

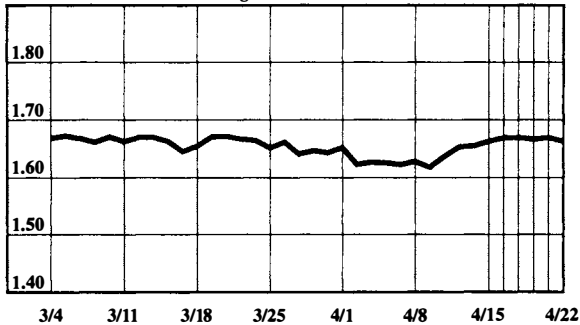
Japan, whether its government pricked the bubble or not, is in a financial collapse and economic contraction, precisely because it has functioned as an adjunct of the collapsing British and U.S. economy and financial system. It is the collapse of Britain and the United States which is driving the collapse in Japan, and it is to the United States and Britain that the collapse will return, no matter how much money Salomon Brothers induces western and Japanese banks to pull out of Tokyo's markets.

Greenspan's hedging ought to be taken as a prime indicator of the degenerate imbecility which has seized all those supposedly responsible for what's going on. It ought also to be taken as an indicator of just how deep the crisis has become which he and his like so insanely refuse to face.

# Currency Rates

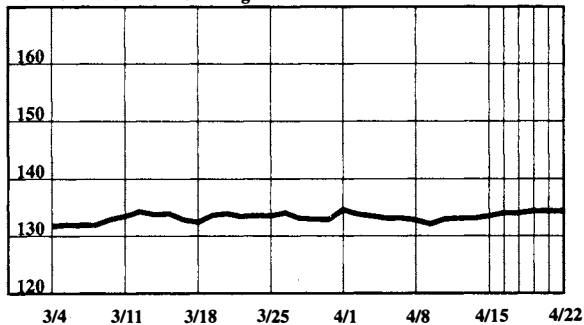
## The dollar in deutschemarks

New York late afternoon fixing



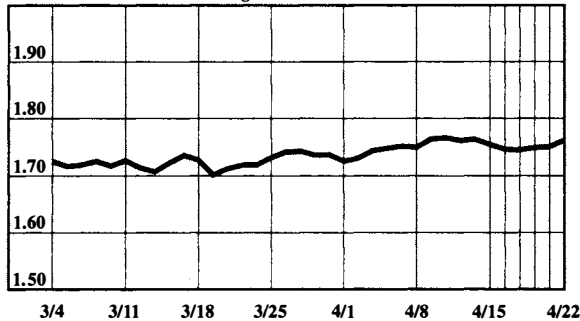
## The dollar in yen

New York late afternoon fixing



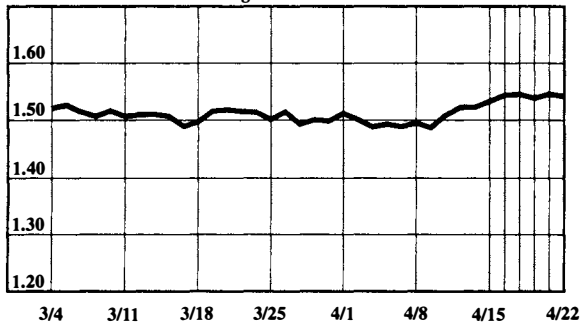
## The British pound in dollars

New York late afternoon fixing



## The dollar in Swiss francs

New York late afternoon fixing



# No health care in Oregon rationing plan

by Linda Everett

Within weeks, the Bush administration is expected to deliver its opinion of Oregon's plan to ration health care services for the poor. To implement its Medicaid experiment, Oregon needs the federal government to waive 15 Medicaid regulations that states are required to follow to qualify for federal matching funds. Although George Bush and the Health Care Financing Administration, which oversees the Medicaid program, appear to favor the plan, a study just released by the Congressional Office of Technology Assessment (OTA) provides fuel for both Congress and the country to defeat it.

The OTA's critique of the plan is useful, but the OTA is neutral about this first step to explicitly institute government-mandated control over your family's life and death. All the ethics studies, rationales, and promises that Oregon's plan provides "more access to care," amount to a river of swill meant to dupe you into accepting as "fair" society's killing of anyone it says is too costly to treat. So, although Oregon's plan denies the innate worthiness of each human life; guarantees *no* minimum set of medical benefits to any patient; denies Medicaid patients constitutional rights; reverses civil rights guaranteed by the Americans with Disabilities Act of 1990; and denies some Medicaid patients benefits they now have; and although OTA is critical of the plan for failing to treat a "substantial number of medical conditions that in absence of treatment would have serious medical consequences," the OTA found the plan "unambiguously good."

## Shrinking coverage

Oregon's plan will supposedly expand Medicaid coverage to anyone with a family income less than 100% of the federal poverty level, by cutting costs and restricting benefits through "managed care" programs like Health Maintenance Organizations (HMOs), and by prioritizing 709 health care conditions and their treatments. Each condition-treatment pair is ranked according to a numerical value that measures its cost-effectiveness, "clinical efficiency," necessity, duration of therapy, and "value" to society. Evaluation of a treatment's net benefit is a subjective, value-based judgment, and not scientific, the OTA admits. A costly treatment that could save a life is ranked low if the treatment duration lasts only one or two final years of the patient's life. If you have termi-



nal cancer, only palliative hospice care or "death help," not cures, are attempted.

Don't believe that these treatment preferences were democratically agreed to by the community. The choices Oregonians were given in rigged community meetings and telephone polls on which the rationing plan is based, were about as democratic as concentration camp polls on how to redistribute bread crusts more fairly.

The benefit package expands or contracts according to Oregon's biennial budget allocation. (Benefits will shrink again, because the state is faced with a \$2.2 billion budget shortfall over 1995-97 due to a voter-approved property tax limitation.) Current allocations cut treatments at line 587. Services above that line are allegedly covered, everything below it is not, including, the OTA found, treatment for six of the most frequent diagnoses of Oregon Medicaid hospital inpatients in 1989—including chronic bronchitis, viral pneumonia, asthma, and acute upper respiratory infections. Benefits also shrink with any rise in unanticipated costs like the extra administrative and utilization review costs needed to enforce rationing.

Oregon hopes to enroll most patients in a host of various managed care programs like HMOs, physician care organizations, and primary care providers, in which providers are at full or partial financial risk to cover all treatment costs covered by pre-paid, flat, per patient capitated fees, or flat fees based on actuarial estimated treatment costs. Doctor-gatekeepers receive a monthly fee for each Medicaid patient enrolled, and any savings derived by restricting specialized or hospital care. The OTA says the plan's "greatest payment boon" to clinics, hospitals, and doctors is presumed to come from a reduction in the number of patients unable to pay for their care, since they now will be covered by Medicaid.

That's nonsense. As the OTA admits, some public primary care clinics—rural providers, among others—lose key financial protections if they participate in the plan, and many patients, if they don't. Besides losing money, each time treatment costs exceed a contracted fee, subcontractors of pre-paid plans, like clinics, hospitals, and doctor groups, must continually reduce their rates and gut infrastructure in each negotiated state contract to stay competitive and to keep a percentage of the Medicaid population. Such disincentives, the OTA says, may lead to a lack of Medicaid providers and long waiting lists. So, although many may gain Medicaid services, there is no guarantee that they'll receive them.

GAO studies show that the federal government has refused to stop violations of federal law by HMOs contracted to provide services to Medicare and Medicaid enrollees. But now, Oregon law, which exempts providers from liability when they deny Medicaid beneficiaries medically necessary but uncovered care, including emergency care, openly violates federal statutes that require hospitals to provide basic emergency care to *anyone* in need. The law also denies Medicaid patients their right to legal recourse when denied care.

# Brookings leads push for Oregon health plan

by Steve Parsons

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## Rationing America's Medical Care: The Oregon Plan and Beyond

edited by Martin A. Strosberg, Joshua M. Wiener, Robert Baker, with I. Alan Fein  
The Brookings Institution, Washington, D.C.,  
1992

238 pages, paperbound, \$12.95

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Over the last decade, the Brookings Institution has led the way in making health care rationing an issue for discussion. Henry J. Aaron, Brookings director of economic studies and one of the earliest advocates of rationing, notes with pride how such discussions have not only become "acceptable," but are on the verge of implementation through such innovations as the Oregon plan. "Eight years ago, when William Schwartz . . . and I wrote *The Painful Prescription: Rationing Hospital Care* (Brookings, 1984), we were, I believe somewhat ahead of our time. . . . Our use of the work *rationing* . . . [was] as though we had shouted an obscenity in church. Fashions change, however, and it is gratifying to see a growing recognition in the United States that sustained long-term reduction in the growth of health care spending will occur only if we are willing to ration."

Aaron's self-congratulations were delivered one year ago at a Brookings conference entitled "Rationing America's Medical Care: Opening Pandora's Box?" in which the Oregon plan was the center of scholarly presentations. The papers from that conference were compiled into a book entitled *Rationing America's Medical Care: The Oregon Plan and Beyond*, which was unveiled April 13 at a press conference at Brookings headquarters in Washington.

At the press conference, editors Martin Strosberg and Robert Baker of Union College, and Joshua Wiener of Brookings, stressed that the book "balances" the various sides of the rationing debate. All three, as well as the vast majority of the papers in the book, support the Oregon program as the first step in opening the floodgates for rationing in the United States—a goal long sought by such think-tanks as Brookings on the "liberal left" and the RAND Corp. on the "right."

What was most remarkable about the Brookings presentation was the fact that members of the audience, many from

organizations representing the poorest and most vulnerable strata of the population targeted by the Oregon plan, could muster virtually no opposition to the "compelling reasoning" for the plan, and thus offered little resistance to President Bush's granting the Medicaid waivers necessary for its enactment (see page 6).

As Baker emphasized, the current system *already* is rationing health care, because hundreds of thousands in Oregon alone have no insurance coverage, while Medicaid covers only those with incomes more than 50% below the poverty line. "It is an incredibly irrational system of ration," said Baker. "It rations people, not resources." Since rationality must be the core of rationing, he argues, the beauty of Oregon's proposal is that it would "ration resources, not people," with a priority list of approved pairs of conditions and treatments, and the line drawn at a point determined by the availability of funds. "Ration resources, not people" was the theme Baker and Wiener repeated over and over again.

For those who were uneasy with this idea, Baker pointed out that in contrast to countries like Britain which ration services without public debate, the great thing about the Oregon plan is "the publicity principle," in which decisions on the "rationing of resources" are all debated publicly. Ultimately, the "democratic process" "openly" decides where to draw the line. "You've got to accept and trust political processes. It's a very democratic plan in that way. And what this says is that if you're going to deny access to a treatment, you're going to say so, it's not going to be done behind closed doors."

### The sophistry of murder

The sophistry of Baker's argument was given away in two rather revealing remarks. At the outset, he invoked Plato as an advocate of rationing, citing Book I of *The Republic* in which the philosopher seemingly destroys the notion of egalitarian distribution of food because it results in too little for athletes and too much for more sedentary poets. As this reporter pointed out to him, this ignores the entire further development of *The Republic*, in which such "common sense" reasoning is superseded by more advanced ideas of society's role in providing for its citizens.

Baker brazenly defended the right of the privileged and powerful to avoid any rationing scheme. In response to a question on why health care should be rationed for the poor but not for the wealthy, Baker rebuked the questioner: "The British tried . . . and it lasted for all of three years. You cannot prevent the more powerful and the wealthier people in a society from exercising their privileges, and every attempt to do so has failed."

The fundamental flaw in this debate is acceptance of the U.S. depression. If one accepts "limited resources" within "budgetary constraints" instead of a crash program to make health care available for all, then Brookings's rationing is indeed more "fair" than what exists now. The problem is, it'll murder millions of Americans.

## Real estate giant in technical default

Just one day after Olympia & York told an April 13 meeting of its bankers in Toronto, Canada that the company was worth \$4.7 billion and that the situation was under control, the real estate giant let the grace period expire on a \$62 million interest payment due March 25, throwing an \$800 million Eurobond issue into technical default. The bond issue is secured by Tower B of Manhattan's World Financial Center, one of the crown jewels of the O&Y empire.

O&Y has missed several payments lately, including a \$100 million principal payment on a \$355 million mortgage on its One Liberty Plaza property in New York City, and a payment on its \$378 million mortgage on Scotia Plaza in Toronto. It even skipped a \$250,000 mortgage payment on its Olympia Place office building in Orlando, Florida. These defaults give a more accurate picture of O&Y's financial condition than do the phony statistics they paraded before bankers and the press.

The \$4.7 billion net worth proclaimed by O&Y is as fictitious as the balance sheets of Citicorp and the other money center banks, being based upon the alleged "long-term fair value" of the company's real estate holdings, under conditions of a strong economic recovery. The banks, who use the same tricks to paper over the holes in their financial statements, aren't falling for it.

While the company claims its assets are worth \$24 billion against debts of \$19 billion, outside sources have placed the debts as high as \$25-47 billion.

The troubles do not stop with O&Y. EdPer Enterprises, the \$87 billion conglomerate of Canada's Edward and Peter Bronfman, is rumored to be in serious trouble. EdPer is the majority owner of Trizec, a \$12 billion real estate company of which O&Y's Reichmann brothers own one-third. O&Y reportedly pledged its interest in Trizec as collateral on a Eurobond issue—possibly the one which just went into default.

"Canada is a strange place," a European financier told *EIR*. "Its securities regulations and disclosure requirements for companies are minimal. There are levels of corporate concentration and cross-ownership which exceed even Japan. When a big part of the structure goes, as you have now with Olympia & York, the whole edifice is threatened. This is why the Canadian government immediately rushed to the O&Y case. But this is too big even for the Canadian government to handle."—*John Hoefle*

## Commercial mortgage debacle looms

*A severe commercial mortgage liquidity crunch portends big problems for banks and insurance companies.*

According to data compiled by major investment banks and reported in the Arthur Andersen *Real Estate Perspectives* newsletter, annual commercial mortgage flows decreased in 1991 for the first time in postwar history. These flows, which denote the net change from one period to another in mortgages outstanding, were a negative \$6.9 billion in 1991, based on annualized data through the end of the second quarter.

This contrasts sharply to 1987, when a net \$121.5 billion poured into commercial mortgages. Commercial mortgage lending by banks did increase slightly last year by \$9.8 billion, but this was only 20% of the 1986 peak of \$49.6 billion net increase. Far worse was the huge contraction by the battered thrift industry and insurance companies. Outstanding mortgages from thrifts fell nearly \$35 billion in 1991, while insurance companies had a net swing of \$37 billion—from a positive \$22.5 billion in 1990 to a negative \$14.8 billion last year.

Bad as these figures are, the net decrease in commercial mortgages would have been a negative \$37.5 billion last year had the U.S. government not shoveled in more than \$30 billion, in part from its ownership of mortgages assumed from the takeover of S&Ls. In contrast to the disinvestment by the private sector, the U.S. government put 50% more money into commercial real estate mortgages than it did in 1990—the net flow jumped from \$19.6 billion in 1990 to \$30.6 billion last year—meaning that in the last two years, the government has dumped more than \$50

billion down this sinkhole.

The newsletter reports that only 42.5% of commercial mortgages were repaid from June 1990 to June 1991, with an even grimmer outlook for the July 1991 to July 1992 period. “Of the \$75 billion which came due from June 1990 to June 1991, 42% was repaid, 45% was extended, and 13% was foreclosed.” That means that the majority of mortgage loans—58%—was either rolled over or foreclosed.

But the situation is even worse. First, much of the 42% that was counted as “repaid” was actually rollovers financed by lenders other than the original ones. Second, many lenders, who either cannot afford or justify the refinancing of many non-performing loans, are exchanging debt for equity, i.e., becoming part-owners of the worthless property without officially foreclosing, in the chimerical hope that property prices will go up.

According to the National Realty Committee, there is an even greater \$82 billion coming due from July 1991 to July 1992. So far, only 6.8% stands to be repaid or refinanced by other lenders, and only 12.7% is slated for loan extension. That leaves over 80%—\$66 billion—coming due with no deal in place either for rollovers or repayments.

On top of this, the newsletter notes that “insurance companies have an additional \$75 billion of construction and miniperm (short-term) loans coming due over the next two years.” Small wonder then that one of the pacesetters in the desperate debt-for-equity tactic is insurance giant Aetna, which is

faced with a confluence of bad loans and heavy annuity contract payouts.

Underlying the mortgage debacle is a 26% drop in the value of office properties during 1986-91. This has contributed to a 50% drop in office net operating income in real dollar terms from 1981, and has made refinancing of current mortgages exceptionally difficult, while all but shutting down lending for new projects. Most lenders, except the government, are demanding far more equity or cash from borrowers: anywhere from 25-50% now, versus only 0-20% in 1989.

Banks now hold \$385 billion of commercial real estate loans. This is 170% of their equity capital, and represents “values” that in general have not been written down to market value for fear of torpedoing even more banks. Many insurance company mortgage portfolios are in equally bad shape, though lax reporting requirements obfuscate the true dimensions. Admitted bad mortgage loans are running at a 5.4% rate for insurers, double that of 1989, but the situation is far worse, especially considering that so many of the short-term loans advanced in the mid-1980s are now coming due.

The Andersen newsletter hints at one so-called solution: If the banks and insurance companies can't roll over commercial mortgages, maybe pension funds can be suckered to pick up the tab. The reasoning goes like this: Since pension funds have only 5-7% of their assets in real estate, and since their earnings on safe government securities and other such investments are inadequate because of low interest rates, then higher-interest “debt financing” of real estate is a natural, even if everybody else is getting out. Pension funds should “turn increasingly to real estate as a portfolio diversifier and longer-term inflation hedge” to “become a significant factor in meeting refinancing needs.”

## USDA cuts flour for schools

*Free trade policies are shutting down farms while the Bush administration denies even the staff of life to the poor.*

**O**n April 17, officials at the U.S. Department of Agriculture (USDA) announced a cut in the federal supplies of flour provided to the national school lunch program, to soup kitchens and food supplementary programs for infants and the elderly, and for hospitals on Indian reservations, nursing homes, and prisons, effective over the next six months.

The immediate impact of this will include forcing school districts to raise lunch prices, which will throw thousands of children out of the program, intensify the hardship and malnutrition on Indian reservations, and spread more hunger and illness among the poor generally.

Under the new cuts, which will take effect beginning July 4, flour will no longer be available as a USDA bonus for school lunches, and beginning Oct. 1, flour will no longer be available as a bonus for the other programs.

Last year, the USDA provided \$22 million worth of flour to school cafeterias and other food programs as an entitlement, and \$26.5 million more as a bonus. Now the bonus amount, larger than the entitlement in-kind grant, will be eliminated.

Under the entitlement portion of federal food subsidy law, feeding programs are given credits for food commodities, ranging from flour to hamburger patties to canned fruit and other items. In addition, the USDA has made available extra quantities of commodities as a bonus contribution, conditional on how many meals the program provides.

In the past few years, as the De-

pression deepened, feeding programs come to rely on *both* the entitlement food and the bonus commodities, especially the staple wheat flour. Moreover, during the past three years, the USDA eliminated or cut back on such high-quality bonus foods as beef and dairy products. As dependency on public feeding programs has soared, the elimination of the flour bonus will make meal preparation impossible.

Soup kitchens are already stretching budgets and ingredients to the limit. For example, during this past winter, the Zacchaeus Kitchen, in Washington, D.C. near the White House, served cabbage-bean soup as its daily fare, because USDA supplies of beef and dairy products have been canceled.

The major national media played down the news of the cuts in flour, or presented the facts of the matter as merely a "natural" occurrence of low wheat stocks, which today have fallen to the same level as 20 years ago when there were millions fewer mouths to feed at home, and when more pounds of food per capita were being produced worldwide.

The expected U.S. wheat stocks as of June 1 will be 390 million bushels—the lowest since 1974.

Phil Shanholtzer, a spokesman for the USDA Food and Nutrition Service, matter of factly commented to Associated Press that government farm programs have sharply reduced the supplies of flour and other government commodities available for giveaways, either through food credits or outright purchases.

What Shanholtzer is confirming so nonchalantly is that the wheat crisis is no artifact of "natural causes," but rather the predictable consequence of federal cartel-serving farm and food policies over the past 20 years.

First, cropland has been forced out of production under various programs including the Conservation Reserve Program, the annual set-aside USDA orders, wetlands preservation, and many other restrictive decrees.

Second, farmers have been hit to the point of financial crisis and dispossession by the combination of high debts and costs, and low wheat prices enforced by the cartel of grain companies: Cargill, Continental, Bunge, Louis Dreyfus, ConAgra, Garnac/André and others.

The immediate reason why federally controlled wheat stocks are depleted is that large volumes of wheat have been given *for free* to these very companies, to guarantee their profits, while they sell wheat abroad at discount prices to customer nations chosen by the U.S. State Department. This is how the Export Enhancement Program (EEP), set up in 1985 by the same five-year federal food and farm law that created the Conservation Reserve Program restricting use of farmland for food production, works.

The official excuse for EEP wheat donations to the cartel companies is that the practice will retain foreign "market share" for the United States. In fact, it is a food control mechanism, and guaranteed money for the cartel. At the same time that USDA officials announced the cuts in flour for domestic feeding programs, they confirmed that the EEP program will be continued.

A record number of 25 million (1 in 10) Americans are currently getting food relief through food stamps. Millions of these are school-age children who are dependent on school lunches for daily nutrition.

## Japan extends a helping hand

*Indian Finance Minister Dr. Manmohan Singh concludes a successful visit to Tokyo.*

**T**he Japanese government and industrialists made sure that Indian Finance Minister Dr. Manmohan Singh's hectic three-day April 8-10 visit to Japan was a success. Endorsing India's recent economic reforms, Japanese Prime Minister Kiichi Miyazawa assured his Indian guest of "full support" in making it a success.

Officials quoted Miyazawa as saying that in considering the two countries' four decades of ties, he personally cannot forget the friendly stance India took toward Japan in the aftermath of World War II.

Dr. Singh's visit was preceded by the Japanese Bond Research Institute lifting India from the "credit watch" category, imposed in 1991 when India's financial crisis erupted. As a followup, a visit to Japan by India's Prime Minister P. V. Narasimha Rao is scheduled for this summer.

Leading a high-level delegation consisting of top Indian industrialists and high-ranking government officials, including the governor of India's Central Bank, the Reserve Bank of India, Dr. Singh met with the Japanese prime minister, Finance Minister Hata, and a host of leaders of the business community to explore the possibility of strengthening India-Japan economic relations.

Japan's finance minister assured Singh that India's request for a "quick disbursal" loan of \$500 million, about half of its total Official Development Assistance (ODA) pledged to India for 1992-93, has been accepted. The money is not tied to specific projects but will help in bridging India's "ex-

ceptional financing requirements." Japan is expected to make the announcement on this matter at the Aid India Consortium meeting in Paris on June 24-25.

Japanese industries also responded warmly to Dr. Singh's request to increase investment in India. Mitsubishi Corp., Japan's largest industrial conglomerate, has decided to set up a \$60 million float-glass manufacturing unit, and is also considering several new investment proposals in the hydrocarbon, power, chemical, and allied sectors.

C. Itoh, a leading Japanese industrial group, is reportedly in the process of deciding to invest in four major projects in India, including a \$300-400 million equity participation in a petrochemical refinery to be set up on the west coast of India in collaboration with the Reliance Industries Limited, a leading Indian industrial group. C. Itoh is also considering investments in petrochemical projects using methanol as feedstock to produce high-value-added petrochemical products.

Within weeks, high-level delegations from Mitsubishi, C. Itoh, and the Mitsui group, consisting of Toyo, Tore, Mitsui Chemicals, and Toshiba, will be in India to investigate specific investment proposals.

If all goes well in the coming days, it is widely anticipated that the Japanese investors will be bringing in a significant amount of foreign exchange in the form of equity participation, a lot of high technology, and will set up plants which will not only boost

India's faltering industrial growth but will also provide much sought-after employment.

In this context, the Japanese Prime Minister Miyazawa's meeting with Dr. Singh is of particular significance. It seems that the Japanese, unlike the Germans, whose verbal generosity has outweighed the actual enhancement of economic ties, are ready to put their money where their mouth is. However, since Japanese investment proceeds with caution and is preceded by rigorous investigations, a firm decision to invest will take longer. But, once the decision is reached, the process becomes a healthy demonstrative effort.

There are reasons to assume that Japan acknowledges India's quick recovery on the foreign exchange reserve front. One clear indication of that is the removal of India from the "credit watch," which will enable the government-owned Oil and Natural Gas Commission, as well as the Industrial Development Bank of India, also government-owned, to raise about 100 billion yen from the Samurai bond market.

Indian optimism was clearly reflected in Finance Minister Manmohan Singh's upbeat press conference, held at the Tokyo Chamber of Commerce on April 10 prior to his departure.

On that occasion, Dr. Singh said: "We have opened up large areas of industrial activity for big foreign investment, which in the past had been slow. It is our hope that in the coming two to three years we can get a flow of foreign investment of \$2-3 billion per annum."

According to official estimates, India requires about an additional \$3-4 billion annually for the next three years to ease the foreign debt pressures and allow the economy to grow at a significant rate.

# Business Briefs

## **International Credit**

### **U.S. and Europe clash over development bank**

A sharp confrontation occurred between U.S. Treasury Secretary Nicholas Brady and Jacques Attali, president of the newly formed European Bank for Reconstruction and Development (EBRD), over the role which that bank is to play in eastern Europe, according to the *Washington Post's* Hobart Rowan.

Apparently, when Brady went to Budapest in mid-April for the first meeting of the EBRD, in which the United States "is a junior partner in a distinctly European venture," he was enraged to discover that Attali was proposing to turn the EBRD into a long-term economic development bank using below-market interest rates to assist the rapid development of the eastern European countries.

Rowan notes that western Europeans are desperate to prevent floods of immigrants from eastern Europe, by boosting development there.

Brady "sharply and publicly rebuked Attali" by reminding him that the World Bank already existed for long-term development loans, and that the EBRD should stick to what it was created to do. Rowan notes that the United States has a "larger-than-life" role, including veto power, in the World Bank, which it lacks in the EBRD. He also notes that Attali "clearly sees the EBRD evolving into something much bigger than a mere spur to the private sector."

## **Agriculture**

### **World Bank, Russia seek to reduce herds**

The World Bank and the Russian Federation have issued a joint report on Russian agriculture, which calls on the nations of the Community of Independent States (CIS) to reduce their livestock herds in order to boost meat availability and reduce grain imports.

CIS imports declined 3% in 1991, according to the April 6 *Agweek*. It reported that

because the Soviet Union had to import \$14.8 billion of food annually from 1985 on, it developed a balance of payments crisis which reduced its ability to import commodities in 1990 through commercial credits.

"Most of the food imports was grain to feed livestock. Because the government kept prices artificially low, per capita consumption of meat in the Soviet Union during the 1980s was among the highest in the world," according to the Department of Agriculture.

The study calls for the reduction of herds because the republics are "not economically rich enough to consume anything like they were consuming in the 1980s." Maintenance of the herds would require huge grain imports, or consumer income supports, since "boosting meat consumption would require the governments to artificially increase incomes or lower prices."

## **Food Assistance**

### **U.S. aid stretched too thin to avert famine**

If the current drought in southern Africa worsens to the point of threatening widespread famine there, the international food aid resources of the United States will prove to be stretched too thin to cover the situation, the U.S.-based Save the Children Federation warned April 15. Frank Catania, the group's director, said, "We're getting nervous about our other programs around the world, if they have to take food from other programs to feed Africa."

The U.S. Department of Agriculture, he said, has enough to "meet currently known response needs," but not enough if the southern Africa drought situation worsens or if other calamities occur.

Southern Africa is experiencing the worst drought in many decades, and countries like South Africa and Zimbabwe, traditional exporters, are now being forced to import food. In the Horn of Africa, the situation is also critical, with growing numbers of Somalians facing starvation, while food-relief convoys in Ethiopia have come under attack, and civil war rages in Sudan.

Also on April 15, the U.N. Food and Agri-

culture Organization announced that Africa will require 10 million tons of foreign grain contributions this year, five times more than usual. The April 14 London *Times* reported, "After catastrophic crop failures due to drought and record temperatures in February, South Africa, Zimbabwe, Zambia, Malawi, Namibia, Mozambique, Botswana, Lesotho, and Swaziland will have to import at least 10 million tons of cereals. Angola also faces a food shortage after heavy rains destroyed most of the crops in its central region."

Chris Eldridge, director of Save the Children in Zimbabwe, told the *Times*, "I am not sure that the donor community has realized the scale of the disaster in southern Africa. . . . There is an urgent need for donors to act now. I mean on a massive scale, and I mean now."

## **Biological Holocaust**

### **AIDS spread could mean new parasites**

Scientists C. Combes and J. Jourdan of the University of Perpignan, France, have published a study on the relationship between the spread of AIDS and the emergence of new and more dangerous types of parasites, reported the German daily *Die Welt*. Their work centered on investigating the circumstances under which parasites might exchange genes in a host body in which immune resistance has been weakened.

In Africa, there are several worm parasites of the genus *Schistosoma*, which cause the tropical disease bilharziasis. Some of them exclusively attack human beings, some only animals. The French scientists showed, however, that due to weakened immune systems, rats could be infected with those parasites which normally only attack humans. If both the human and the animal parasite live in the same rat, they might combine to give rise to new species. This means an enlarged spectrum of parasites, and potentially a higher pathogenicity.

The French scientists believe that this is an immediate danger in Africa, where both AIDS and worm parasites are widespread. Animal parasites, able to penetrate the human skin,

would normally be killed by the immune system. But if they enter an organism weakened by AIDS, they could survive, with unforeseen descendants.

## Science

### NIH plan stirs strong reactions

A draft strategic plan for the future of the U.S. National Institutes of Health (NIH) is stirring strong reactions in the wider research community, said Jeffrey Fox, reporting in *BioTechnology* magazine of April 10.

Fox wrote that the critics believe that the changed emphasis on only a few "critical technologies" could undermine productive biomedical research efforts. In other words, only research in "approved" areas would be government funded.

The critics "are worried that officials may be moving NIH programs more toward applied undertakings and away from the investigator-initiated research approach that has been the mainstay of NIH extramural planning for many decades." By working from a "master list," Fox writes, "NIH may become too 'top down' in its outlook and perhaps be unable to lead to the breakthroughs that might come from some future post-biotechnology revolution."

## Labor

### Young families poorer than their parents

A Children's Defense Fund study says that young families are poorer than they were a generation ago and child poverty rates have doubled in the same time period.

The study attributes slightly more than half of the decline to demographic factors, including the rise in single-parent families. But even if family composition had not changed, the study says, almost half of the decline would have occurred as a result of eroded wages and declining government payments for welfare

and unemployment.

The study of about 60,000 households found that incomes of young families with children fell 32.1% from 1973 to 1990, from \$27,765 to \$18,844 in constant 1990 dollars.

Marian Wright Edelman, the fund's president, told the *New York Times* that the numbers presaged "more substance abuse, more crimes, more violence, more school failures, more teen pregnancy, more racial tension, more envy, more despair, and more cynicism—a long-term economic and social disaster."

## Finance

### Capitulation to U.S. led to Japanese speculation

The Tokyo correspondent of the German daily *Die Welt* on April 14 accused the Japanese "economic miracle" of being at core "a grotesque inflation of finance and goods under the greatest speculative bubble in world financial history," and attributed the development to Japanese capitulation to U.S. pressures.

Under the headline "Japan: The Art of the Perfect Camouflage," the article discusses the massive upvaluation of Japanese real estate and stock markets, and cites a Japanese publication, *Nihon Keizai Shimbun*, which said, "Japan is sitting on a Midas-cult."

*Die Welt* dates the onset of this phase to the unfortunate September 1985 "Plaza Hotel accord" of the Group of Seven, in which a concerted effort to devalue the U.S. dollar, on pleading of then-Treasury Secretary James Baker, was agreed upon to help the U.S. reduce its trade deficit. "Six months after the Plaza accord, the Japanese yen was some 50% dearer than before against the dollar." That this didn't cause a severe crisis for Japanese export industries was because of Japanese companies' *zaitech*, or financial engineering. Companies like Toyota became major players in worldwide currency, real estate, and stock speculation.

The process was assisted by record low Japanese discount rates, and by then-Prime Minister Yasuhiro Nakasone's capitulation to Washington's pressures to help stimulate the U.S. economy before the 1988 Bush election.

● **LTV CORP.** has obtained approval from a federal bankruptcy judge to sell its missile and aircraft units to the French giant Thomson-CSF, which bid \$450 million against a \$385 million combined bid by Lockheed and Martin Marietta. Given LTV's heavy defense program involvement, the U.S. government must now determine if the sale will compromise national security.

● **THE KOREAN** Development Bank has cut off credit to the Hyundai Group, denying \$300 million in requested loans to the second largest industrial group in South Korea. Its founder, Chung Se-yung, formed a new political party that won a large number of seats in recent National Assembly elections, acutely embarrassing the ruling party.

● **MALAYSIA** is considering the purchase of MiG-29 warplanes from the Community of Independent States, which has offered to provide two squadrons of MiG-29s (24-30 planes) at one-third to one-half the flyaway price of western makers, Malaysian sources report.

● **JAPANESE** corporate bankruptcies rose 61% in the 12 months ended March 31, according to a report by Tokyo Shoko Research. The 11,557 failures, representing \$61 billion in debts, represented 66% of all companies tied to what is referred to in Japan as the speculative "bubble economy" of the past seven years.

● **ARMENIA**, facing an energy shortage because of an embargo by Azerbaidzhan and sabotage of a pipeline in Georgia, may restart its only nuclear power plant, shut down after a 1988 earthquake. The plant is of the inferior Soviet RBMK design.

● **THE HONGKONG** and Shanghai Bank has delivered a \$5.5 billion bid for Britain's Midland Bank. The two banks announced their agreement on the takeover in March. It will create the largest bank in Britain and one of the largest in the world.

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## The United States must save Soviet science

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*Over the past 40 years, the largest scientific community in the world was built in the Soviet Union. Marsha Freeman reports on the U.S. policy needed to preserve this endangered capability.*

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At this moment, the United States has a unique opportunity, as well as a responsibility, to take aggressive steps to preserve and further the scientific capabilities developed in the former Soviet Union. This single largest community of scientific "workers" in the world, encompassing expertise on the frontiers of physics, mathematics, directed energy technologies, space exploration, and other fields, is now in danger of disintegrating.

In our Oct. 18, 1991 issue ("Worldwide Mobilization Is Needed for Moon-Mars Mission"), we printed a call for the U.S. to gather together the technical resources in eastern Europe and the former Soviet republics, for the purpose of carrying out the Moon-Mars program which has been on the world space agenda since the 1960s. Such a worldwide effort would require pushing forward to the frontiers in next-generation nuclear technologies, developing thermonuclear fusion for propulsion systems, solving many of today's riddles in bio-medicine for long-term space flight, and inventing thousands of advanced technologies which will allow mankind to "terraform" the underdeveloped regions of the Earth, as well as the Moon and Mars.

We would soon find that there are *too few*, not *too many*, scientists and engineers to bring to this effort, and the hand-wringing over "what to do" with the increasing numbers of unemployed former Soviet scientists would abruptly end. However, as many Russian scientific spokesmen have testified before Congress and have repeated elsewhere, time is of the essence.

But if the machinations in Washington over the past year are any indication, this country is having more difficulty working with the scientific community in the states of the former Soviet Union on common goals, than it had working

against the Soviet Union during the cold war. While President George Bush and Secretary of State James Baker have been speechifying that the former Soviet peoples are now our friends, a cabal inside the Defense and State Departments has been working overtime to prevent any actual change in policy toward our former enemies.

Why a change is necessary and why time is of the essence have been laid out quite eloquently by representatives of the Russian scientific community since the failure of the August coup and subsequent breakup of the Soviet Union. The overall economic crisis in the Community of Independent States; the dramatic reduction of Soviet military research, development, and production; and the lack of coherent goals beyond immediate survival for the newly independent CIS republics have left the scientific community and its vast capabilities in a state of chaos.

Academy of Sciences Vice President Yevgeny P. Velikhov, who currently heads the Russian Federation's program to convert military enterprises to civilian facilities, made an impassioned plea for the protection of this scientific treasure to representatives of the republics themselves, in a speech before the Extraordinary U.S.S.R. Congress of People's Deputies on Sept. 2, 1991. As reported in *Izvestia*, Velikhov pleaded with the deputies not to "break things so violently that the pieces cannot be put back together again."

Velikhov has played a leading role in every scientific frontier in Soviet research over the past two decades, including magnetohydrodynamics energy conversion, thermonuclear fusion, laser applications, ballistic missile defense, and computers. After enumerating economic problems in the economy, he said: "What distinguishes Third World countries from those in the First World? In the main, Third World





*Former director of the Soviet Space Institute in Moscow, Roald Sagdeev, meeting with Maryland Sen. Barbara Mikulski at the April 9 Goddard Memorial Symposium in Washington. Sagdeev is now a physics professor at the University of Maryland.*

countries have resources, they have a work force, too, but they do not have science or expertise. . . . If we destroy science we shall never rebuild it. . . . Then we will have no future. . . . Science is an interrepublic phenomenon. . . . Science is a very delicate instrument, and it is now collapsing very quickly." Science is also international, and should be considered an international responsibility, Velikhov and the leadership of the former Soviet scientific community have been more recently trying to impress on U.S. policymakers.

One of the most striking and dramatic examples of the rapid decline and disorganization taking place throughout the former Soviet Union can be seen in what is happening to the space program. Most of the recent coverage of the Soviet space program has centered on the plight of cosmonaut Sergei Krikalev, launched before the August putsch for a six-month tour on the space station Mir. As a result of the upheaval in the former Soviet Union—including the division of parts of the space effort between Russia and Kazakhstan—he spent five extra months on the space station. While this story has its pathos, it is critical to remember that it was the Soviet Union that successfully launched the first satellite, the first man, and the first woman into Earth orbit; performed the first extravehicular activity or space walk in orbit; and manned the first space station.

### **Space assets are 'endangered species'**

One of the most eloquent and knowledgeable spokesmen regarding the plight of the former Soviet space program is Dr. Roald Sagdeev, former director of the Soviet Space Research

Institute in Moscow and currently professor of physics at the University of Maryland. At a Feb. 21 hearing before the Senate Subcommittee on Appropriations for Veterans Affairs, HUD, Independent Agencies, Dr. Sagdeev stated:

"The collapse of the Soviet Union has left its space assets an endangered species. In the current economic climate, it seems highly unlikely that Russia, or any other independent state of the newly born Commonwealth, could carry a space program even remotely similar in size and quality to that which developed since 1957, after the launch of the first Sputnik. The assets . . . represent quite an elaborate and broad network of design bureaus and enterprises, of space industry and scientific institutions for space exploration."

One reason why the space program is endangered, explained Sagdeev, is that most of the efforts "were controlled by the military-industrial complex," which is now rapidly contracting. "The major owner of space objects, the former Ministry of General Machine Building, was one of the nine powerful military-industrial ministries, amounting to up to a million employees mostly in the territory of Russia and Ukraine. The total budget of operations was close to 10 billion rubles at the peak, with about 50% of it spent for purely military space, such as rocketry, reconnaissance, early warning, command and control, and telecommunication systems.

"Out of the remaining 50% of the budget, only a small fraction, about 10%, even less, were in the area of purely civilian, commercial, or scientific space programs, including such components as deep space exploration, planetary launches, remote sensing of the Earth, and commercial tele-

communication and weather satellites. . . . The control over launching sites and ground-based communication centers was by the military, even in the cases where final customers were in civilian area. In large measure it was done to minimize the cost, using the Army as a cheap labor force." Sagdeev estimated that, by now, "in real rubles, the space budget has probably lost somewhere close to one-third" of the level of its previous support.

"It is true that Soviet space assets could be considered as truly international treasures, and it would be extremely painful if, in the process of economic disorder and disintegration . . . these tremendous achievements of humankind would be lost," Sagdeev stated.

### **The political legacy**

Russian President Boris Yeltsin decreed that there be established a Russian Space Agency on Feb. 25, after meeting with representatives of the space program, in an effort to stem the tide of disintegration and "rescue the assets and brains" of the space programs. Yuri N. Koptev, former deputy minister of General Machine Building, was appointed to head the new agency. It will supervise 12 Russian centers for design, testing, and evaluation in space technology, and the rest of the enterprises will serve as contractors to the government.

But the same day as Yeltsin's announcement, hundreds of Russian soldiers rioted at the Baikonur launch site in the republic of Kazakhstan, protesting poor food and working conditions. Although 80% of the space program is in the Russian republic, crucial parts of it are not, including the equivalent of Cape Canaveral, the launch complex at Baikonur. The Russian technicians who manned the Baikonur launch facility have now gone home. On March 23, Russia and Kazakhstan signed an agreement for technological cooperation in space, but the financing of the launch complex has not been determined. Already last year, there were only 59 space launches, about half as many as previous years.

At the annual Goddard Memorial Symposium held April 9-10 near Washington, Sagdeev stated that he thought some portion of the \$24 billion financial aid being discussed for CIS aid by the Group of Seven nations should "be given to the space program." What had driven both the U.S. and Soviet space programs since their inception, he remarked, was the competition engendered by the Cold War, and therefore, if the Russian program disappears, *all* space budgets will go down. Half-joking, he said, now, we have an "enemy gap," which also endangers the U.S. space program.

At the symposium, Dr. Igor Khripunov, the new first secretary of the Russian embassy, stressed, "It is imperative that the world community not let the Soviet space capability disintegrate." Recalling that he was 11 years old when Sputnik was launched, he described how every schoolchild wanted to go into science or engineering. What is now left of that space program covers six member states of the CIS, he

explained, but the problem is not simply a geographic one; it is a political one.

Both Dr. Khripunov and Dr. Sagdeev recounted, with chilling detail, how the Soviet space program had been a political "tool of the socialist state," for 30 years, which now leaves it with no real popular base of support among the "taxpayers." Because the space race was "ideologically and politically motivated," Khripunov stated, there were "a lot of precipitated launchings on the Russian side, which led to casualties and explosions." A 1980s proposal for developing a U.S.-Soviet space rescue capability was nixed by the regime, he said, because if the United States had ever had to rescue cosmonauts, "it would seem that we were victims."

In a very candid presentation during the final panel of the conference, Sagdeev shed light on the inner workings of the Soviet space program, which have been only hinted or guessed at by western experts. Although in his recently published memoirs, Nikita Khrushchov's son Sergei vigorously denies any political pressure on the space program by his father, Dr. Sagdeev provided examples of how the opposite was true: Before a launch in April 1958, Soviet space program Chief Designer Sergei Korolev received a call from Khrushchov, who insisted the launch take place, even though it was not ready, because the Communist Party of Italy was hoping it could bring them 5 million more votes in a pending election!

"The space program was always used for politics," Sagdeev said. "They used references to spectaculars as a proof of the superiority of socialism." The scientists had to participate in a "noble coverup," he said, under "tremendous pressure to jump on a traveling circus to excite the taxpayers. In 95% of the cases, it was a sheer lie, to have to attribute scientific uses for every launch." Earlier, in a March 6 interview, former Soviet space head Alexander Dunayev underscored the same problem: "Our tragedy is that, to this day, we have not formed a stable public opinion as to why we need cosmonautics. Certainly cosmonautics is no longer contained to defense enterprises, where everything was kept secret, while society only saw parades. Now, the cover was lifted, and it turned out that people were unprepared to associate space science with useful deeds and national economic problems. Cosmonautics seems to them, a burden."

Sagdeev reported that even through the Gorbachov regime, political exigencies overshadowed technical criteria in space policy. At a state dinner with President Reagan in 1988, Gorbachov made the proposal that the United States and Soviet Union go to Mars together, and that the Soviets' Energia heavy launch rocket be used for that purpose. "He thought it would divert U.S. attention from the SDI," Sagdeev told the symposium attendees, because a manned Mars landing project could provide similar economic spinoffs that the Reagan administration expected to obtain from the Strategic Defense Initiative technologies. "Anyone who would talk about a manned mission to Mars today," Sagdeev added,

“would be killed by people waiting on food lines.”

Nonetheless, given the advanced nature of Soviet science, it is obvious that cooperative programs in nuclear fusion, laser applications, space science and technology, materials development, and dozens of other areas, in addition to space technology, would be of benefit to the science, technology, and economic growth of the United States. Why the hesitation, then, in preserving for all of mankind a premier scientific capability and some “very elegant technology,” as former NASA Administrator Adm. Richard Truly put it, which would also transfer some of the 40 years of secret technology to the West?

### **The real military-strategic risk**

One oft-repeated argument against closer cooperation with the former Soviet states from the State and Defense Departments has been that any “help” would revitalize the military capability of these countries, which might very well become our enemies once again if current reform efforts fail—i.e. the almost-hackneyed “dual use” argument. Testifying on Feb. 21 at the request of the Senate Appropriations subcommittee responsible for the NASA programs, Dr. John Boright of the State Department Bureau of Oceans and International Environmental and Scientific Affairs stated, “Many of the technologies are dual use and most of the former Soviet Union’s space infrastructure has been and still is tied to military operations. Therefore, even as we expand our cooperation in space we will have to be cautious not to inadvertently support organizations and capabilities that could represent a future threat.”

Since it is well known that even the “civilian” part of the Soviet space program was run by the military, if the policy precludes cooperation in space technology that could in the future, or has in the past, been used by the military, the policy precludes cooperation on *any* space technology. None of the senators attending the hearing was swayed at Boright’s bureaucratic double-talk.

One month later, on March 25, representatives of the State, Commerce, and Defense Departments were hauled before the space subcommittee of the House Committee on Science, Space, and Technology, to shed light on why there was still no apparent movement forward in approving various cooperative space technology agreements, some of which, like the Topaz-2 space nuclear reactor, had been in the works for over a year.

Rep. James Sensenbrenner (R-Wisc.) described the excuses for the delays in changing policies to allow the U.S. to “import” technology and hardware from the former Soviet states, as “bureaucratic gobbledygook,” and demanded to know what the risks of closer cooperation really were. “We have a de facto boycott” of this technology, he stated. Rep. Dana Rohrabacher (R-Calif.) said that this kind of bureaucracy “is what the [former] Soviet Union is overthrowing.”

Congress has mandated in NASA’s budget that the space

agency make a thorough study of what can be purchased from the former Soviet space program, more because it has a misguided idea of “saving money” in the U.S. space program, than from concern for U.S. foreign policy. There is, however, a serious concern, particularly in the House Science Committee, to preserve the broader scientific and technological capability of the world’s largest technical establishment. There is a recognition that what will almost ensure that economic stability is never achieved, raising the specter that military means might be needed to control chaos, is the destruction of the scientific capability and technological innovation which is prerequisite for economic growth.

Sitting back and watching the Soviet capacity for innovation dissolve, while, at the same time, promoting a state of slavery through indebtedness to the International Monetary Fund, is a prescription for disaster in the former Soviet Union. Perhaps some policymakers in the Defense Department have this self-fulfilling prophecy as policy, hoping that within a year the threat of a new “evil empire” will restore the tens of billions of defense dollars being cut.

As early as last year’s annual international science conference in Erice, Italy, on Aug. 24-26, Yevgeny Velikhov suggested that decommissioned SS-18 missiles be converted to space boosters for \$34,000 a piece, and be used to launch environmental satellites. Los Alamos National Laboratory physicist Gregory Canavan reported after the meeting that “the Soviets have an economic problem . . . [and] they don’t see a reason to keep military secrets any longer, at least not from the United States.”

Charles Duelfer, the director of the Center for Defense Trade at the State Department said his department was giving a lot of thought to easing restrictions on importing Soviet technology, but said that they would not take action “until we get the signal from the White House.” On March 1, the *New York Times* reported: “The federal officials said their opposition to the purchases [of Russian space equipment] is part of an administration policy intended to force the Russian space and military industry into such a decline that it poses no future threat to the United States. But the policy, which threatens hundreds of potential deals by government agencies and American industry, has come under mounting criticism both in the United States and abroad.

“Industry experts said the Department of Defense and Department of State are making any deals virtually impossible. Last week, Donald J. Atwood, deputy secretary of defense told the Senate defense appropriations subcommittee that he has blocked [the department] from buying the Topaz, saying the administration had ‘great concern’ about aiding the military-industrial complex.”

Representatives of the Russian scientific community were finally given the opportunity to respond directly to the “concern” over “supporting” the Russian military establishment, during a teleconference conducted by the full House Committee on Science, Space, and Technology on March

25, stressing two essential points. Academician Velikhov stated that the major threat to disarming the former Soviet military establishment is that factories and enterprises in Russia do not have the capital to retool and convert to civilian production, which has been mandated by the government. If the U.S. would help former defense enterprises with capital investment to retool, it would not have to worry about increased military production.

Though Velikhov made the blanket statement that scientific institutes are "not doing defense work," Russian Minister of Science, Advanced Education and Technology Policy Dr. Boris Saltykov was more precise, even frank. Although there is a major demilitarization, he said, the government is undertaking some military work for the country's future defense. "The government will find the resources for defense, whether or not the Energia is sold" for American dollars. There is still such a thing as sovereignty, he indicated.

If the U.S. Defense Department is truly worried that Russian enterprises will gear up military production to keep people employed during this period of economic crisis, it would be leading the charge to help the conversion to civilian production, which is the Russian government's policy.

### **Reject new Morgenthau Plan policies**

Since this has not been the Pentagon's perspective, perhaps there are other agendas. Turning the world's only other superpower into warring tribes of pastoral peoples does remind one of a previous policy considered for a defeated enemy. In the March 23 issue of *Aviation Week* magazine, Benjamin S. Lambeth, RAND senior defense analyst, laid out a perceptive view of one agenda of the erstwhile cold warriors. It is quite remarkable that such an insightful analysis should come from the RAND Corp., which had spent years formulating hundreds of psychological warfare operations against the Soviet Union—particularly against the Soviet space program.

"The idea that the United States should have an interest in permanently crippling the defense industry of the former U.S.S.R. evokes memories of the benighted Morgenthau Plan that would have reduced defeated Nazi Germany to a pastoral society after World War II. Fortunately, the Marshall Plan that prevailed brought Germany into the Atlantic Alliance as a trusted security partner—and no doubt precluded the bitter territorial disputes that a divisive strategy like the Morgenthau Plan would surely have caused.

"The danger of any such [military] resurgence is negligible," he wrote. "Consider Yeltsin's recent authorization for the former Soviet Air Force to sell up to 1,600 combat aircraft to help feed and house its officers and their families. . . . There are forces in this country determined to exploit Russia's predicament to deliver the final blow. Apart from being wrong-headed in principle, such thinking fails to understand that the problem all along was Soviet communism and expansionism, not the military-industrial complex. U.S. efforts to

hobble Russia's defense industry can succeed in the near term. But it will guarantee resentment and long memories of American betrayal among precisely those members of the Russian security establishment we should be trying to coopt."

The question of which historical precedent is apt here was raised in a thoughtful way by nuclear physicist Edward Teller and former U.S. ambassador to Moscow Jack Matlock at the March 25 House space subcommittee hearings. Matlock, who had just returned from Russia, said the overall policy choice facing the United States was either to take the Versailles Treaty path following World War I, or the Marshall Plan, after World War II. Taking a tack opposite from the "let them collapse" school, Matlock explained that if we take the path "of the victors after World War I where Germany was humiliated, and current generations feel they have been exploited or trampled on, we could see a replay of Germany in the 1930s" with the emergence of a demagogue leading to increased military expenditures.

When the congressmen reacted predictably, saying that the Marshall Plan only created the economic Frankenstein monsters of today's Germany and Japan, Matlock shot back that "it is a false rap that the Marshall Plan hurts U.S. competitiveness today."

Both Matlock and Dr. Teller stressed that the best way to keep tabs on what the CIS military might be doing is to have as many open programs as possible and to collaborate on the most advanced areas of science. All his life, Edward Teller, who has worked on the most advanced weapons systems in the United States, has advocated the easing secrecy restrictions on scientific knowledge. Classifying information does not provide security, he has stressed: only being smarter and ahead of the opposition does. "I would underscore *openness*," Teller insisted to the congressmen.

### **The Topaz-2 reactor purchase fiasco**

At the annual 1989 Symposium on Space Nuclear Power Systems in Albuquerque, New Mexico, Nikolai N. Ponomarev-Stepnoi from the Kurchatov Institute of Atomic Energy in Moscow, shocked his U.S. audience when he revealed some of the details of the highly classified Soviet Topaz space nuclear reactor for the first time. At that conference, a California firm, Space Power, Inc., presented an exhibit on space nuclear power, to which the Soviets reacted by raising the question: Why spend time and money developing your own reactor? You can just buy ours! SPI had been developing an original advanced space nuclear power reactor design in 1987-88, which didn't rely on any Soviet technology. The company's president, Joseph Wetch, holds one of the earliest patents on the first U.S. nuclear space SNAP reactor, developed and flight tested in the 1960s.

Following the 1989 symposium, the *New York Times* wrote about the Soviet presentations that the Soviets had presented classified material to the U.S. audience. There was a big flap back in Moscow, which eventually got "straight-

ened out.” In April 1989, SPI representatives went to the Soviet Union and hashed out an agreement for the company to market Topaz technology in the United States, which took almost a year to get through and ratified. The agreement was formally announced in a press release, at the following year’s 1990 Albuquerque conference.

At the Seventh Symposium on Space Nuclear Power Systems, Jan. 7-10, 1990, one paper presented was on “The Commercial Potential of the ‘Topaz’ Power System,” by SPI president Joseph R. Wetch, and Nikolai Ponomarev-Stepnoi, Kurchatov Institute of Atomic Energy. The Topaz-1 reactor has been used in the Soviet space program to designate the series of nuclear reactors to power the Soviet RORSAT radar ocean reconnaissance satellites for 20 years. The newly designed Topaz-1 was flight tested twice by the Russians in 1987, the year that marked the 20th anniversary of Soviet nuclear reactors being used to power ocean reconnaissance satellites. One of the reactors had operated for almost a year.

The next-generation Topaz-2 is a 6-7 kW reactor, with a five-year lifespan, using in-core thermionic conversion. SPI and the Soviets state that the major use would be to power very large communications satellites used globally, coupled with arc jet plasma propulsion systems for orbital transfer. Higher power aboard the spacecraft allows the use of smaller boosters for orbit, and lower-cost ground receiving systems to pick up the signals. There could be more channels per satellite, which would cover a larger area. In January 1990, Wetch stated that the Soviet system would be ready for delivery in one year.

The Topaz in-core thermionic reactor is a more sophisticated, direct nuclear-to-electric energy conversion technology than the thermoelectric technology that the U.S. is developing for its SP-100 reactor. It runs at a higher temperature and is therefore more efficient than the thermoelectric technology. In-core thermionics was developed first for the U.S. space nuclear program, but was never deployed, or chosen for the SP-100 reactor, because it was considered to be “higher risk.”

Space Power reported in 1990 that the Soviets had already built small Topaz reactors and that units could be shipped as soon as U.S. customers cleared all the paperwork with the proper agencies. At that time, SPI estimated this would take about a year from the time the order was placed.

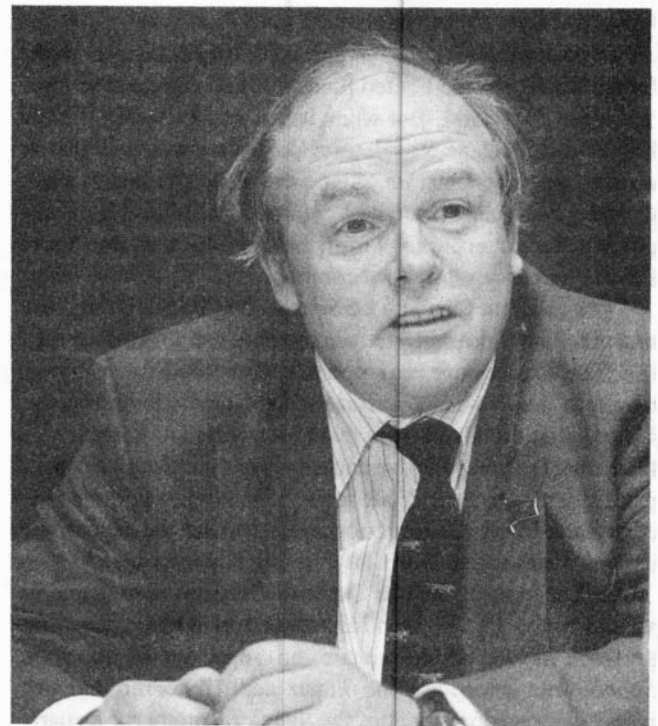
In order to accommodate other uses of Topaz, the Soviets offered to “stretch” the Topaz-2 to produce 10 kW, and also proposed to develop a 30 kW version. A 30 kW system could be used in a nuclear propulsion system for an orbital transfer vehicle. It would also be the right size for direct satellite broadcast television, large communications, and remote sensing satellites.

In 1990, when the Soviets believed the United States still had an SDI program, they insisted that the reactor not be used for military applications, and SPI promised that only civilian users would be allowed to buy Topaz. At that time, Wetch

reported, he was not worried about meeting the Soviet non-military requirement, because he did not think the U.S. military would depend upon a foreign source for such a critical capability. The Soviets were more worried about losing the commercial edge than the military one and, therefore, decided they would not sell the Topaz to Japan, where they feared it could be produced more cheaply!

According to SPI, even this early offer of Topaz from the Kurchatov Institute was a result of heavy pressure on the Soviet scientific institutes to earn hard currency for their funding.

By the time the 1991 Space Nuclear Symposium opened, the situation in the Soviet Union had changed. Sen. Pete Domenici (R-N.M.) made the dramatic announcement that the U.S. would be buying a Topaz-2 space nuclear reactor for \$10 million, and *Aviation Week* reported on Jan. 14 that it was the SDI Organization which was planning to buy it. Dr. Ponomarev-Stepnoi said the sale would bolster decreased government science funding. Richard Verga from SDIO estimated at that point that Topaz-2 would be delivered in about six months. He said the purchase was designed to “jump start” lagging U.S. thermionic reactor development by injecting the Soviet technology into the program. Verga and Wetch visited the Kurchatov Institute. “We couldn’t reproduce their development facilities for \$1 billion, and the Soviets employ 1,000 people where we have 12,” Verga said.



*Academy of Sciences Vice President, physicist Yevgeny P. Velikhov at a May 1990 press conference, presently responsible for converting military industries for civilian use. Last September, he urged the Congress of People’s Deputies, not to “break things so violently that the pieces cannot be put back together again.”*



Physicist Edward Teller. A life-long ardent anti-communist, Teller has been in the forefront of demands for joint U.S.-CIS efforts to preserve both the vast Soviet scientific physical capability and its highly trained manpower pool.

## Catch-22 in Washington

In the spring of 1991, an unfueled Topaz-2 was brought by the Soviets to the United States for an exhibit at the University of Maryland. But when it came time to ship it back home, the Nuclear Regulatory Commission stated that it needed an export license. Since the Soviet Union is on a Commerce Department list of countries prohibited from importing nuclear technology from the United States, the export license was not exactly forthcoming.

The fact that this was a Soviet import of Soviet nuclear technology did not seem to faze the bureaucrats in Washington. The *Washington Post* reported: "Soviet scientists trying to return home with a nuclear reactor they brought to the United States to display at a recent scientific conference . . . have encountered some bureaucratic red tape that must seem painfully reminiscent of Moscow." Finally in May, the Nuclear Regulatory Commission agreed to let the reactor be shipped back to the U.S.S.R.

In September 1991, a Defense Department delegation visited the Soviet Union and announced an SDIO team would go there in October to prepare the Topaz-2 for shipment. *Space News* warned, "The Topaz deal, however, has not received the endorsement of the State or Commerce Departments, which want a say in high-technology purchases from the Soviets." As time wore on, it became clear that the SDIO purchase had not obtained the endorsement from the top levels of the Defense Department, either.

A series of House and Senate committee hearings over March and April scored administration representatives for the decision not to clear the paperwork for the Topaz-2's shipment. The reactor, it was reported, has been sitting on a dock in St. Petersburg since last October, and Soviet scientists have expressed concern that the waiting may cause it to suffer damage. (They have also marveled at the red tape and bureaucratic interagency turf warfare in the U.S., which they thought only existed in the former Soviet Union.)

On March 26, 1992, more than three years after the Soviets offered the Topaz-2 for sale, Senator Domenici announced that the Pentagon had approved the purchase. SDIO will pay \$7.5 million for the reactor, which will include the equipment to run tests on the reactor and Russian engineers to show their American colleagues how to set it up. In a private conversation with this reporter on April 9, Dr. Sagdeev remarked that it will still take months to get the Topaz-2 Stateside. Who knows? If the Russians had offered to give us the nuclear reactor for nothing, perhaps it would have taken an *additional* two years for the Pentagon to decide it wanted it.

## The real 'brain drain' issue

Defense Department spokesmen are quick to remind us that the former Soviet Union has had thousands of nuclear-armed missiles pointed at the U.S. for three decades, and hundreds of thousands of evil geniuses in the scientific community planning our nuclear incineration.

In the Oct. 15, 1991 issue of *Pravda*, an article entitled, "Brain Drain . . . Nuclear Scientists from the U.S.S.R.—'For Hire' to Dictators?" carried a warning by Dr. François Heisbourg, director of the British International Institute for Strategic Studies, that "the chaotic and unsystematic curtailment of Soviet research in the military sphere could lead to the emergence of a body of scientists for hire whom dictators seeking nuclear [capabilities] might tempt with good pay and working conditions." In fact, the article reported, rather than heading for Iran or Libya, "many of the 50,000 Soviet citizens who have arrived or will arrive in the United States this year for permanent residence are scientists."

A Jan. 1 *New York Times* article covered a classified CIA report, which "warns that the potential for nuclear mercenaries is more worrisome than the danger of nuclear-related materials going astray." And on Jan. 6, Reuters reported that German Foreign Minister Hans-Dietrich Genscher warned against the "proliferation of nuclear knowledge." (It should be noted at this point, as *EIR* has made abundantly clear, that acquisition of nuclear weapons by Third World nations is not what worries the Bush administration so much as the acquisition of nuclear technology—or any high technology for that matter.)

Considering that many of the supposed terrorist regimes that are allegedly luring Soviet nuclear weapons scientists are Arabic, it is interesting that the Jan. 28 issue of the

*Jerusalem Post* printed interviews with Russian scientists confuting this pet theory. Kurchatov Institute physicist Genadi Smirnov told the *Post* that “he and his colleagues find all the speculation in the western media about Soviet physicists peddling their expertise to Third World countries to be far-fetched, and in rather bad taste.” While it was widely reported that Libya had offered jobs to two physicists for \$2,000 per month, the U.S. media had to admit that they had turned the jobs down. AP quoted Prof. Valery Mikhailov: “The country must not lose their [the scientists’] knowledge, their brain power, at any cost. These are the crown jewels of our science.” They are “patriots, responsible people,” he said.

On Feb. 14, Secretary of State James Baker met with the elite of Russia’s nuclear weapons physicists and was surprised to find them ready with a wish-list of joint projects with the United States. The spokesman at Chelyabinsk-70—one of 10 closed military industrial cities, employing 16,000 people, of whom 7,000 are scientists and engineers—was chief scientist Dr. Yevgeny N. Avrorin. He presented Baker with a list of commercial projects they were ready to work on if the West would invest in them. These included industrial diamonds, fiber optic equipment, nuclear medical equipment, and food irradiation technology.

The administration responded on Feb. 17 with the issuance of a “Tripartite Statement on Proposed International Science and Technology Center.” Baker, German Foreign Minister Genscher, and Russian Federation Foreign Minister Andrei Kozyrev agreed to call for the creation of this institution, to be based in Moscow. The United States committed \$25 million to the project, and Germany agreed to raise an additional \$75 million.

On March 11, Robert L. Gallucci, senior State Department coordinator on the question of former Soviet scientists described for a Senate committee what the new center would entail: It will “serve as a clearinghouse for developing, approving, financing, and monitoring proposals to engage weapons scientists and engineers in productive civilian science and technology projects,” he said. “The center’s primary objective is to minimize the potential for proliferation of [defense] technologies by providing good opportunities for these specialists to pursue peaceful research . . . during this period of disarray and dissolution of weapons research laboratories and production facilities. . . .

“Our primary goal is to address the threat posed to international security by scientists and engineers with unique skills in the production of weapons of mass destruction who may find themselves without means of financial support,” he said. However, the center will be run by a multinational oversight board, which will have to process, evaluate, and approve any project the center will fund. Peer review and other methods of delaying the start of work, as well as controlling who does what, will be the *modus operandi*. There is no perspective of when any work will begin, and the State Department’s Gallucci made very clear that work will only

involve weapons scientists.

The American scientific community has had a different view of both the problem and solution of maintaining the integrity of the Soviet scientific body. On March 17 at a hearing before the Senate Foreign Relations Committee, presidential science adviser Allan Bromley warned that former Soviet scientists’ “research is deteriorating for lack of equipment, for lack of support, and, perhaps as important, communication with the world scientific community is in jeopardy because . . . they are cut off from modern scientific journals, and they simply are unable to travel.

“The scientists with whom I have talked tell me that their greatest problem, as they see it, is not the potential brain drain, but rather that of trying to maintain a proud and productive scientific enterprise through an exceedingly difficult period that we all see ahead for them.” Bromley, having a grasp of the scientific treasure trove now available to the West for the first time, continued: “There is now a substantial backlog of new discoveries and new technology available for exploitation . . . within the Soviet Union and, of course, throughout the rest of the world.

“In my estimation, based on my discussions and my visits to the Soviet Union, I conclude that it is impossible for the republics to make the changes that are required, by themselves . . . they simply must receive help from the world community.”

During the March 25 teleconference hearing on Russian-U.S. Cooperation by the House Science, Space, and Technology Committee, Russian scientific managers had an opportunity to respond to the question of a nuclear weapons “brain drain.” Minister Saltykov commented that the military brain drain “is not as acute as American politicians think,” and that a “brain drain” from other, open scientific fields “could be much more harmful.”

More than one scientist stated that the most serious problem for Russia is that younger scientists are leaving—not for so-called terrorist countries—but “for work in commercial areas in our own country, leading to an insufficient inflow of new students.” Saltykov responded to a question that the cadres who have left are not, in general, leaving permanently, but are taking one or two year contracts, until things improve. “Sometimes scientists are ready to live on modest salaries,” he reported, “but we don’t have the funds to purchase the necessary equipment” so they can carry out the new experiments they having been working toward for years.

The major loss of scientific manpower, which will become a serious problem for any real economic development program in the CIS nations, is primarily to the United States. No one has ever substantiated former Soviet weapons designers running off to Third World countries to build bombs, and the establishment of a cumbersome international center which will bureaucratically stultify the research work of former Soviet scientists will only delay getting joint research under way, and will, thereby, worsen the problem.

# Soviet space science looks at 'sister planet' Venus

by Carl J. Osgood

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## **Venus Geology, Geochemistry, and Geophysics: Research Results from the U.S.S.R.**

Edited by V.L. Batsukov, A.T. Basilevsky, V.P. Volkov, and V.N. Zharkov  
University of Arizona Press, Tucson, 1992  
421 pages, hardbound, \$65

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One of the brightest objects in the night sky, Venus has always held a fascination for man since he first began to observe the heavens. This has been no less true in the age of planetary exploration when Venus has been the target of more unmanned space probes than any other body in our Solar System with the possible exception of Earth's Moon. This latest book, a compilation based primarily on radar data from the Soviet Venera 15 and 16 orbiters and geochemistry data from the half-dozen Soviet Venera landers, is a comprehensive survey of what was known and theorized about Earth's nearest neighbor prior to the August 1990 arrival at Venus of NASA's Magellan radar mapper.

*Venus Geology, Geochemistry, and Geophysics* is the first major publication in English of a comprehensive survey of the findings of Soviet Venus research, and as such, it is an important contribution to an understanding of the capabilities of Soviet space science. The reader is given an extensive, detailed description and analysis of Venus based on this Russian data. We have elaborate descriptions of Venusian surface features, such as volcanoes, highland plains, craters, and rifts. In addition, conjecture is provided as to how these surface features may have been formed, with liberal comparisons to similar features on Earth. These descriptions are accompanied by hundreds of charts, graphs, and pictures of surface images.

This book is written for the scientist studying Venus in particular, and planetary geologic processes in general. However, it is also useful to the layman who has some

general background in geology and geophysics if he or she avoids getting too bogged down in the mathematics (which is confined primarily to the section on geophysics). The problem for the layman, however, is the fact that there has been a very limited amount of information available on the evolution of scientific knowledge of Venus, outside of a very useful table of missions to Venus that appears in the book's introduction. The problem of this lack of information becomes particularly critical when considering the history of Soviet exploration of Venus: The Soviet work in this area prior to the Venera 15 and 16 missions almost certainly laid the basis for how these scientists approached analyzing this more recent data.

## **Similar forces at work on Earth**

The various papers that make up this volume implicitly force the reader, as he or she reads through the descriptions of geological and chemical processes on Venus, to think about how those same processes occur on Earth. One well-known form of volcanic activity that is seen on Earth is the pyroclastic eruption, an explosion of hot gases and dust. (Last year's eruption of Mount Pinatubo in the Philippines was a pyroclastic type.) The rocks that are produced by this type of eruption are porous and of a low density, sometimes so low that they float in water. For this type of eruption to occur on Venus, however, the lava would have to have a much higher concentration of dissolved volatile gases in order to overcome the very high surface pressure—90 times that of Earth. However, porous, low-density rocks that are characteristic of pyroclastic-type eruptions appear in photographs taken by the Venera 13 and 14 landers.

The geochemistry that results from these conditions produces a certain kind of chemical weathering on the surface. Besides volcanic activity and meteor impacts, chemical weathering is the only other major force acting to change the surface of the planet. The lack of a biosphere and hydrosphere mean that there's nothing chemically acting on the surface, except the composition of the atmosphere and the rocks, catalyzed by the surface temperature and pressure. This reviewer constantly found himself thinking about how



different these chemical processes are on Earth, because of the presence of water and life.

## Comparative planetology

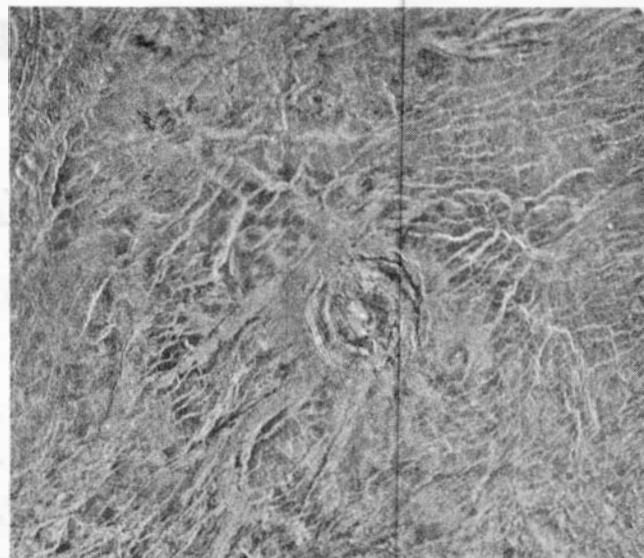
Within the science of comparative planetology, scientists can take two approaches in comparing two planets: One is to look for features and processes that are similar; the other is to look for differences. Venus and Earth are very similar in diameter and density, hence they are referred to as “sister planets.” More striking differences, however, are revealed by another similarity that is less obvious. The mass of carbon dioxide contained in the atmosphere-crust system of Venus is estimated to be very close to that of Earth. If this is true, the overwhelming percentage of CO<sub>2</sub> on Venus, must be contained in the atmosphere. On Earth, the bulk of the mass of CO<sub>2</sub> is contained in the form of carbonate rocks. On Venus, there is no evidence of massive formations of carbonate rocks. Perhaps, they didn’t form for thermodynamic reasons.

The theories and conclusions about Venus are developed from data from radar imaging that has a resolution of only about 1 kilometer and only covers about 30% of the surface. Without doubt, some of these theories have been overturned by the higher resolution and more complete mapping of the planet by the Magellan spacecraft. This would be especially true regarding the tectonic processes that mold the surface, but it extends to the process of cratering, as well. It was believed from the Soviet data that ejecta from crater impacts would travel a considerable distance from the impact point because the fireball from the passage of the meteor through the dense atmosphere would generate a low-density region which would allow the ejecta to travel a large distance. However, the higher resolution Magellan images showed that the ejecta does not travel very far from the impact point, and actually forms a flower petal-like pattern around the crater.

### ‘Temporis filia veritas’

The editors themselves realize that the Venera 15/16 missions were only one step in a long process of exploration and analysis of the Solar System, which they state in their introduction:

“Our knowledge of comparative planetology is being accumulated unevenly, from one planetary mission to another. During each mission and just afterward there is an information spike, followed by a diminishing train of analyses and interpretations. This book is one coach in the train following the spike related to the Venera 15/16 mission. This mission provided geologically understandable radar images of a major portion of the Venus surface. With the background of data from previous missions, Venera 15/16 made it possible to compare Earth with all the terrestrial bodies—not only with the Moon and Mercury, which are small, and Mars, which is intermediate, but also with Venus,



*The double-ring crater Klenova is the largest impact crater mapped by Venera 15/16.*

which is large. Eight years have passed since the mission time. Many geological observations have been made using Venera 15/16 imagery. And although this mission did not give any additional data on the geochemistry and geophysics of Venus, it stimulated progress in these areas because new understanding of the geology of the planet demanded a new analysis of geochemical and geophysical data obtained by the previous missions.

“Now the Venera 15/16 spike is at the trailing end and we are now looking forward hopefully to a new spike—the Magellan mission. It is now time to summarize the available data on Venus geology, geochemistry, and geophysics. . . . We would like to present this book as our pre-Magellan testament, bearing in mind the Latin epigraph above which means ‘Truth is a daughter of Time.’ ” This spirit pervades the whole book, as the various authors refer to the hope that the data from the Magellan mission will fill in the numerous gaps left by the earlier missions, just as the Venera 15 and 16 missions made available data that had not been returned by missions that preceded these Russian probes.

In the conclusion, editors Barsukov and Basilevsky admit that while Magellan will provide vast amounts of new data on Venus, it will be of little direct use in answering the questions of Venus’s geochemistry and near surface atmospherics. Therefore, “now is the time to think about new, post-Magellan missions to Venus. . . . Analysis of the Magellan data should be done from the point of view of the support of the post-Magellan missions.” This call for further exploration of Venus is one the West would do well to heed, before the capabilities of Soviet science are lost to the crisis of survival inside the CIS, and U.S. space science is lost because of the irrationality of the budgetary *realpolitik*.

## The Ibero-American revolt against the IMF has begun

by Dennis Small

*The following presentation by Dennis Small, the coordinator of the Schiller Institute's work in Ibero-America, was given to a conference in Warsaw, Poland April 6-7 of political activists, parliamentarians, and economists who met to discuss Lyndon LaRouche's alternative to the murderous "shock therapy" austerity program of the International Monetary Fund. The conference, organized by Polish Rural Solidarnosc, the Budapest-based Working Group for a New Europe, and the Schiller Institute, included representatives of 13 nations.*

Over the course of the last few months, as I have visited many Ibero-American countries to speak about the case of the American political prisoner Lyndon LaRouche, and as a former political prisoner myself, I have often urged congressmen and other political, business, trade union, and military leaders whom I met that, if they wanted to actually understand their strategic situation and what to do about it, they had to stop thinking like Ibero-Americans for a moment, and had to "think like Poles, think like Hungarians, and think like Russians."

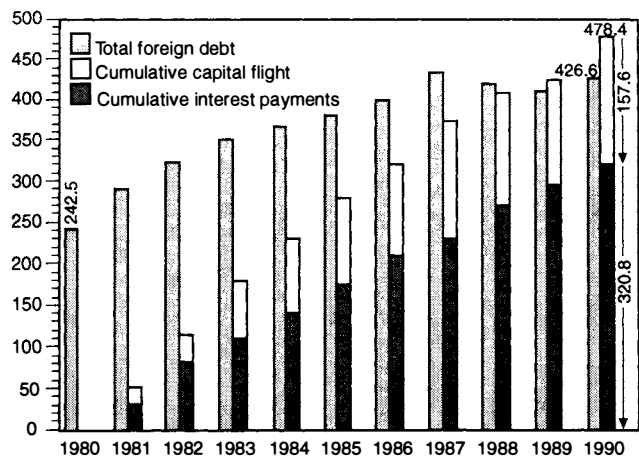
What I meant was two things. First, that the gigantic civil-military revolt in Venezuela last Feb. 4 against the disastrous liberal economic policies of President Carlos Andrés Pérez, which nearly toppled that government, was in fact the beginning of a wave of revolutionary explosions across Ibero-America against the International Monetary Fund (IMF) policies which are today being implemented by each and every government in that area. These explosions, like the events of central and eastern Europe of the last two to three years, augur the final collapse of a decadent economic system, the Versailles system, today embodied in the IMF, the World Bank, and the General Agreement on Tariffs and Trade (GATT).

I urged my Ibero-American friends to realize that their continent is about to undergo upheavals similar to those of 1989-91 in Europe, and that they must display the same courage, combativeness, and determination to put an end to tyranny that was shown in Europe, and which inspired the world with hope.

FIGURE 1

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

(billions of dollars)



I also asked them to “think like Poles,” because sophisticated operatives of the Anglo-American financial elite are trying to convince the Ibero-Americans that, if they overthrow the IMF, their only alternative is to establish a Marxist or Castroite economic system. As we say in English, “out of the frying pan, and into the fire!” Nothing could be so foolish and willfully blind—except perhaps to do the same in the opposite direction, to go from Marxism into the waiting arms of an IMF tyranny, supposedly because there is no third alternative.

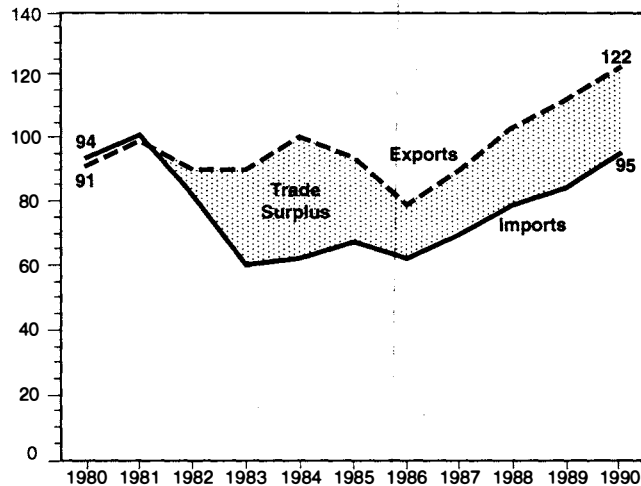
I am here to ask all of you present to stop thinking like Poles, Czechs, or Ukrainians for a moment, and to think instead like Ibero-Americans—think like Venezuelans, think like Mexicans, think like Peruvians. I am not saying you are also Third World nations; I am saying that the IMF intends to transform you into Third World nations. And you must quickly know what every conscious Venezuelan, Peruvian, or Brazilian understands in his very bones, that the liberal economic policies of the IMF, and of their academic towel boys like pro-drug Harvard Prof. Jeffrey Sachs, have produced pure genocide in Ibero-America, and will do the same everywhere they are applied. They know that the debt repayment demands of the IMF and the creditor banks have “Africanized”—destroyed it to the point of near extinction—Ibero-America over the 1980s, and will annihilate the continent altogether if continued through the 1990s. They know that it is a lie that if you just hold on long enough with IMF policies, there will be “light at the end of the tunnel.”

If you allow your nations to replace the tyranny of communism with that of the IMF, what awaits you, without question, is the horrible fate that has befallen most of Ibero-America. And as I show you today the devastation wrought

FIGURE 2

**Ibero-America’s balance of trade**

(billions of dollars)



by the IMF, I urge you again to “think like Peruvians, Mexicans, or Venezuelans,” and I am confident that you will reach the same conclusion as LaRouche: that the nations of the East and the nations of the South can be major strategic allies against their common enemy, the liberal economic policies of the IMF.

**Debt looting**

Our calculations are that upward of \$535 billion of physical loot was extracted from Ibero-America over the course of the 1980s, through the debt mechanism. That corresponds to about 13% of the productive Gross National Product (GNP), the real productive output of the region.

The consequences of this have been that real wages today are approximately one-half of what they were a decade ago, and the investment level is 50% what it was in 1980. As a result, about one-quarter of the total population of Ibero-America is today endangered. Of a total population of about 450 million, well over 100 million people are in danger of dying in the period immediately ahead, as a result of IMF policies.

Should these policies continue, up to one-half of the Ibero-American population could be faced with extinction by the year 2000. The nations of Ibero-America are today being Africanized because they did not break with the IMF when the debt crisis exploded 10 years ago, because they failed to adopt LaRouche’s 1982 policy proposal called “Operation Juárez,” which I will discuss in more detail later.

Figure 1 shows the financial side of the looting process, that is to say, the debt looting.

Ibero-America’s total debt in 1980 was \$242.5 billion. Over the course of the decade from 1980-90, the black bar,

which represents cumulative interest payments, indicates how much money was paid by Ibero-America—\$320.8 billion. The debt was \$243 billion, they paid \$321 billion—more than what they owed originally—and at the end of that period, the total debt had grown to \$427 billion. This is a very curious arithmetic— $243 - 321 = 429$ . That's called bankers' arithmetic.

In addition to interest payments, we've added on the white bar on top, which is the amount of money which left in the form of capital flight. Capital flight is basically illegal interest payments. It's the amount that leaves in suitcases, by contraband, by wiring it out to Swiss banks, etc. It happens when you don't have exchange controls. If you add it all up, you discover another \$157.6 billion of capital exported from Ibero-America during the 1980s. So, the total capital exported from Ibero-America during the decade was about \$478 billion. And yet, the debt grew during this period.

What does this translate into, in terms of physical wealth leaving the continent?

**Figure 2** shows the classical way in which the debts of Ibero-American nations were paid over the 1980s. On IMF orders, these nations slashed imports—they stopped purchasing everything that was needed to run their economies and sustain their living standards, from food to machine tools—and exports were driven up as rapidly as possible. The difference between exports and imports is a nation's trade surplus, the amount gained in foreign currency, which is then used to pay foreign debt. If you add up the total amount between the imports and exports lines, you have the total cumulative trade surplus.

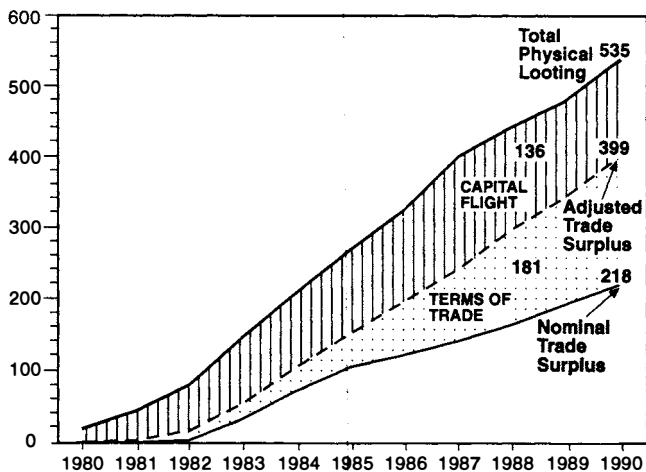
Now, remember, we're talking about a continent which needs to have a trade deficit. This is an area of the world which should be importing capital goods, equipment, and other things it needs to aid its development process, not experiencing net capital exports to reduce the level of consumption and investment, making it impossible for nations to maintain themselves and grow.

**Figure 3** shows that this adds up to a very sizable cumulative amount: \$218 billion between 1980 and 1990.

This is bad, but it is not the full story. During this period, we have an added factor: the collapse of the terms of trade for Ibero-America. This means that, if you're an Ibero-American country, each year you have to pay more for your imports, and you get less for your exports. In other words, if you need to import a ton of steel, in year one, it takes a ton of your copper exports to get it; in year two, under worsening terms of trade, it takes two tons of copper, to get the same ton of imported steel.

If the terms of trade factor is considered, we calculate an additional \$181 billion of physical loot which has gone out of Ibero-America since 1980. So the actual adjusted trade surplus was almost \$400 billion. To put it differently, if the terms of trade had stayed exactly as they were in 1980, the cumulative trade surplus would have been \$399 billion which

**FIGURE 3**  
**Cumulative physical looting of Ibero-America**  
(billions of dollars)



left the continent.

To that, you have to add the amount that left illegally as capital flight, about \$136 billion cumulatively, for a grand total of physical looting of \$535 billion extracted, sucked out of the continent, through this looting process over the decade.

So, don't believe the nonsense about how the United States is supposedly supporting the welfare states of the Third World. That's absolutely ludicrous! The fact is that it is the countries of the Third World, including Ibero-America, which are supporting the bankrupt Anglo-American banking system. The debt looting from Ibero-America is one component keeping the banking system afloat. The other component is the \$558 billion per year in drug money which is laundered through the main Anglo-American banks, which we will discuss in more detail shortly. It should be added that the vast majority of the official debt of Ibero-America is actually illegitimate. Back in 1985, we calculated that if interest rates had not skyrocketed to usurious levels, if the terms of trade had not deteriorated, and if there had been no capital flight, the remaining, legitimate portion of Ibero-America's debt stood at \$20.5 billion. Today it is even smaller.

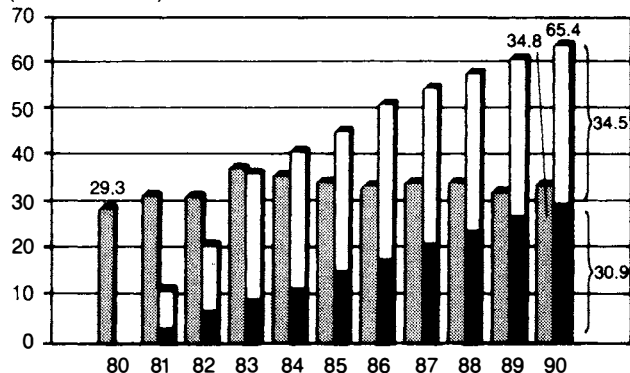
Returning to the \$535 billion that has been looted, that corresponds to about 13% of the productive GNP of Ibero-America over the decade of the 1980s—and we are talking about a continent that was already in dire poverty at the beginning of the decade. This extraction of wealth needed for consumption and investment, in order to pay the debt at all costs, produces "Africanization," a non-linear downward spiral of negative growth.

We can see what has happened to the productive labor force in Ibero-America over the period 1980-90, with a projection to the year 2005:

FIGURE 4

**Venezuela's foreign debt and cumulative capital exports**

(billions of U.S.\$)



Back in 1980, there were 33 million real unemployed in Ibero-America, which was about 27% of the total labor force.

In 1985, five years later into the debt looting process, it was worse. The total number of productively employed stagnated absolutely and, therefore, 35% of the labor force was unemployed. Five years later, today, you have the same number of productively employed. Not one new productive job has been created in over 10 years in Ibero-America. The entire growth of the labor force has been parasitic, thrown into de facto unemployment. Today's unemployment rate is something approaching 45% for the entire continent—about half of the labor force. The human generators of wealth are not productively employed.

If we want to develop the continent and, above all, productively employ the entire labor force (except for a residual unemployment rate of, say, 6%) over the period to the year 2005, we must create 130 million new jobs. It can be done, and it must be done; but it's a gigantic task, which begins by destroying the liberal economic policies of the IMF.

**The case of Venezuela**

If you want to know why Venezuela blew up on Feb. 4, you have to look at this same debt looting process in that country.

It is important to know that Venezuela once had the highest income per capita in all Ibero-America. This is because Venezuela is a major oil exporter—in fact, it was once the number-one oil exporter in the world. As a result, over \$200 billion in income entered the country over the past 15 years. Had this been properly invested, Venezuela today would be on its way to industrialization, poverty would have been eliminated, and it would have been a model of progress for the world.

Figure 4 shows what happened to Venezuela's oil bonanza: It was stolen from the country. In 1980, the country's foreign debt totaled about \$29 billion. Over the course of the decade,

TABLE 1

**IMF measures are destroying the Venezuelan economy**

Real wages (1989-91)	-40%
Real unemployment (1991)	50%
Interest rates (1992)	40%
Growth of capital stock (1989-91)	
Large companies	+6%
Medium companies	-20%
Intermediate companies	-36%
Small companies	-51%

the country paid nearly \$31 billion in interest payments alone—more than the total original debt—as the black bar indicates. And yet, at the end of the decade, the total foreign debt had risen to almost \$35 billion. Once again we have bankers' arithmetic: 29-31=35. There's another name for this: it is called usury, and it has been around for a long time. So long, in fact, that the Bible is very clear on the subject.

But Venezuela also had a phenomenal amount of illegal capital flight: \$34.5 billion over the decade, which adds up to total capital exports of over \$65 billion.

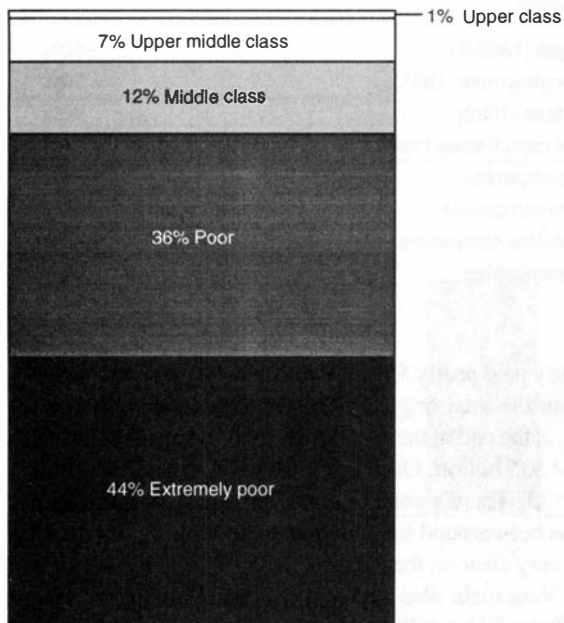
What are the consequences of this looting? As Table 1 shows, real wages have dropped by about 40% since Carlos Andrés Pérez assumed the presidency in 1989. Real unemployment today stands at 50% of the labor force. Interest rates are at 40% per year. And the business sector has been dramatically decapitalized—by up to 50% among small companies.

Figure 5 shows the consequences: whereas 60% of the total population were classified as "poor" when Pérez took office three years ago, today, an astounding 80% of Venezuela's 18 million population are either "poor" or "extremely poor." Is it any wonder that virtually the entire nation supported the "Bolivarian" military patriots who attempted to overthrow this IMF dictatorship on Feb. 4? Is it a surprise that throughout Ibero-America, nationalists of all countries have rallied to support the growing Venezuelan revolution—because a revolution it is—and are intensely debating how to rid their respective countries of the IMF tyranny?

Let me briefly explain what is happening today in Venezuela, because in many ways it is the political equivalent of the Tiananmen Square events of June 1989 in China, or the Leipzig demonstrations of late 1989 in Germany.

Since the Feb. 4 attempted coup, there have in fact been four different governments in Venezuela, each with Pérez as the titular President. The first was that of Pérez alone, which was brought to its knees by the overwhelming popular support for the "Bolivarian" military uprising. Although the coup attempt failed militarily, it succeeded politically. The "Bolivarians" mobilized the population around their demands for:

FIGURE 5  
Poverty in Venezuela

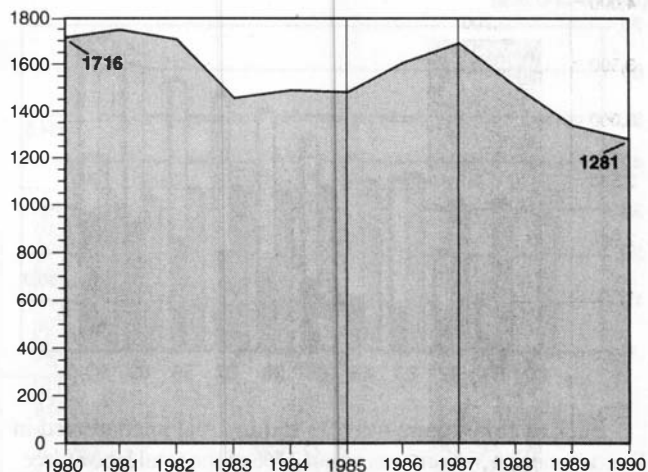


- 1) an end to IMF looting;
- 2) an emergency employment program to feed and house people;
- 3) Ibero-American integration with the sister nations of the continent;
- 4) an end to drug-running and corruption, with immediate exemplary public trials; and
- 5) the immediate resignation of the President, the Supreme Court, and the entire Congress, and the replacement of this pseudo-democracy of the bankers with true "participative democracy."

In order to stay in office, Pérez was forced to establish and co-govern with an emergency "Consultative Council" made up of prominent independent members of the country's elite. But Pérez insisted he would not change his IMF economic policies, and the population remained violently opposed, making the country ungovernable.

On March 10, Pérez established his third government, this time including opposition party members in the cabinet. The very day they were sworn in, the new development minister announced that, again, the government would not budge in its commitment to IMF policies. That same night, in response to a call for a popular "pots and pans" mobilization against Carlos Andrés Pérez issued by the "Bolivarian" commanders from their jail cells, the entire city of Caracas rose as one to thunder its rejection of Pérez and the IMF. A half-hour before the appointed hour of 10 p.m., from north to south, east to west, from the richest neighborhoods to the

FIGURE 6  
Peru's GNP per capita  
(1988 dollars)



most miserable slums, the population of Caracas banged their pots and pans in protest, turned their house lights off and on, blared the national anthem on their record players, and shouted at the top of their lungs in Spanish: "*Es el diez, son las diez, vete ya, Carlos Andrés*" ("It's the 10th, it's 10 p.m., get out of here, Carlos Andrés"), which, of course, rhymes in Spanish.

The noise was so thunderous across the city that people couldn't even hear their own television sets inside their homes. It was the same across the country.

The next morning the mood in the country was triumphant. The population had resoundingly rejected Pérez's policies, and stood up to the threat of brutal police repression. They had shown their unity, and were victorious in the face of tyranny. The country had been profoundly transformed—politically and psychologically—in a way similar to what happened in eastern Europe in the weeks and months leading up to the fall of the Berlin Wall.

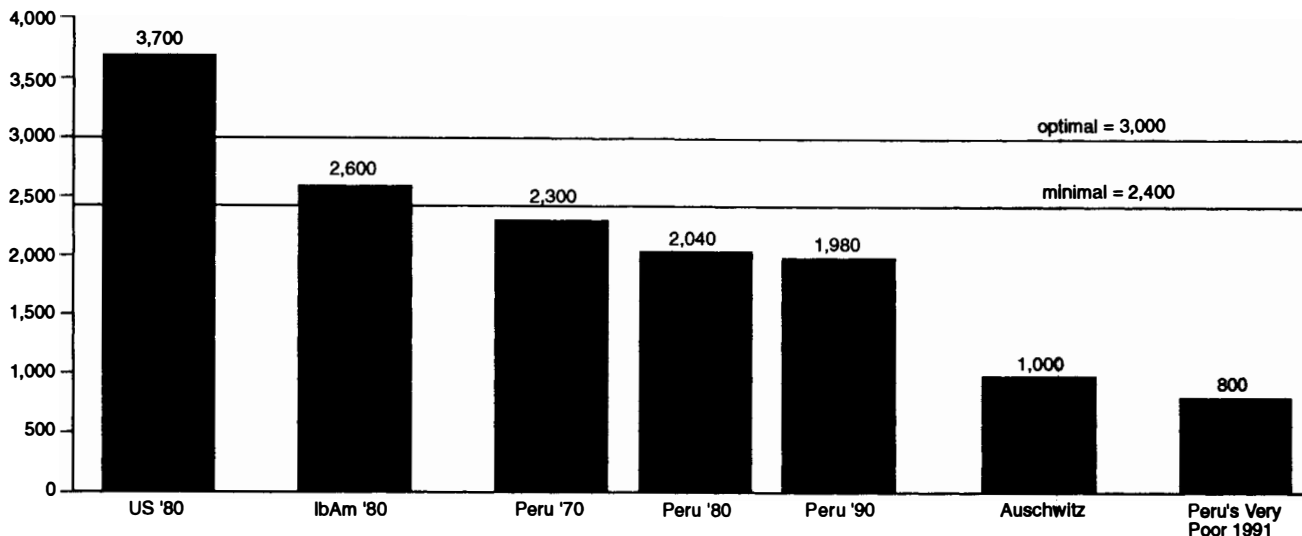
Pérez was forced to immediately fall back on his last option for staying in office and maintaining IMF policies: the direct threat of U.S. military intervention, as transmitted in Caracas by Dr. Henry Kissinger and U.S. ambassador to the Organization of American States Luigi Einaudi. Pérez and the IMF now are holding on by a thread, only by establishing a virtual coalition government with the Bush administration.

Part of the Kissinger strategy, for Venezuela and all of Ibero-America, is to establish a U.S.-dominated multinational military force, which would intervene wherever the bankers need it to in order to collect the debt. A crucial component of this Washington strategy is the campaign to discredit and then dismantle the armed forces of all Ibero-America, since they, along with the Catholic Church, are among the last

FIGURE 7

**Per capita caloric consumption**

(calories/capita)



remaining institutional obstacles to unfettered IMF genocide—as was proven with the Venezuelan military revolt of Feb. 4. Any nation or political force which does not abide by this debt collection strategy is accused of being “anti-democratic.”

**The devastation of Peru**

Let us now take the case of Peru, the most Africanized country in Ibero-America. **Figure 6** shows Peru’s GNP per capita. It dropped during the entire period of IMF pressure during 1980-85, and it rose during 1985-87 only because President Alan García broke with the IMF and refused to pay the debt. Then, once Alan García made a deal with the IMF and the drug bankers in 1987, and backed off on his policies, there was again a very rapid decline in GNP per capita. Over this entire 10-year period, there was about a 25% drop in GNP per capita.

What are the consequences of that? Among other things, people ate less. **Figure 7** shows per capita caloric consumption in various countries: 3,000 calories is considered an optimal level; 2,400 is considered the minimum necessary. That’s a very relative statement, because it depends on what kind of work you’re doing, whether you’re sitting behind a desk, or performing physical labor.

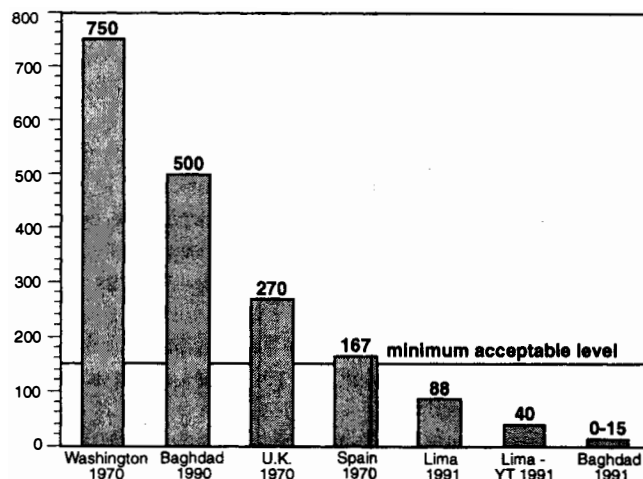
The United States in 1980 was consuming well over 3,000 calories per capita; Ibero-America in 1980 was at about 2,600 per capita.

Peru in 1970 was just under the minimum level, with about 2,300 calories per person. By 1980, that had dropped to 2,040. And in 1990, Peru’s per capita caloric consumption per day had dropped to a dangerous 1,980 calories.

FIGURE 8

**Availability of potable water**

(liters per capita per day)



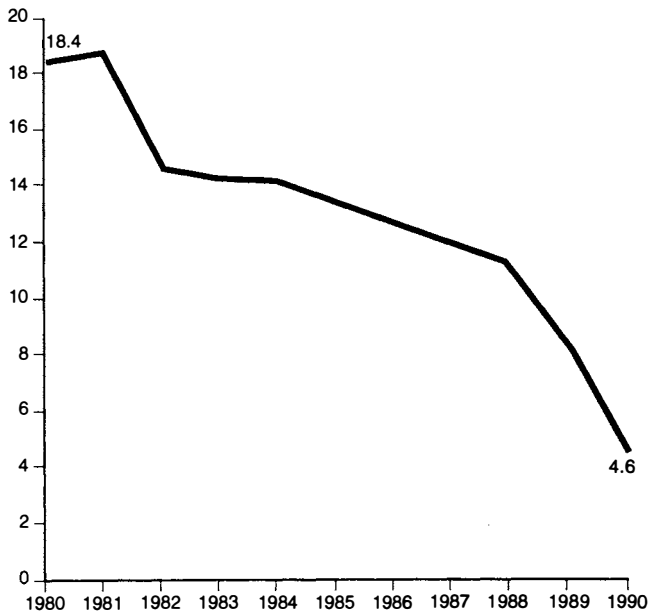
But that is just an average. When President Alberto Fujimori came into office in August 1990, he immediately applied an IMF shock therapy program. All government subsidies were cut, including on basic necessities such as food, oil, and electricity. As a result, within days, prices shot up by between 2 and 30 times for food, water, telephone service, public transportation, electricity, and so on. The government only raised wages by a flat 100%.

The consequences were staggering. Before the IMF

FIGURE 9

**Peru: government health expenditures**

(1988 constant dollars/capita)



shock, it is estimated that there were about 7 million Peruvians living in extreme poverty—about 35% of the total population of 20 million. Within weeks after the shock, there were 12 million extremely poor Peruvians, about 60% of the population.

What does “extreme poverty” mean? It means that you eat an average of one meal per day. It means that, if you live in the slum areas of the capital city of Lima, you consume about 800 calories per day. It means that you are consuming less food than the concentration camp victims did in Auschwitz.

Is it any wonder that Lyndon LaRouche has often said that the policies of the IMF are 100 times more genocidal than those of Hitler?

But not to worry, there are no gas ovens in Peru to carry out the “final solution.” That task is taken care of in a different way: by the cholera epidemic that is sweeping that country, and all of Ibero-America.

The cholera epidemic is also a direct result of IMF policies. Cholera is spread by contaminated water, a problem easily solved by minimal investments in water and sewerage infrastructure. The Peruvian government has itself estimated that, in order to maintain this infrastructure, it had to invest about \$1.4 billion over the decade of the 1980s. But since IMF policy demands that the priority is, first, pay the debt, second, pay the debt, and third, pay the debt, the actual amount invested in this critical area was only \$250 million—

less than one-fifth of what it should have been.

Not surprisingly, as **Figure 8** shows, lack of potable water is a major problem in Peru today. The standard for good public health is about 150 liters per capita per day, to have a minimum level of water consumption. Washington in 1970 had 750; Baghdad, Iraq before the war had 500. Not too bad. Lima today has 88 liters per capita. It’s a little more than half the minimum level. Lima’s “youngtowns,” which are the shantytowns, the poorer areas, have about 40 liters per capita per day; and Baghdad, after the bombing raids by George Bush, has somewhere between 0-15 liters per capita of potable water per day.

So, there are two ways to kill people. You can bomb them back to the Stone Age, as George Bush did in Iraq, or you can simply implement IMF policies, which has the exact same effect as a strategic bombing raid on the economy.

The lack of clean water is the most immediate cause of the staggering incidence of diarrheal diseases in Peru. These rose from 36 per 1,000 in 1980, to 91 per 1,000 in 1983, to 133 per 1,000 in 1989. In Lima’s shantytowns, the incidence is at the incredible level of 400-600 per 1,000.

There was a dramatic rise in cholera cases and deaths in Ibero-America. As of March 1992, there were officially over 400,000 cases of cholera on the continent, with about 5,000 deaths. Recent studies conducted in Peru indicate that the official statistics are undercounting actual cases by about half. So it is likely that there have actually been about 1 million cholera cases in Ibero-America. And every single country in the region has now been affected.

Is the Peruvian government spending money to solve this problem? **Figure 9** speaks for itself. Government health expenditures have dropped by 75% between 1980 and 1990. Doctors in Peru earn a miserable \$45 per month, and nurses only \$25 per month. And so far, in the course of the current cholera epidemic which began in February 1991, the government has spent a pathetic \$60 million to fight the disease.

And yet, the Peruvian government is currently paying its international creditor banks about \$80 million in debt service payments—every month! There is only one thing more horrible than the genocidal results of these IMF policies, and that is the fact that they are deliberate. Lest anyone doubt that this is the case, it is only necessary to listen to the words of IMF Managing Director Michel Camdessus himself:

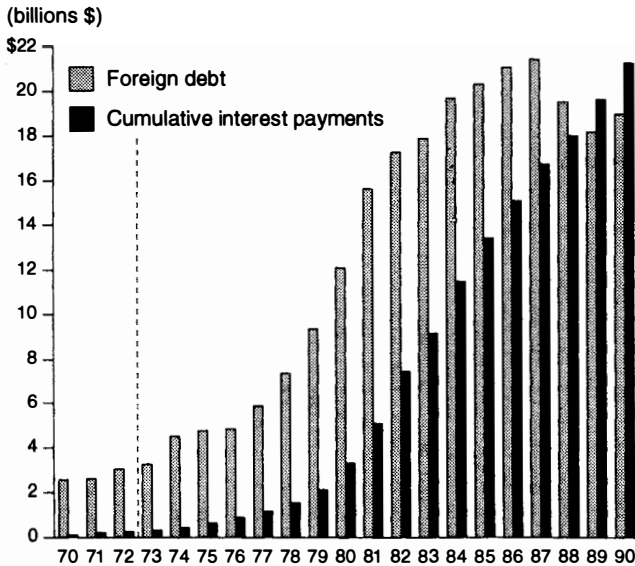
“We believe that the successes achieved [in Peru] in the past 18 months are immensely important. . . . This is an extremely important program for the world. . . . [It is] a model for the rest of the world. . . . [The IMF program] cannot be changed on the pretext of fighting poverty. Now is the time to intensify the program. This will be painful, but must be done.”

**The Chile and Bolivia models**

Let us quickly look at two further Ibero-American cases of IMF shock therapy, which are often held up as models of

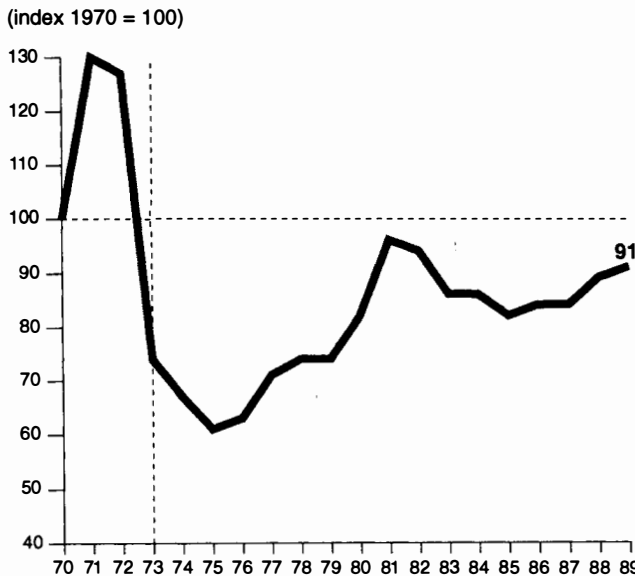


**FIGURE 10**  
**Chile's foreign debt and cumulative interest payments**



Source: World Bank

**FIGURE 11**  
**Chile's average wage, 1970-88**

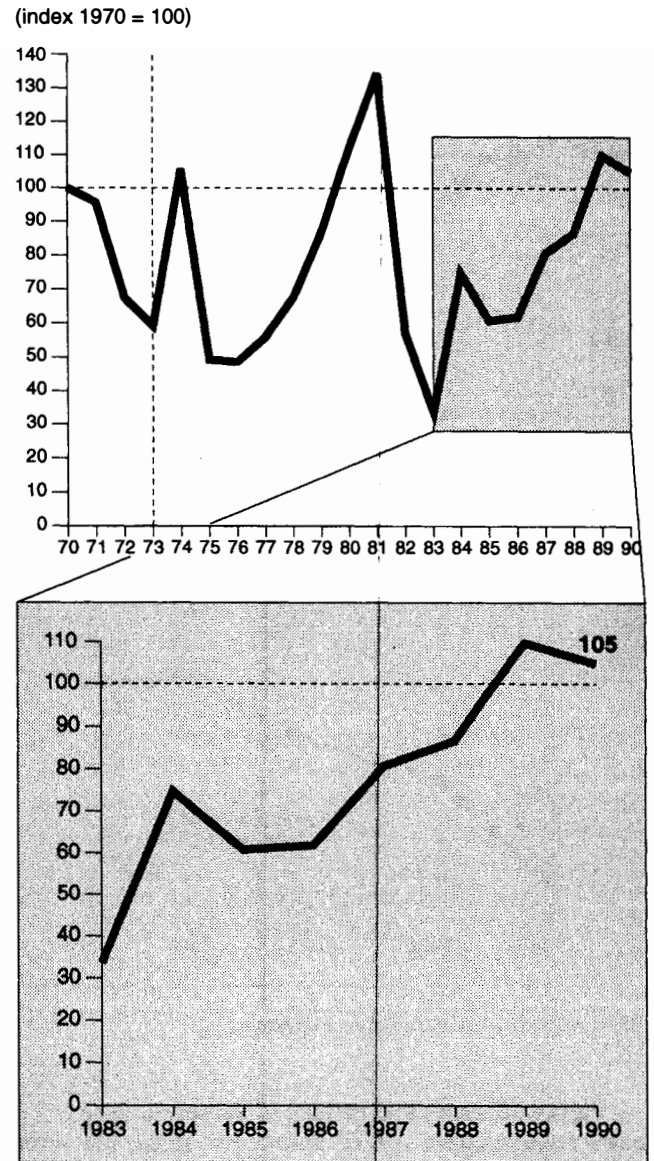


Sources: Central Bank, National Institute of Statistics, and Corporation for Economic Research for Latin America.

the successful application of liberal economic policies.

Chile has been under strict IMF control for 20 years—longer than any other Ibero-American country. Does it show

**FIGURE 12**  
**Chile's gross domestic investment per capita, 1970-90**



that there is "light at the end of the tunnel," if you just hold on long enough? Decide for yourself.

**Figure 10** shows Chile's debt looting process. In 1970, the foreign debt was about \$2.5 billion; over 20 years, \$21 billion was paid in cumulative interest (10 times the original debt), and, by 1990, the debt had climbed to over \$18 billion. In **Figure 11** we see the destruction of wage levels caused by these liberal policies. As of 1989, wages were still 10% less than they were back in 1970. But perhaps this was necessary in order to generate the savings and investment for the future?

**FIGURE 13**  
**Chile's GDP and productive GDP per capita, 1970-90**

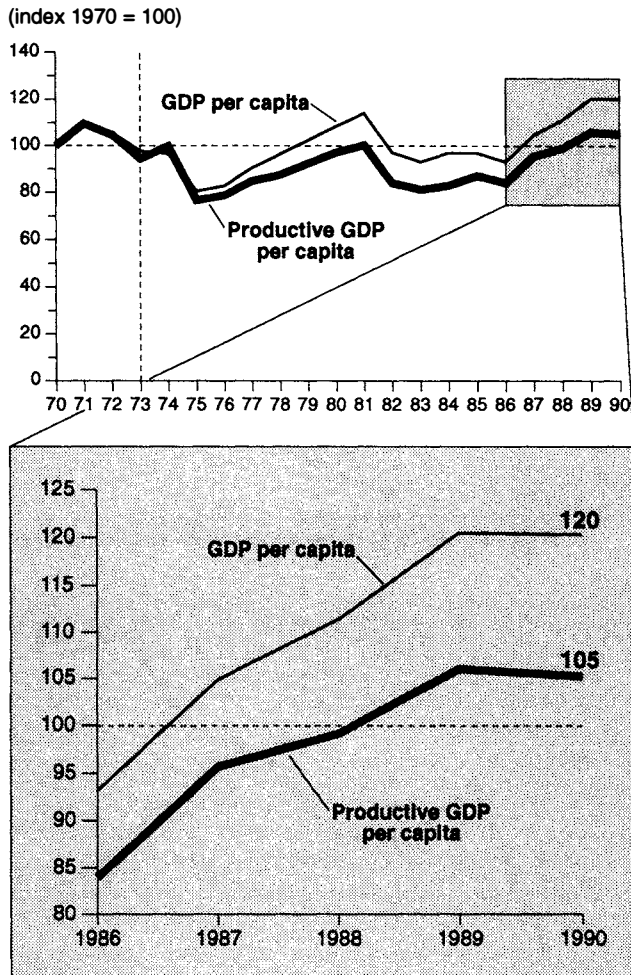
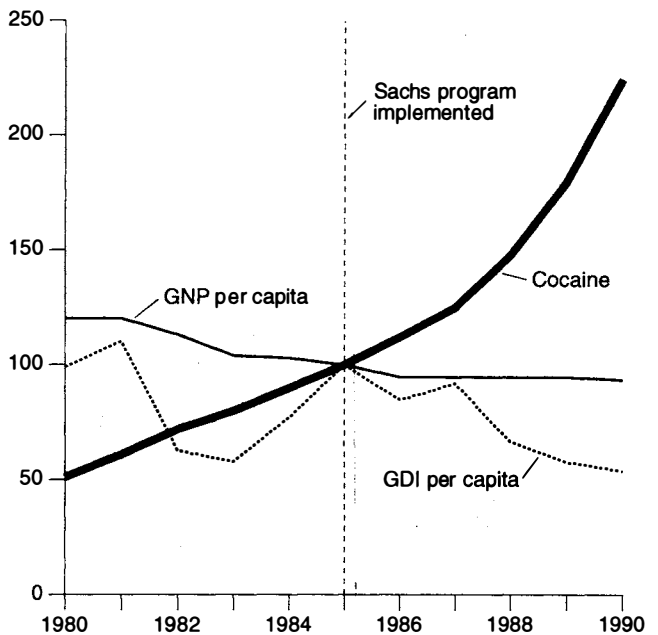


Figure 12 shows that nothing of the sort occurred. The much-propagandized rise of investment of the last seven years, as seen in the lower graph, is actually nothing but a poor recovery to the per capita levels that existed 20 years earlier (see the upper graph).

The basic course of the Chilean economy is shown in Figure 13, which presents Gross Domestic Product and productive GDP per capita. Again, the supposed great advances of the last four years, which the lower graph indicates, are actually only the tail end of a totally stagnant process over two decades, as the upper graph shows. Not exactly a shining example of economic health to be followed by others.

What about Bolivia? The so-called "economic success story" in that country since 1985 is constantly cited as proof that the Harvard economist Jeffrey Sachs is right, and that his

**FIGURE 14**  
**Bolivia's drug trade booms while productive economy collapses**  
 (index 1985=100)



advice should be followed in Poland, Russia, and elsewhere. Sachs was economic adviser to the Bolivian government during 1985-87, and ran policy there on a day-to-day basis. The promotional "sales pitch" on Sachs is that he proved his genius by wiping out inflation in Bolivia, which was running at an annual rate of over 20,000% in 1985.

But the way Sachs stopped inflation was by destroying what little existed of Bolivia's productive economy, and opening the doors for the international drug trade to come in and fill the vacuum he had helped create, and consolidate its death grip on the economy.

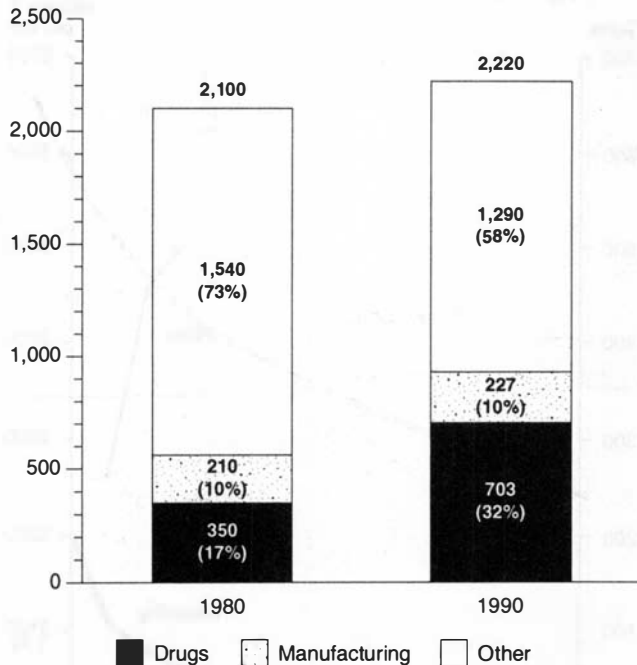
Figure 14 shows that per capita GNP declined significantly in the five years following Sachs's shock therapy—admittedly continuing a process which had begun years earlier. Even more to the point is the way Sachs's program decimated per capita Gross Domestic Investment (GDI), which had been rising in the years before 1985, and which then plummeted by almost 50%.

But not everything in Bolivia collapsed under the Sachs therapy. Coca leaf production, for example, prospered, and began to grow at even more rapid rates than had occurred in the early 1980s. In fact, the output of the coca crop grew by almost 125% between 1985 and 1990. Today, cocaine derived from Bolivia's coca crop accounts for about 37% of the cocaine sold on U.S. streets, and its retail value is around

FIGURE 15

**Bolivia's labor force: Drugs take over**

(millions of workers)



Sources: EIR, World Bank

\$50 billion per year—about 10 times as large as the country's legal GNP.

How did Sachs bring this about? One key aspect was the forced shifts in employment which occurred. As part of this budget-cutting frenzy, Sachs forced a reduction in employment in the state tin company, Comibol, from 30,000 workers in 1985, down to 7,000 workers two years later—a 77% reduction. A similar 45% reduction of the work force in the state oil company, YPFB, was also achieved. Employment in the private sector mining companies dropped by about 20,000 under the Sachs regime.

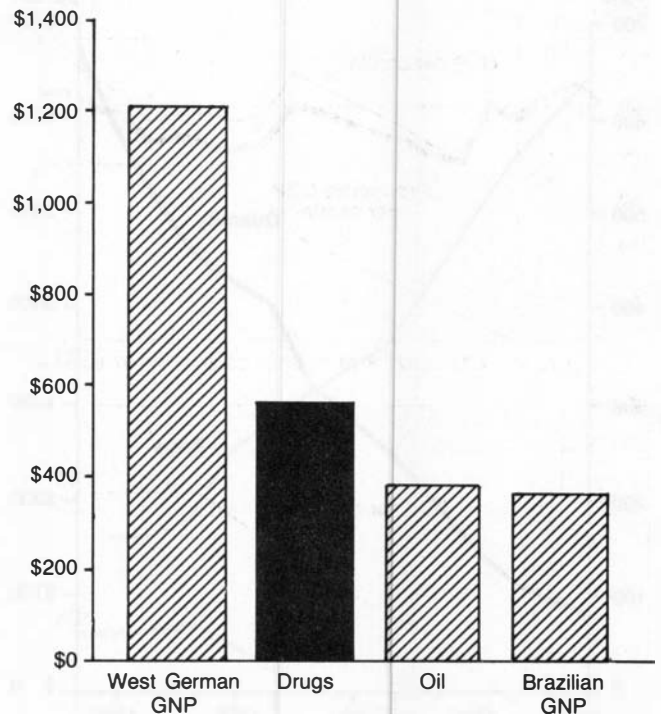
These newly unemployed workers, by and large, were forced to seek employment in the coca-producing regions of the country, since this was the only economic activity which continued to boom. As **Figure 15** shows, the number of workers employed in coca leaf growing and processing leapt from about 350,000 (or 17% of the labor force) before Sachs worked his magic, to over 700,000 after—a third of the entire labor force.

Was all this an unfortunate mistake, a miscalculation on the part of the well-intentioned Harvard wonder boy and his sponsors? Absolutely not. The destruction of Bolivia's productive economy and the skyrocketing of its drug trade were the deliberate, conscious, and intended result of Sachs's

FIGURE 16

**World drug trade is larger than most nations' national product**

(billions \$)



policies.

It is best to listen to Sachs himself on this subject: "To preserve fiscal balance, the government had to launch a brutal battle to reduce payrolls in Comibol and YPFB. Although fiscally necessary, the results are stunning, and indeed reflect a social tragedy. Comibol has reduced its employment from about 30,000 workers in 1985 to just 7,000 as of 1987. Many of these workers are still unemployed, or only marginally employed, or have gone to the coca-growing region to find work."

If Poland, Russia, and other nations implement Sachs's policies, they should expect similar results. As the president of Citibank, John Reed, recently threatened: "If we look at the map of the world economy, there are countries that have disappeared. . . . Peru and Bolivia will disappear. The Soviet Union had better watch out, because it might disappear."

**The drug plague spreads**

The fact of the matter is that the drug trade is growing internationally, as a direct consequence of IMF destruction of productive economic activity. In Ibero-America, cocaine production is booming at about 25% per year. It has reached such proportions that today, as **Figure 16** indicates, it is worth about \$558 billion per year—more than the world oil

FIGURE 17

**Deliberate cuts in U.S. cocaine prices have created a huge market**

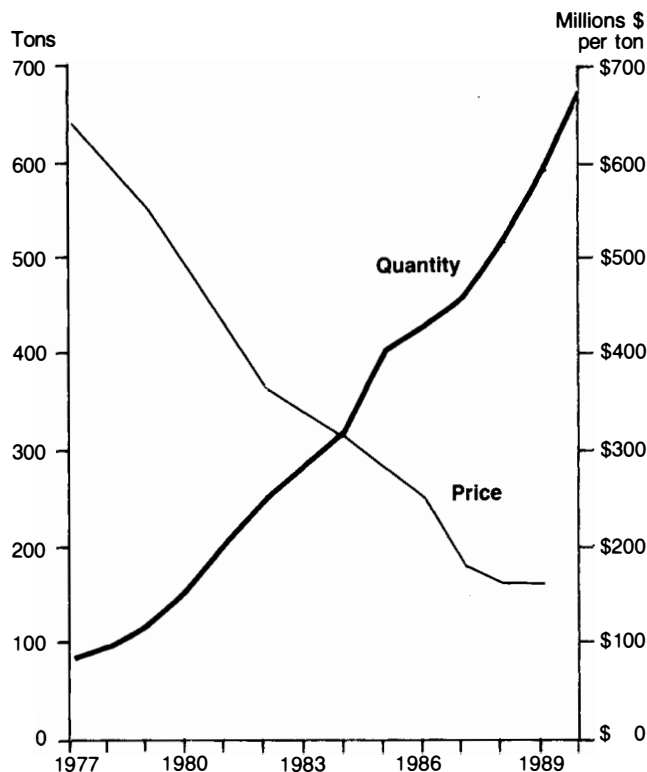
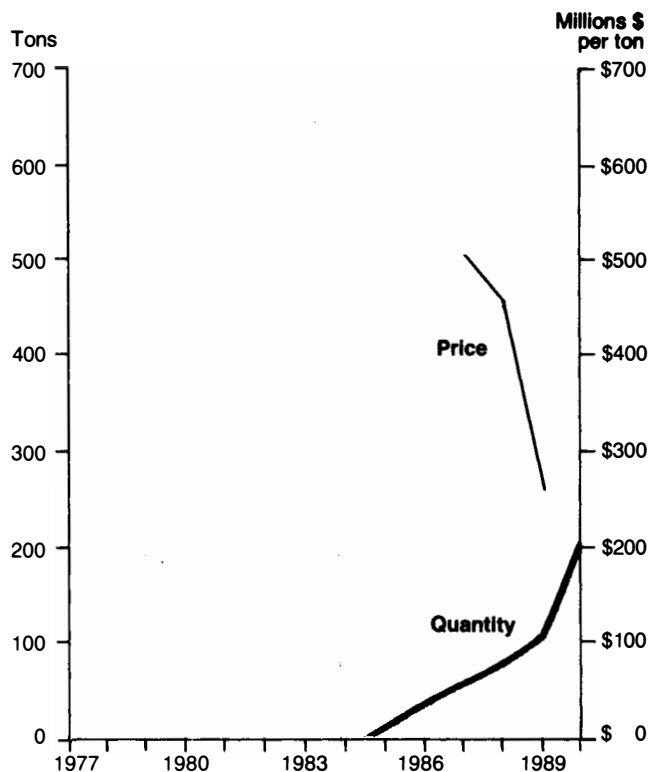


FIGURE 18

**Price and quantity of cocaine exported to Europe follows U.S. pattern**



trade, and more than the GNP of many major nations.

This phenomenal volume of dirty drug money is laundered by the same international banks that are also Ibero-America's creditors. They are the beneficiaries, and the controllers, of the international drug trade, and they are promoting its spread as one means of keeping their bankrupt financial system afloat.

For example, **Figure 17** shows how cocaine consumption in the United States was deliberately promoted over the last 15 years, by the standard marketing technique of deliberate price reductions. Perhaps the single most horrifying fact about the drug problem in Europe today, is that the street price of cocaine (see **Figure 18**) is being deliberately slashed, and consumption is zooming up, in a frightening repeat of the U.S. pattern. The fact is that the drug bankers and their cartels have determined that the U.S. market is largely saturated—entire generations of youth have already been slaughtered by drugs in my country—and they now intend to do to the same to youth in Europe.

Can the drug trade be stopped? Of course it can. Just look at **Figure 19**, which shows the dramatic reductions of marijuana and heroin production achieved in Mexico under the nationalist, anti-IMF governments of Echeverría and López Portillo. And look at how drug production zoomed back

up at the point that the De la Madrid government signed with the IMF in 1982.

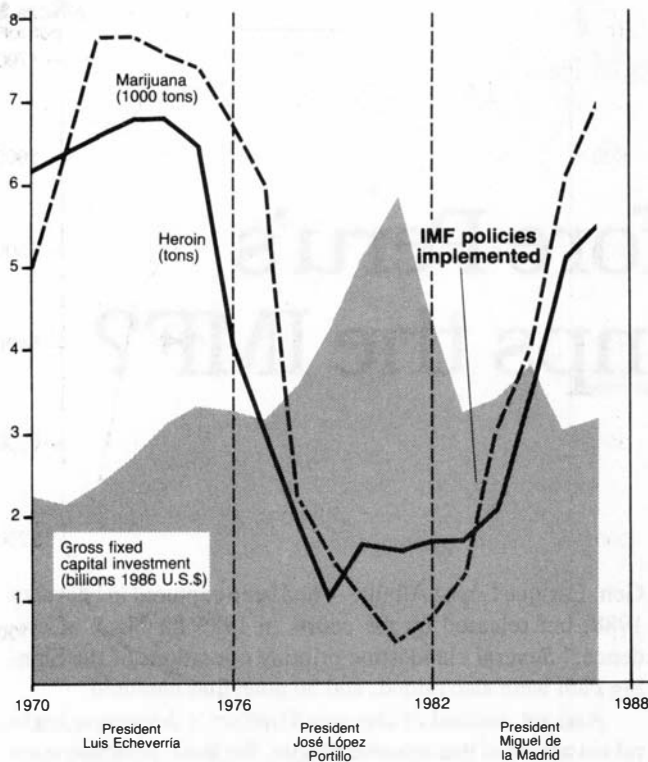
In fact, the path to solving the drug problem is the same as the one for solving the international financial and economic crisis as a whole. The IMF system, the Versailles system, must be abandoned, and replaced with a New World Economic Order which will promote the sovereign economic development of each and every nation of the world—and to hell with the bankers!

The best guideline for this is still LaRouche's 1982 "Operation Juárez" proposal, which he issued specifically for Ibero-America, but whose concept is globally applicable. The main points of "Operation Juárez" are:

- 1) Reorganize Ibero-America's foreign debt:
  - a) form a debtors' cartel and declare a debt moratorium;
  - b) issue new, Ibero-American long-term debt bonds at a 2% interest rate;
  - c) bury the IMF and the World Bank.
- 2) Create an Ibero-American common market:
  - a) create a customs union to stimulate intra-Ibero-American trade;
  - b) create an Ibero-American development bank;
  - c) establish a "golden peso" continental currency, with

FIGURE 19

**Mexican drug production, 1970-87**



Sources: DEA (1977-87 drug figures), ECLA (investment figures).

- new parities defended by strict exchange controls;
- d) reestablish the real value of Ibero-America's exports.
- 3) Launch great development projects in Ibero-America:
- a) physically integrate the continent with great infrastructure projects;
  - b) emphasize the development of advanced technologies, especially nuclear and laser;
  - c) modernize agriculture.
- 4) Reactivate the advanced sector economies:
- a) export \$100 billion per year in capital goods to Ibero-America, with new credits for that amount;
  - b) develop beam weapons and other advanced technologies;
  - c) nationalize the U.S. Federal Reserve, reestablish a gold exchange standard, drastically lower interest rates, and encourage lending exclusively for productive activities.

The question always arises, could Ibero-America survive such a break with the IMF, and the trade warfare that would likely ensue? Emphatically, yes. A 1985 study of ours, shown in **Table 2**, indicates that if the Ibero-American economy is taken as a totality, and if foreign trade within the region is given priority, it is about 80% self-sufficient in the

TABLE 2

**Level of self-sufficiency of Ibero-America, 1985**

(percentages)

Above 80%		Below 80%	
<b>Foods</b>		<b>Minerals</b>	
Cereals	103	Coal and coke	71
Meat	104	Chrome	73
Fish and shellfish	188	Titanium	*
Milk and dairy products	98	Tungsten	*
Fruits and vegetables	105	<b>Raw materials</b>	
<b>Energy</b>		Phosphoric rock	35
Crude petroleum	142	Potassium	*
Refined petroleum	100	Caustic soda	73
<b>Minerals</b>		Sodium carbonate	61
Iron ore	257	<b>Basic products</b>	
Copper ore	118	Fertilizers	65
Bauxite	183	Pesticides	35
Manganese	161	Medicines	25
Sulphur	97	<b>Manufactures</b>	
<b>Basic metals</b>		Machinery and equipment	30
Iron and steel	90	Automobiles and trucks	65
Copper	282		
Aluminum	120		
Lead	123		
Zinc	104		
Tin	114		
Nickel	400		
<b>Basic products</b>			
Cement	100		
Synthetic fibers	85		
<b>Manufactures</b>			
Textiles	125		

\*Less than 10% self-sufficiency

basic products needed for economic survival and growth. The other 20% admittedly constitutes a vulnerability.

But what if the newly freed nations of central and eastern Europe were to also break with the IMF, and supply some of these capital goods and other needs to Ibero-America? What if Ibero-America reciprocated with some of the food, energy, and raw material requirements that are so urgently needed in the new republics in Europe? And what would be the political strength of such a joint anti-IMF movement, of an alliance of the nations of the East and the South, of the former colonies of the two imperial economic systems—Marxism and IMF liberalism—that have so long dominated and destroyed the Earth?

This is both our hope and our strategy for the immediate future. And it is why you, gathered here today, must think a little bit like Ibero-Americans, and they a little bit like you.

## How long before Peru's Fujimori dumps the IMF?

by Valerie Rush

The Alberto Fujimori government has continued its sworn offensive against the narco-terrorist movements ravaging Peru, but has yet to decree the emergency war economy measures that will enable that offensive to succeed. Possibly pushing the President in that direction is the April 21 resignation of Economics Minister Carlos Boloña, the Oxford-trained darling of the international financial centers whose rumored departure from Fujimori's cabinet is already prompting bankers' fears of a Peruvian break with the International Monetary Fund (IMF). Such a break is, in fact, the *sine qua non* of a successful war against narco-terrorism.

The rest of Ibero-America is closely following developments in Peru, well aware that what occurs in that country could prove the harbinger for the rest of the continent. Particularly anxious are the governments of Brazil and Bolivia, both of which are rotten with the same corruption that led to the shutdown of Peru's late unlamented "democratic institutions," and which are facing similar and growing civil and military resistance to the genocidal dictates of the IMF.

### A terrorist offensive

In separate raids the weekend of April 18, security forces arrested the number-two man of the Tupac Amaru Revolutionary Movement (MRTA), Peter Cárdenas Schulte, and the propaganda chief of the Shining Path guerrillas, Jorge Durand Araujo. Durand Araujo's brother, Maximiliano, heads the Shining Path's propaganda networks in the United States and Europe.

Cárdenas, considered the MRTA's military genius and author of numerous terrorist actions, kidnappings, and assassinations—including that of former Peruvian Defense Minister

Gen. Enrique López Albújar—had been captured in February 1988, but released by the courts in 1989 for "lack of evidence." Several clandestine printing operations of the Shining Path were also raided, and 56 guerrillas captured.

And yet, instead of cheering Fujimori's determination to rid his nation of this terrorist plague, the Bush administration and its allies on the continent have chosen to throw their lot in with the narco-terrorists, as they have in El Salvador, Colombia, and elsewhere. There can be no other explanation for the ongoing scandalous international treatment of an elected head of state, whose actions are fully backed by his people, as a pariah and "dictator."

Desperately impoverished Peru has been cut off from access to international credits, under an ultimatum to "restore democracy"—i.e., stop the all-out war against Shining Path. As much as \$2 billion in loan expectations have been put on hold, according to *Caretas* magazine, and there is concern that a balance-of-payments crisis could be imminent. According to a *New York Times* editorial of April 21, Fujimori "has one month to come to his senses." After that, the Organization of American States (OAS) may impose economic sanctions as well, on the Haitian model.

At the same time, a rival presidency to that of Fujimori is being cultivated, whose hallmark is a negotiated dialogue with the murderous narco-terrorists. Some 200 members of the suspended Peruvian Congress have chosen Vice President Máximo San Román as the legitimate President of Peru, and he was duly "inaugurated" in Lima after passing through Washington in a, so far unsuccessful, bid to win OAS recognition as Peru's sole head of state.

San Román has attempted to set himself up as the "true

son" of Peru, versus Fujimori, who is of Japanese descent. San Román, who is part Indian, comes from the city of Cuzco, which was one of the two capitals of the bloodthirsty Inca Empire. He has announced plans to set up a temporary capital in that city and, since his return to Peru, has repeatedly given speeches in the Indian language of Quechua, in which he promises to return Peru "to the grandeur of our forefathers."

His racial appeals to Peru's large Indian population dovetail with that of the Shining Path, which is not surprising in view of his reiterated appeals to "all insurgents" to enter into a dialogue with his "government." San Román was just in El Salvador, where he couldn't find enough praise for the U.N.-sponsored peace treaty with that country's FMLN terrorists. During his "inaugural" ceremony, San Román warned the Peruvian Armed Forces to support democracy, since "history abounds with examples where dictatorships are overthrown by guerrilla insurrections or popular uprisings."

Although the Bush administration has thus far restrained itself from extending formal recognition to San Román's rump presidency, a campaign has already begun in the Anglo-American media to give credibility to San Román's bid for power. The April 22 *Financial Times* of London observed that with San Román's swearing-in, "This leaves Peru with three men claiming the presidency—Mr. Fujimori, Mr. San Román, and Mr. Abimael Guzmán, leader of the Sendero Luminoso [Shining Path] guerrillas, who is known as 'President Gonzalo.'" The *Washington Post* of the same day had virtually the identical formulation.

While San Román's campaign is clearly designed to chip away at the broad popular support for Fujimori, an OAS mission has been sent to Peru, to try to convince the President to come to a negotiated agreement with the same narco-terrorist sympathizers in the Congress and the courts who had nearly delivered the country into the arms of the Shining Path.

The 50-minute meeting between the OAS delegates and President Fujimori left both sides uncharacteristically mum, but one hour after that meeting, Fujimori went on national television April 21 to announce that his actions were "non-negotiable. The sovereignty of the people must be respected," he insisted, referring to the 80-90% approval rating his unilateral actions have received in the polls. His hard line, intended as an unmistakable message to the OAS mission, was coupled with an announcement of a time-table for returning to the constitutional order he suspended by executive decree on April 5.

On the night of April 22, some 20-30,000 Peruvians gathered in Lima to cheer their President's pledge to take "not one step back" in his brute-force overhaul of the government's corrupted institutions, nor in his war on narco-terrorism.

Not only has President Fujimori been denied international backing for his decision to wage a serious war against the

narco-terrorists and, most importantly, against their apologists and protectors inside the power structures of government, but the narco-terrorists themselves are getting unprecedented propaganda internationally.

In a front-page article in the April 21 *Washington Post*, Shining Path is described as "unlike any other guerrilla group that Latin America has ever seen. But Shining Path does have a past and a philosophy, and its methods are far from madness." The article cited unnamed observers saying Fujimori's promise to eliminate Shining Path by 1995 is "totally unrealistic," and quotes from Hernando de Soto, Fujimori's former drug adviser once described by George Bush as "my favorite economist," who said, "Two of the things that Shining Path does out there are to protect property rights and provide justice. The Peruvian state doesn't."

And the Human Rights Commission of the OAS has begun a new series of meetings in Peru, visiting the jail cells of the same terrorists and drug traffickers they visited months ago, to determine whether their human rights are being violated under Fujimori's "dictatorship."

### **Austerity plan 'at risk'**

Despite all the rhetoric about Fujimori's violation of the democratic process, it is his dismissal of the elements of his government most associated with Peru's "re-insertion" into the international financial community which has caused the most hysteria. Not only has Finance Minister Carlos Boloña reportedly resigned, along with his underlings, but so too has Peruvian Ambassador to the U.S. Roberto Maclean. Both men are closely associated with the radical free trade philosophy of the Institute for Liberty and Democracy (ILD), the think-tank of Hernando de Soto.

Fujimori has also dismissed the director of Peru's central bank, Jorge Chávez, who incredibly met with San Román in direct defiance of President Fujimori and in so-called defense of the "autonomy" of the central bank. Chávez told the press that Fujimori informed him that "he wanted the entire directorate [of the central bank] to resign, because the cabinet had a completely different vision of what the country's monetary policy should be." Chávez, however, has thus far refused to tender his resignation.

*Expreso* magazine, which has deplored Boloña's departure, observed April 21 that Fujimori's dismissal of Chávez and the others "can have no other explanation than that the government wants to impose another monetary and fiscal policy."

The mouthpieces of international finance are also concerned that Fujimori's need to retain the support of the population and of the Armed Forces may prompt him to put an end to Peru's suicidal relationship with the International Monetary Fund. States the *Financial Times* bluntly, "Mr. Boloña's resignation may also signal that Mr. Fujimori is preparing to abandon an IMF-inspired austerity program that had placed the government's finances in order."

# Afghanistan developments may be portents for new danger

by Susan Maitra and Ramtanu Maitra

The events that started on the Ides of April with the forced exit of Afghan President Dr. Mohammed Najibullah and the installation of a makeshift government based on an alliance between the depleted army and the Watan Party, have brought to the fore the futility of the manicured U.N. peace plan, through which Washington would like to usher in a non-fundamentalist, acceptable Afghan government. The events of April 15, though not unexpected, have developed a pattern of their own and if this pattern is disrupted by interested external forces, it could embroil Afghanistan in yet another cycle of bloodshed. With the collapse of the Soviet Union and emergence of new Central Asian republics and the expressed interests of Saudi Arabia, Iran, and Pakistan, the feud among Mujahideen factions could easily spill over the defined and undefined boundaries of Afghanistan.

The U.N. peace plan, in its original form, had envisaged two sets of meetings which were scheduled to be held in either Geneva or Vienna. The first was slated to be an intra-Afghan dialogue among 150 representatives, to be hand-picked by Benan Sevan, the U.N. secretary general's special representative, from among the names submitted to him by all political groups in the country. These 150 representatives would, in turn, select 35 people who would decide through deliberations at the second meeting on the proposals to be placed before the *loya jirga*, or the Afghan grand council of tribal elders. The same 35 would also decide on the composition of the interim government to rule Afghanistan.

This "democratic process" ran into rough weather within four months when the Afghan rebel hardliners, such as Gulbuddin Hekmatyar, Yunus Khalis, and Abdur Rab Rasool Sayyaf, rejected the plan outright. In retaliation, Hekmatyar presented a four-point plan of his own. The crux of this plan was the removal of Afghan President Dr. Najibullah. This would be followed in order, by the setting-up of an interim government, imposition of cease-fire, and holding of free elections. Hekmatyar, who is still backed by the Saudis and Pakistan's Jamaat-e-Islami, a member of the ruling coalition in Islamabad, started to campaign for his four-point plan.

But Hekmatyar met with little success diplomatically. Pakistan's Prime Minister Nawaz Sharif, who is under severe pressure from Washington on the nuclear as well as the Af-

ghan issue, threw his support behind the U.N. peace plan. Iran also followed suit, possibly because Hekmatyar, a Sunni Pakhtoon with Saudi links, had been openly insensitive to the Shia Mujahideen whom Iran shelters and officially backs. Moreover, Iran is aware of the changed circumstances vis-à-vis the formation of Tadjikistan and Uzbekistan. Iranian officials realize that if brought in to share power in Kabul, the Farsi-speaking Tadjiks and Uzbeks, along with the Shia Mujahideen, can play a role in bringing Afghanistan closer to Iran: Teheran saw in the U.N. peace plan some potential of achieving this objective.

Meanwhile, Washington, which backed Hekmatyar to the hilt with arms and cash in the period immediately following the withdrawal of the Soviet troops—and thus, widened the gulf between the various Mujahideen groups at that critical moment—had begun to project the Tadjik Mujahideen commander Ahmad Shah Massoud as a "moderate" leader, and, hence, acceptable. Massoud, who earned his stars as the "Lion of Panjshir Valley" because of his effective guerrilla warfare against Soviet troops between Kabul and the Salang Pass, visited Washington early this year and talked to officials.

## The sinking of the U.N. plan

The U.N. peace plan received a momentary boost when Afghan President Dr. Najibullah, whose six years of ham-handed rule had bred bitter enemies within the Army and intensified infighting within the ruling Watan Party (People's Democratic Party of Afghanistan), announced on March 18 that he would resign by the end of April. His resignation was not unconditional, he pointed out to Benan Sevan. Najibullah said he would resign only if the interim government set up by the United Nations would have the appropriate authority and powers to guarantee the unity and safety of the Afghan people, as well as the country's territorial integrity.

In early April, Pakistan's press reported that the U.N. had succeeded in forming a 15-member transitional government council in Kabul and that the body would meet at Islamabad before the end of April. Although the official Foreign Ministry spokesman denied the entirety of this report, he admitted that "discussions are going on and the



list is yet to be prepared.”

With the die thus cast, Kabul was gripped by rumors on April 14 that Dr. Najibullah had fled. Press reports at the same time in India indicated that Najibullah was seeking asylum in India. It also became evident that Khalis and Hekmatyar's troops were on the threshold of Kabul, close to capturing the Baghram airport located about 50 kilometers to the north.

In the early morning of April 16, Najibullah made an unsuccessful attempt to flee the country. On the road, he was stopped by the once-loyal Jozjani security forces, whose chief Rashid Dostam had defected to join Massoud a few days before. Najibullah sought asylum in the U.N. compound where Benan Sevan was trying desperately to stop the situation from spinning out of control.

The post-Najib governing council, an alliance of Army brass and sections of the ruling Watan party that had compelled Najib to flee, had 5 of its 12 members drawn from non-Pushto-speaking ethnic minorities. It showed that although the Pushto-speaking Pakhtoons were not exactly sidelined, they were definitely undermined. It was also clear that the Jamaat-e-Islami leader Massoud, a Tadzhik, was lurking around the corner with his associate, Gen. Rashid Dostam, playing a key role inside the council.

The fallout of the coup—which was due more to the disintegration of the internally weakened Najib regime than to any serious powerplay, much less Mujahideen military victory—was predictable. Gulbuddin Hekmatyar, afraid that Massoud would capture Kabul and the seat of power, reacted sharply, raising the Pakhtoon flag and calling for occupying Kabul by force. With the portents of an all-out civil war hanging thick, Pakistan Prime Minister Nawaz Sharif—accompanied by his minister for religious affairs, the Jamaat-e-Islami chief who openly backs Hekmatyar's Hezb-e-Islami, and Pakistan's Inter-Services Intelligence (ISI) chief—swung into action and began negotiations with the leaders of 10 Mujahideen groups based in Peshawar, Pakistan. The objective of Prime Minister Sharif was to build a consensus in the formation of a Mujahideen Council that would take over power in Kabul.

Meanwhile, in Kabul, Afghan Foreign Minister Abdul Wakil began marathon negotiations with Ahmed Shah Massoud to form a coalition of Mujahideen leaders, of the kind which took over control at Mazhar-e-Sharif in the north. While Prime Minister Sharif continued to face resistance from Hekmatyar, Wakil succeeded in forming an Islamic Jihad Council (IJC).

Although the formation of the IJC helped the much-maligned Watan Party and depleted Army in retreating from the sticky situation, it still left unresolved the central issue of non-Pakhtoon domination. Nonetheless, the Kabul government has begun to transfer power to the IJC in a number of major towns. As of this writing, Jalalabad, the eastern gateway to Kabul, and Kabul itself remain in the hands of the Kabul government, but

there are reports that negotiations are in progress to hand over power to the IJC of these towns as well.

## **The potentials and the pitfalls**

For all practical purposes, the U.N. peace plan which surfaced last October has been buried deep along with the British empire-seekers of 19th century and the mighty Red Army of the 1980s in the barren plains of Afghanistan. Washington may put up a brave front saying that the U.N. plan is still alive, but it will be hardly listened to anywhere.

On the other hand, it would be patently wrong to assume that an “Afghan-style” arrangement cannot be worked out, despite all the complexities. Observers of Afghanistan's history will point out that the Afghans have a unique way of forming a consensus, which often takes a long time. Often in an indirect way, the most difficult impasses are broken through. Such negotiations may result in giving full jurisdiction to local commanders over territories they control while the Kabul government, comprised of non-controversial leaders, will have a tentative grip over the country as a whole. The result would look something like Burma (Myanmar), where the Rangoon government has little control over the entire territory.

However, the present situation Afghanistan faces is distinctly different from anything in its past history. The United States, a military giant with its economy anchored on quicksand, is harboring ambitions to impose its new-found world order, which, among other things, prescribes democracy, as Washington likes to define it, and exercise of human rights as the basic requirements for a nation. Moscow, now manned by weak men with little self-identity, is in no position to disagree. At the same time, the emergence of the Central Asian republics has triggered a race between Saudi Arabia, Iran, Turkey, and Pakistan as well.

The Iranians, who are upset over the blatant discrimination against the Shia Majahideens by the Peshawar strongman, are watching developments carefully. A senior Iranian diplomat has been sitting in Peshawar since Najib's ignominious fall. There are also scattered reports that Iran has already sent some help, albeit insignificant, to the post-Najib government in Kabul.

Iran's objective is to see that Shia Mujahideens get a fair share of power along with the Farsi-speaking Tadzhiks and Uzbeks. In Mazhar-e-Sharif, for instance, the alliances between the Tadzhiks and Hazaras (Shia) has wrested power from the Pakhtoons. With their objective attained, it is evident that the more virulent anti-Shia leaders, such as Hekmatyar, will be kept on a leash. From a broader standpoint, the Iranians are keen to prevent the Saudis from gaining too much control over Afghanistan, and it is believed that by curbing Hekmatyar's power, Iran will gain this objective as well. The Saudis, on the other hand, are seeking to torpedo Iran's efforts.

Pakistan is in an extremely delicate situation. Burdened

with 5 million refugees, who have spent 13 years in the Northwest Frontier Province and northern part of Baluchistan, Islamabad would like them to go back home. At the same time, the Pakistanis are aware that if a satisfactory power-sharing formula is not found, the disgruntled Pakhtoons from Afghanistan, such as Hekmatyar, Khalis etc., may stir up the old movement for the formation of a "Greater Pakhtoonistan" which would involve most of Pakistan's western part. Perhaps it is this fear which prompted the Pakistani foreign office to tell newsmen on April 21 that any decision regarding Afghanistan's future will be based on a majority decision rather than on consensus. With Hekmatyar being the main obstacle to the formation of a Mujahideen Council, this statement indicates Pakistan is now ready to dump Hekmatyar.

### **Territorial integrity of Pakistan**

A similar warning note also came from the former ISI chief, Lt. Gen. Hamid Gul (ret.), a staunch backer (and personal friend) of Hekmatyar in his service days. In a recent interview, General Gul pointed out that the demarcation line between Pakistan and Afghanistan, known as the Durand line delineated by the British, is not recognized by the Pakhtoons on either side. "A minor misadventure" in dealing with the crisis in Afghanistan "could prove extremely harmful and lead to the disintegration of Pakistan," Gul said. Urging Pakistan to handle the situation with extreme caution, Gul insisted that any provocation which may lead to fighting between the Mujahideen and Pakistani forces will be considered by the Pakhtoons as "the Punjabi prime minister's prejudice against the Pakhtoons, and the struggle for the disintegration of Pakistan would begin." He also told newsmen that Hekmatyar had told him that any "alien force in Afghanistan would be treated as an enemy."

At the same time, Pakistan cannot ignore Iran's plans or Saudi designs, since both are Pakistan's friends. In addition, Islamabad will have to absorb pressures exerted from Washington. Caught in this cross-fire, and facing stray allegations, such as the charge that Pakistan is carving out the eastern part of Afghanistan as its sphere of influence, Pakistan will have to be extremely judicious, both diplomatically and politically.

Under the circumstances, Hekmatyar, with distinct links to Saudi Arabia, and Massoud, with links to Washington and Teheran, the situation could be dangerous. The danger is not only that Afghans will spill more Afghani blood, but once again the specter of "alien forces" walking into Afghanistan to rescue one or the other of their clients.

While the U.N. peace plan has little future other than rotting under the fierce summer heat, former Pakistani Chief of Armed Services Gen. Aslam Beg has correctly warned on more than one occasion lately that the Afghan developments are spiked with dangers, unless the external forces choose not to meddle in the affairs which best should be left to the Afghans to resolve.

## **Denmark approaches a change of government**

by Poul Rasmussen

The staggering series of economic and political crisis sweeping through all of Europe often takes a peculiar form in each country. While most of Scandinavia, particularly Finland, Sweden, and Norway, has been severely shaken by an unheralded crisis in the financial sector, the situation in Denmark remains relatively calm, at least for the moment. While Finnish, Swedish, and Norwegian banks have collapsed in a domino-like chain reaction, the Danish financial sector has remained untouched.

A significant factor behind the apparent Danish immunity from the Scandinavian financial crisis can be found in the geographical proximity of Denmark to the reunited Germany. Since the fall of the Berlin Wall in 1989, Denmark has been experiencing an unprecedented export bonanza to Germany, resulting in historic record surpluses for Danish balance of payments. Until 1989; Denmark had a 25-year, unbroken history of balance of payment deficits.

But the economic benefits of the reunification of Germany have not rendered Denmark immune to the political crisis now afflicting almost every country in Europe.

In September of this year, Prime Minister Poul Schlüter of the Conservative Party will celebrate his first full decade as the head of the Danish government. But 10 years in office is a long time by any European standard, and, in all likelihood, the Schlüter government will not survive long beyond September.

### **The IMF dictated change**

When Schlüter came to power in 1982, the world was staggered by the Mexican debt moratorium and the international debt crisis. All through the summer of 1982, the Social Democratic minority government of Anker Joergensen had struggled to compose a proposal for a new national budget. In May of that year, a delegation from the International Monetary Fund (IMF) had visited Denmark and left a clear and uncompromising message to the Joergensen government: Your country has the highest national foreign debt per capita in the northern hemisphere and in the world. Therefore, you must immediately implement an unprecedented set of austerity measures.

Joergensen gave up. Without even calling for new elections, the government resigned, and Schlüter formed a four-party minority coalition government. Nobody expected the new government to last long. The Social Democrats expected the Conservative-Liberal government to be swept away by the international financial crisis within no more than six months. The Schlüter government did fall four months later, but new elections gave the coalition parties enough political strength to continue running the government. For the Danish Social Democrats, this was the beginning of the longest period out of power since 1911.

In 1987, two things happened on the political scene of Denmark. In September, Anker Joergensen resigned as party chairman of the Social Democratic Party, and former Minister of Labor Svend Auken, only 43 years of age, took over. In December, the Schlüter government presented to the parliament the most severe austerity budget the country had ever seen.

Ever since the December 1987 budget, the popularity of the Schlüter government has been constantly falling. In three consecutive elections, the coalition parties of the government have been losing substantial numbers of votes, and the Social Democrats have been making corresponding gains. Nonetheless, the Social Democratic Party was slipping further and further away from running the government. The main reason was the unreliability of the young Svend Auken.

By fall 1991, a series of internal crises within the Social Democratic Party had caused public distrust of the leadership qualifications of Svend Auken to reach new intensity. At the same time, the Schlüter government was severely shaken by its own political scandals, most particularly the so-called Tamil case, an affair that could still topple the government. Denmark had neither government nor opposition; it was a country without any effective political leadership. The story of Shakespeare's *Hamlet* came to mind again.

### **The Tamil case**

In the fall of 1988, the then-minister of justice, the Conservative Party's Erik Ninn-Hansen, used the power of his office to prevent families of Tamil refugees from Sri Lanka from coming into Denmark. According to Danish law, refugees have a right to be reunited with their families. Following a preliminary investigation in the spring of 1989, Prime Minister Schlüter assured the Parliament on April 25 that "nothing has been swept under the carpet in this case." Schlüter's speech of April 25, 1989 has since been known as "the carpet speech," and when the special prosecutor later this year presents the results of his investigation, "the carpet speech" might very well precipitate the end of the Schlüter era.

The unpopular economic policies and the Tamil case have already weakened the government to the extent that, under normal circumstances, a change of government would have taken place long ago. But Svend Auken has been

Schlüter's best political insurance policy. The distrust of the leadership qualifications of Auken had even one-third of the Social Democratic voters preferring a Schlüter-led government to an Auken government. By the end of 1991, the situation was no longer acceptable to the behind-the-scenes leadership of Denmark's industry and trade unions.

The conservative Federation of Danish Industries quietly sent signals saying that the Schlüter government might not "be there forever," and the Social Democratic leadership of the major trade unions clearly signaled that the time had come for a change in the chairman of the party. On March 17, after weeks of political rumors, the vice chairman of the Social Democratic Party, Poul Nyrup Rasmussen, announced his candidacy for chairman.

### **A new Social Democratic chairman**

At a dramatic extraordinary party convention on April 11, the Danish Social Democratic Party elected a new party chairman. Poul Nyrup Rasmussen, age 48, unseated the party chief since 1987, Svend Auken. This was the first time in the 100 years of Social Democratic Party history that the chairman had to face a challenge to his position, and Svend Auken lost badly. Of the 556 party delegates at the convention, only 187 voted for Auken, while the new chairman, Poul Nyrup Rasmussen, received the backing of 359 delegates (with 10 abstentions).

With Poul Nyrup Rasmussen as chairman of the Social Democratic Party, a potential alternative to the Schlüter government has finally been established. At least, this is what the traditional political establishment of Denmark would like to believe. If and when the international economic crisis sweeps through the country in the near future, Poul Nyrup Rasmussen is already presented to the public as "the man to replace the old regime." Unfortunately for the Danish people, there is not likely to be much change with a Prime Minister Nyrup Rasmussen. Trained as an economist in the Danish trade unions, he represents nothing new in terms of economic policies. They have backed almost every step of the Schlüter economic policies—quietly, but solidly.

On June 2, Denmark will hold a referendum on the Maastricht accords of the European Community. Only Denmark and Ireland requested that their citizens be asked to vote before these sweeping changes to the Rome treaty would be implemented. According to the statutes of the European Community, any change to the original treaty requires unanimity. Therefore, if the Danes reject the Maastricht accords, the much-touted European Union will not become reality.

The series of scandals hitting both the government and the opposition in the last several months has produced a profound fear inside the establishment that the fast-growing disgust for their establishment politicians will manifest itself as a "no" vote for the Maastricht accords. If so, the political crisis of Denmark will suddenly be extended to all of Europe.

# U.N. sanctions Libya, says might makes right

by Joseph Brewda

The United Nations Security Council began imposing international sanctions against Libya on April 15, setting the stage for a new round of Anglo-American/French attacks on Third World sovereignty, and on international law.

The pretext for the sanctions is Libya's alleged refusal, as demanded by U.N. Resolution 731, to cooperate with the U.N. concerning the terrorist downing of Pan Am Flight 103 over Lockerbie, Scotland in 1988, and the downing of a French UTA jet over Niger in 1989. Britain, France, and the United States have claimed, without offering any evidence, that Libyan government officials were responsible, and have demanded that these officials be extradited to face trial. U.N. Resolution 748 bans international flights of Libyan planes, and bans any nation from flying planes into Libya. It requires all states to end the shipment of arms to Libya, and to reduce the number of Libyan diplomatic personnel in their nations.

One of the most significant aspects of the Security Council actions against Libya is that they are in brazen violation of international law, including the U.N. Charter and the 1971 Montreal Convention on airline terrorism which governs such disputes. Libya currently has a case before the International Court of Justice in The Hague, the Netherlands, petitioning the court to explain how the Security Council demand for extradition of the two Libyans conforms to international law. Although the court in The Hague turned down Libya's request to issue a temporary restraining order against the Security Council, the court still has Libya's suit—that the Security Council is acting in violation of the Montreal convention and related international statutes—under consideration. An accompanying interview with international law expert Prof. Francis A. Boyle, who is an adviser to the Libyan government, shows the lawlessness of the Anglo-American/French-dictated Security Council measures (see page 43).

Significantly, the British and Americans have flaunted this lawlessness, in an attempt to set a new precedent for the old notion that "might makes right." Speaking of the measures, U.S. Ambassador to the U.N. Thomas Pickering bragged that they "make clear that neither Libya nor any other state can seek to hide support for international terrorism behind traditional principles of international law." An unidentified U.N. diplomat proclaimed to the British press, "A Security Council resolution is international law."

## A concocted case

The only apparent basis for the claim that Libya downed Pan Am Flight 103 is a political consideration. Until the Persian Gulf war, the British, U.S., Israeli, and French media often claimed, as did retired intelligence officials from those nations, that Syria and Iran were responsible for the incident. It was almost standard to claim that the Syrian-based Popular Front for the Liberation of Palestine-General Command was responsible. However, these claims were quietly dropped in the summer of 1990, during the period when the United States and Britain lobbied Syria and Iran to join their anti-Iraq coalition, which they did.

In the summer of 1991, the *Wall Street Journal* revived the story, but this time claiming that Libya, not Syria or Iran, was responsible. A media campaign in the Anglo-American and French press was followed by the indictment of Libyan officials in British and U.S. courts. But what was the evidence? Vague claims of alleged reports by two Libyan airline employees in Malta that they saw unidentified, unaccompanied baggage put on board a plane, which was later transferred to Pan Am 103. The reports have been disputed by a Maltese government investigation. Claims of a similar quality out of Senegal were the pretext for the French indictment at the same time.

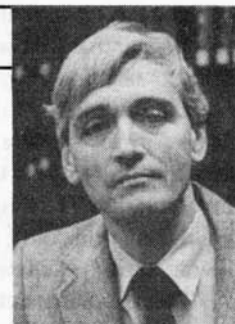
## Naval exercise set

On April 15, the same day that sanctions were put into effect, NATO announced that it would be holding a 10-nation naval exercise in the central Mediterranean, in the waters between Italy and Libya. The exercises, called "Dragon Hammer," will last May 6-20 and include amphibious landing exercises in Italy. There already is a large deployment of NATO troops in Sicily, supposedly to protect a town threatened by the eruption of Mount Etna.

Whether or not Libya is hit with a military strike in the near term, the British are already pushing for an embargo against Libyan oil sales. British Foreign Minister Douglas Hurd told BBC on April 15 that continued Libyan "intransigence" could prompt the United States, Britain, and France to consider an oil embargo. Britain's North Sea oil fields are Libya's main competitor in the production of low-sulfur "sweet oil." Libya is the major oil producer for Italy and Germany—two of the Anglo-Americans' economic and political targets.

In a further indication that not merely Libya is targeted, the Security Council has formed a special committee to monitor the implementation of the sanctions by other states. "The council means business," British Ambassador to the U.N. David Hanney threatened, in reference to any state that might consider not complying.

The monitoring committee already has sent out demands to all the world's nations requiring them to submit a report by May 15 detailing their compliance with the sanctions.



## U.S., British Lockerbie charges against Libya 'preposterous'

*The Libyan government is now suing the U.S. and British governments before the International Court of Justice in The Hague, Netherlands, concerning allegations that Libya was involved in the bombing of Pan Am Flight 103 over Lockerbie, Scotland. Prof. Francis Boyle, who is an adviser to the Libyan government, teaches at the University of Illinois at Urbana-Champaign. In this interview, Professor Boyle was speaking to EIR purely in his personal capacity as an expert in international law. The interview was conducted by Joseph Brewda on April 21.*

**EIR:** What is the history of the case that the Libyan government now has before the International Court of Justice in the so-called Lockerbie dispute?

**Boyle:** When the allegations first emerged in the U.S. news media trying to implicate Libya back in June, I began serving as an adviser to Libya on the matter. It was certainly clear to me at the time that Libya was being set up by the CIA. All the evidence on the incident points in other directions than Libya.

When the accusations were made in December 1991, on the third anniversary of the bombing, the United States and U.K. formally tried to implicate Libya. Immediately after this, Libya formally offered to submit the entire dispute to the International Court of Justice, an international tribunal, an impartial international commission of investigation, or to any other type of impartial international proceeding, to resolve it. All those offers were rejected out of hand by the United States and U.K.

There matters stood until after the first of the year, when the two governments indicated that they were going to move for a resolution against Libya in the U.N. Security Council. At that point, Libya proceeded to draft and send two diplomatic notes, to Secretary of State James Baker and to British Foreign Minister Douglas Hurd, invoking Article 14 of the Montreal sabotage convention of 1971—the United States, U.K., and Libya are all parties to the convention. The destruction of the plane over Lockerbie clearly was an act of sabotage directed against civil aviation that fell directly within the meaning of the Montreal sabotage convention. Article 14 says that in the event a dispute over the interpretation or application of the Montreal sabotage convention cannot be resolved by diplomacy, then either party can demand interna-

tional arbitration, and if that does not work, they can go to the world court [the International Court of Justice].

Around Jan. 19, Libya sent these notes to the United States and U.K. formally demanding arbitration of the dispute before an international arbitration tribunal, as was Libya's right. Their position was that the United States and U.K. refused to negotiate as required by the Montreal sabotage convention, which says quite clearly that negotiations are required. The United States and U.K. have refused to negotiate, and have still refused to negotiate with Libya. So, the notes were sent. The United States and U.K. ignored them, and then convened the session of the U.N. Security Council to deal with the adoption of Resolution 731.

Originally, the United States and U.K. wanted Resolution 731 to demand that Libya turn these two individuals over to the United States and U.K. They did not get that, and indeed the western mainstream news media, true to its history, thoroughly distorted, and I think on purpose, the true meaning of 731. If you read 731, it does not demand anyone's extradition. It urges Libya to cooperate with the U.N. secretary general in resolving this dispute, which Libya has done, from day one, when the allegations emerged in December. They wanted to have a demand for extradition in there, but the Third World states would not go along with it, taking the position, and quite rightly so, that extradition is a matter that is determined in accordance with extradition treaties. The Security Council has no jurisdiction to demand anyone's extradition, and there is no extradition treaty between the United States and the U.K., and Libya.

But Bush had the votes to ram the Security Council resolution through, and the key vote was that of China. To get the Chinese vote, Bush agreed to have his famous meeting with Li Peng in New York, the butcher of Beijing, the fellow in charge of the Tiananmen Square massacre, and that was the *quid pro quo* for the Chinese vote. So Resolution 731 was adopted. Everyone at the Security Council knew it was wrong. Everyone knew that Libya has nothing to do with this bombing, that Libya has been made a scapegoat, just as it has throughout the 1980s. Whenever the U.S. government wanted some fairly defenseless Third World country to beat up on, they would beat up on Libya.

There matters stood. In the debate at the Security Council, both the United States and U.K. rejected the applicability

of the Montreal sabotage convention. At that point, it was pretty clear that they were going to move for a second resolution, to sanction Libya. So, Libya proceeded to prepare to file a lawsuit in the International Court of Justice, under the same Article 14. When it is clear that arbitration is rejected, then the third stage is to go to the world court and to sue them involuntarily. The first offer in December was to voluntarily go to the world court, the third step was to sue the two states involuntarily. The lawsuit was filed on March 3.

The suit points out the following matters:

1) Libya has fully complied with all the terms of the Montreal sabotage convention in the handling of this dispute.

2) There is no requirement to extradite under the Montreal sabotage convention. The requirement is extradite or prosecute, and Libya has decided to institute criminal proceedings against these two individuals and to prosecute them themselves.

3) The United States and the U.K. have themselves violated the Montreal sabotage convention, in particular Article 11, which requires them to turn over whatever evidence they have to Libya, to cooperate with Libya on the prosecution. Both states refused to do that. So how can Libya mount a prosecution of anyone if the two states involved refuse to turn over the evidence?

The reason why they don't turn over the evidence is that the evidence isn't there, it's all been concocted by the CIA, and we know it. Air Malta and the Maltese government have already issued an official statement that, based on their investigation, there was no unaccompanied baggage from Malta to Frankfurt [Germany], and they have been able to account for all the baggage from Malta to Frankfurt.

The fourth point that Libya raised in the application is that the United States and U.K. were going to go ahead and try to coerce Libya and perhaps engage in a military attack or threaten military attack against Libya over this dispute, which ultimately is a legal dispute, a question of extradition and interpretation of the treaty, and that therefore the court should act to prevent this.

So, tied into the application is what we lawyers call a request for indication of provisional measures by the court. This is the international equivalent of a temporary restraining order. Libya asked for a temporary restraining order against the United States and the U.K. to prevent them from taking measures of coercion or sanctions or military attack against Libya, pending the decision of these legal issues by the court. When the application was filed, of course, there was no guarantee that the matter would be set for a hearing by the court, especially the request for a temporary restraining order, and yet the application was accepted. So apparently it was receivable, and apparently the court concluded that there were enough grounds to schedule a hearing on Libya's request for provisional measures, and so the date was set for March 26. The hearings on March 26-28 were on the temporary restraining order; they were not on the merits of the

decision one way or the other.

Once that was set, the Bush strategy was to try to ram the sanctions resolution through the Security Council before the world court could decide on the temporary restraining order. They came out with the sanctions resolution 748. The sanctions resolution first surfaced the last week of February, and they wanted sanctions in the first week of March. The filing of the lawsuit delayed that. When the court set the hearing for March 26, it became very clear to Bush that he had to ram that thing through the Security Council before the court could prevent it. Enormous pressure was put on the members of the Security Council to go along with it. This time China was threatened by the U.S. government, overtly, by telling them that if they vetoed this resolution they would lose their Most Favored Nation trading status. With that threat, and the other votes in his pocket, Bush convened the Security Council shortly after the court had heard the temporary restraining order argued, and adopted Resolution 748 by a vote of 10 in favor, none against, and five abstentions.

Clearly, this procedure violated a basic canon of Anglo-American legal practice and procedure, that, pending resolution of a matter by a court, the litigants are not to take any action which would interfere with, prejudice, or prejudice the legal proceedings. And that is exactly what Bush did. He moved for the sanctions resolution before the court could render its decision, and the five states that abstained on Resolution 748 all pointed that out, that the matter was before the court and that they should wait for a court ruling. That didn't bother Bush, he had his 10 votes—that was only one more than he needed. It was a severe embarrassment to Bush, in my opinion; he barely scraped through. And there were five abstentions, basically in agreement with Libya's position. The Resolution 748 was passed.

The major legal defect with the resolution is the Chinese abstention. If you read the U.N. Charter, it clearly says that decisions of the Security Council require the concurring votes of all five permanent members, which would include China, which abstained. So there is a very serious legal question as to the validity of Resolution 748 in the first place, which is premised on the previous Resolution 731 being valid, which is also defective.

Once 748 was passed, and with its mandated sanctions coming into effect on April 15, the court, in order at least to assert its independence from Bush, said it would render its decision on the 14th. I know some of the judges were displeased by what Bush had done here. Their decision on the 14th was only on the temporary restraining order. It did not get into the merits of the case at all. All it said in the key provision, paragraphs 39 and 40, was that the Security Council has already adopted Resolution 748, there is nothing we can do about it at this time, however, Libya remains free to contest the validity of 748 when it gets into the merit stage of the proceedings. So the court refused to give absolute validity to 748.

So it was a very narrow, limited ruling, which basically said Bush beat Libya to the punch, he got his resolution rammed through the Security Council before the world court could act, and there was not much Libya could do at this point in time, but certainly leaving open in the future that the court would be prepared to consider 748. The vote there was 11-5. Five judges agreed with Libya, that it should be given a temporary restraining order. Five votes in the Security Council and five judges on the world court basically agreed with Libya. I think that indicates that there is substantial merit to Libya's claim. Otherwise, Libya would not have gotten those five votes on the world court or in the Security Council. Even two of the judges who voted with the majority expressed severe reservations with the procedure here, that the Security Council acted while the very issue was before the court itself, and in essence preempted the ability of the court to rule on the temporary restraining order. All this means then that Libya lost the temporary restraining order. It does not mean Libya lost the case, and the case is still going on on the merits.

Number two, Libya remains free under the rules of the court to go back into court in the event Bush threatens military force against Libya—say, puts Libya on a blockade or threatens another bombing or something like that. The rules of the court provide you can always go back in for provisional measures in the event that there is a fundamental change in circumstance. So, the western news media thoroughly distorted what happened, but there is nothing new in that, that is the way they have done it on everything. The mainstream western news media are not much better than a conveyor belt for the new world order.

**EIR:** Certain members of the Security Council, notably the United States and Britain, were flaunting the illegality of the proceeding, apparently to assert their power over law. For example, U.S. Ambassador Thomas Pickering, after the passage of 731, stated that no longer will countries fostering terrorism be able to hide behind international law.

**Boyle:** That's exactly right, and we took that statement and cited it against him in the world court. There were other statements that Pickering made and British Ambassador Hanney made that were just reprehensible and outrageous, and we cited them all to establish our claim. They are ambassadors plenipotentiary, and their statements bind their governments.

**EIR:** There was an unidentified diplomat cited by Reuters who said, in reference to the ongoing world court of justice and the arguments you just presented, that the decisions of the Security Council are international law, that the vote of the Security Council supersedes international treaty obligations or any other law.

**Boyle:** This matter will be decided by the court itself when we get to a decision on the merits. The court will look into

that doctrine. Is Resolution 748 a law unto itself or isn't it? There has been a prior history of courts looking into Security Council resolutions and their validity. If you read the terms of the U.N. Charter, it makes very clear that the Security Council, when it acts, is bound by Article 1 and Article 2 of the U.N. Charter, the purpose and principles of the U.N. Charter. That certainly allows for the doctrine of *ultra vires*, that there are certain things beyond the power of the Security Council. Also, one of the judges pointed out that 748 arguably violated the basic tenet of all legal systems, that no man shall serve as his own judge. Clearly, this is a legal dispute, and the United States and U.K. went right ahead and rammed this decision through. It is simply not the case that the Security Council can do whatever it wants to do and that makes it a valid binding law. For example, the U.N. cannot authorize violations of international humanitarian law, the Geneva Convention, The Hague regulations. The Security Council cannot authorize the commission of war crimes, we see that in respect to the war crimes against the state and people of Iraq. The court made it very clear in paragraph 40 of the ruling that Libya was free to attack the validity of the resolutions on the merits.

**EIR:** Isn't it true that the U.N. demands are in violation of U.S. law, not just the Montreal convention. Since there is no extradition treaty between the United States, U.K. and Libya, how can there be a legal basis for extradition?

**Boyle:** That is exactly correct. That's why the Third World states never went along with the demand for extradition in Resolution 731. U.S. law is the same here as Libyan law. Under the U.S. Supreme Court case *Valentine v. Neidecker*, the Supreme Court has held that it is a fundamental requirement of due process of law that no one can be extradited to another country in the absence of an extradition treaty. Libyan law is the same. This is a double standard being applied.

Indeed, let's look at the destruction of the Iran Airbus by the *USS Vincennes*. There it is clear that the captain who shot that plane down knew it was a civilian airliner when he shot it down. If you read the transcript of the interchange on the bridge, his radar person clearly identified it as a probably civilian airline, but he shot it down anyway, killed 290 innocent people. What did we do with that captain? We gave him a medal. We didn't extradite him to Iran. Number two, when the Iranians protested, Bush went to the world court, and that whole matter is now before the world court. So, if we blow up an airplane—and everyone agrees we did it, no one denies it—it's perfectly fine for us to go to the world court and not to turn over our captain to Iran. But when someone else blows up our airline—and it is a flimsy, concocted case against Libya—we're going for sanctions and this, that, and the other thing. Total hypocrisy.

The other point that needs to be kept in mind is that of course these people can't get a fair trial in the United States or the U.K. Look what happened to Gen. Manuel Noriega.

First, he shouldn't have been on trial, he was a prisoner of war and his trial was prohibited. And second, the whole trial was a show trial, a kangaroo court proceeding up and down, as your magazine has covered it. It was a setup, a political trial. And these two Libyans, if they're ever sent over to the United States, the same thing will happen to them. They will never get a fair trial in this country, or in the U.K. Look at all the Irish people who were convicted and spent years in prison on trumped-up charges and concocted evidence put together by British police. That's why Libya has offered to have them tried in some neutral country, because they have nothing to hide. You don't go to court, especially the world court, if you have anything to hide. They're willing to have a trial in some country that is neutral. The United States and U.K. are free to bring in their evidence there. Well, it's clear why the United States and U.K. have rejected that option, because they have no evidence that would stand up in a court of law. Indeed, the United States and U.K. are free to bring their evidence to the world court if that is what they want to do.

Right now they have nothing. They have concocted allegations out of Malta. They have concocted evidence by the CIA out of Senegal. You'll note that when all these allegations began to emerge out of Senegal, the exact same week the *Financial Times* of London reported that Senegal's public debts had been miraculously rescheduled by the Paris Club at a highly preferential rate that Senegal was not entitled to.

The story first broke in the *Wall Street Journal*, which is very close to the CIA. If you read the story, it is completely preposterous. All of a sudden, some CIA agent, out of nowhere, reviews all the evidence that they used to have blaming Iran and Syria and a Palestinian group—I'm not saying that they did it or not, I don't know, but the CIA had been blaming them all along. But then, when it becomes politically convenient for Bush not to blame Iran and Syria, they blame Libya. Bush needed Iran and Syria's cooperation on two things: the war against Iraq, and to get the U.S. hostages out of Lebanon. So, Bush decided not to blame Iran and Syria. I'm not saying they did it, but all of sudden there is a shift, and the accounts are completely unbelievable.

All of them go back to two sources, Senegal and Malta. The same week all this came out, Senegal's public debt was rescheduled by the Paris Club. I think it's pretty clear someone was bought. As for Malta, all the evidence of Libya's involvement goes to two fellows who were working for Libyan airlines over in Malta. But the Maltese government has undertaken a very extensive investigation, and their conclusion was that there was no unaccompanied baggage, and they have been able to account for all the baggage. Those two things take care of what flimsy evidence there is. Remember the burden of proof is on the United States and U.K., not Libya. What little evidence they claim they have would not stand up in any fair, impartial tribunal. That is why Libya is more than happy to turn them over to a fair and impartial tribunal.

## Vatican moves to lift embargo of Iraq

by Muriel Mirak-Weissbach

If anyone can prevail upon the U.S. and British governments to lift their United Nations embargo of Iraq, which is killing the civilian population, perhaps it is Pope John Paul II. Important steps are being taken by the Vatican, and by the pontiff personally, which seem to be a prelude to an international mobilization against the U.N. sanctions. Although the initiative has been launched by the highest authority of Christendom, the press has been stingy in its comment, relegating coverage to brief mention in small articles. Press blackout notwithstanding, this is the weightiest institution yet to take up the fight to halt the genocide against the Iraqi people.

The first significant step was taken in January. Timed to coincide with the anniversary of the outbreak of the Gulf war, the Vatican commissioned an English-language version of a volume already circulating in Italian, containing the pope's views on the war. The book, *John Paul II For Peace in the Middle East: War in the Gulf: Gleaning through the Pages of "L'Osservatore Romano"*, was presented on Jan. 15 by the Permanent Observer of the Holy See to the United Nations, Archbishop Renato R. Martino. As he explained in his foreword, the book contains "in chronological sequence, the profound concern of Pope John Paul II for peace in the Gulf region. All his words are recorded, whenever and to whomever addressed, from 26 August 1990 to 6 March 1991: speeches, homilies, messages and prayers."

The book also includes "a collection, from the Vatican daily *L'Osservatore Romano*, of editorial comments and of articles by various authors, aimed at contributing to the discovery of the authentic meaning of peace." The de facto Vatican ambassador to the U.N. made clear in his remarks that the book was no academic matter, but an intervention into the political situation: "At one year since its inception, the events and the consequences of the Gulf crisis continue to distress the conscience of mankind and to demand careful analysis and farsighted remedies. May this small volume help guide and strengthen everyone's steps on the path of peace."

Curiously, though the book was presented by Archbishop Martini himself at the United Nations, the press considered the event "not newsworthy."

In March, a further step was taken, this time by His Beatitude Raphael I Bidawid, Patriarch of the Chaldean



Church of Babylon. Patriarch Bidawid is the head of the Catholic community in Iraq, which numbers about 1 million souls. Patriarch Bidawid has been an uncompromising critic of the war since its inception, and traveled during the terrible months of January-February 1991 throughout Europe and the United States to tell the truth about how the war was taking its toll on the civilian population. In April 1991, Patriarch Bidawid lent his support to a call for the creation of a Committee to Save the Children in Iraq, together with Schiller Institute president Helga Zepp-LaRouche, and International Progress Organization president Prof. Dr. Hans Koechler. The ad hoc coalition which came into being in May, has since coordinated relief efforts as well as international campaigns to lift the embargo.

This spring, Patriarch Bidawid again took his message to a European public. Traveling through Germany, he denounced in no uncertain terms the effects of the embargo on Iraq's civilians, especially the young. Reaching Rome in April, His Beatitude issued a scathing attack on the sanctions, characterizing the U.N. embargo as "a genocide." In an interview with Radio Vatican on April 3, he said, "This embargo is something very grave," causing the deaths of about 100 babies a day. He charged the embargo had caused "malnutrition for lack of food, deficiencies in public health for lack of medicine," and stressed that the sanctions had "not struck a blow against the Army or the regime, but the people instead." He asked, "How can human consciences accept such situations when the war already has been over for a year?"

After a private meeting with Patriarch Bidawid days later, Pope John Paul II announced his decision to send a fact-finding team to Iraq to express his "concern and solidarity" for the Iraqi people. The four-man delegation, led by Bishop Alois Wagner, vice president of the Pontifical Council "Cor Unum," was to assess the humanitarian needs so as to direct Catholic relief agencies in their efforts. Accompanying Bishop Wagner were Father Claudio Gugerotti, an official of the Congregation for Eastern Rite Churches; Gerhard Meier, secretary general of the Caritas Internationalis; and Father Moussa Adeli, director of Caritas Jordan in Amman.

The assessment brought back by the delegation must have confirmed every detail of Patriarch Bidawid's report, for just days after their return, John Paul II addressed the issue before a broad public. Delivering a speech at Saint Peter's, at his Wednesday audience on April 15, the pontiff called on the leaders of the international community to "stop the sad situation in which the Iraqi people finds itself." He said that the Iraqi people and its Christian community were "expressing their gratitude to everyone, whether it be persons or institutions, who are working to end their suffering, but they are imploring that there be an end, as soon as possible, to their suffering." The message, unequivocal, was grasped by Italy's leading daily, *Corriere della Sera*, which headlined, "Pope: End the Embargo of Iraq."

Will it be grasped by the temporal powers that be?

## A moral chronicle of the Gulf war

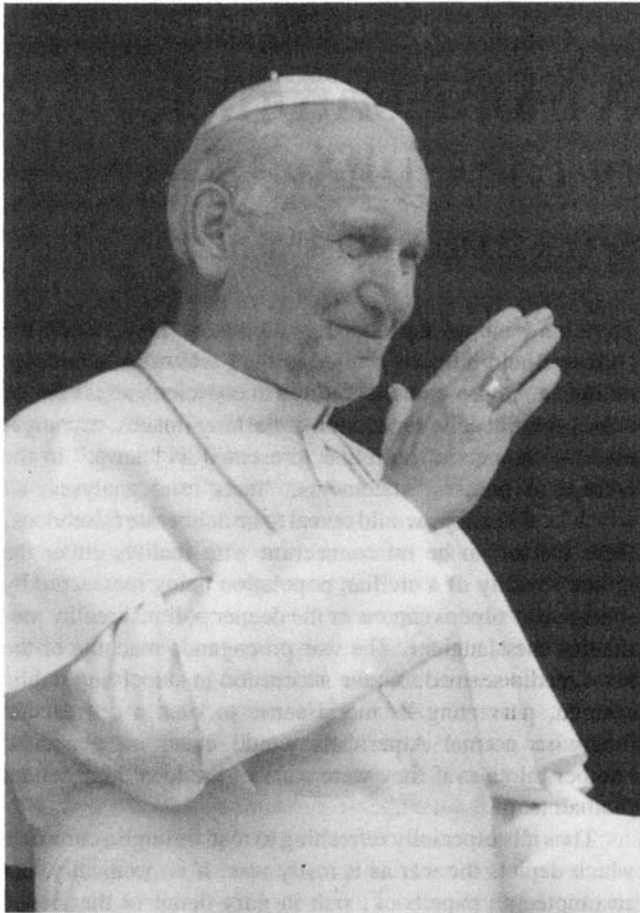
by Muriel Mirak-Weissbach

Thinking back on the opening months of 1991, when the Gulf war held millions riveted to their television screens or radios, the impression that returns to consciousness is one of a quasi-psychedelic succession of flashing images, accompanied by snippets of narrative, presented as "news." In the collage of phrases, statements, "facts" and analyses, all which later versions would reveal to be deliberate falsehoods, there seemed to be no connection with reality, either the military reality of a civilian population being massacred by superpower superweapons or the deeper political reality motivating the slaughter. The war propaganda machine of the mass media seemed to have succeeded in stupefying public opinion, perverting its moral sense to such a degree that otherwise normal Americans would cheer on genocidal bomber pilots as if they were stars of the local high school football team.

Thus it is especially refreshing to read through a chronicle which depicts the war as it really was. It is, ironically, not an umpteenth paperback, rich in gory detail of the Desert Shield buildup, which tells the deeper story, but a rather unassuming volume collecting the statements made by one man between Aug. 26, 1990 and March 6, 1991, the man being John Paul II. What is outstanding in the book, issued in English on the anniversary of the Jan. 15 ultimatum, is the unbroken continuity of the pontiff's concentration, throughout the terrible months of crisis and war, on the underlying moral principles which were being sorely tested. This steadfast emphasis on the universals, rather than on the elusive and, more often than not, equivocal ephemerals of daily events, allowed the Church to maintain a position of moral leadership which virtually every other social institution lost—or sacrificed—to its war aims.

### Constant efforts at intervention

From the onset of the crisis in late summer 1990, the pope consistently pointed to a matrix of problems, some rooted decades, if not centuries, in the past, which must be identified and addressed, if war were to be avoided. Thus, when speaking to a conference of Latin Rite bishops of the Arab region, convened in Rome on Oct. 1, 1990, John Paul II identified the crisis unfolding as "the extremely dangerous tensions affecting the Gulf; the drama of Palestine; the tragedy of Lebanon." This theme was to be elaborated in further pronouncements, as the pontiff expressed his conviction that



*Pope John Paul II: "There is a relationship between force, law and values which international society cannot afford to neglect. States are today rediscovering, especially as a result of the various structures of international cooperation which unite them, that international law does not constitute a kind of extension of their own unlimited sovereignty, or a protection of their interests alone or even of their attempts to increase their sphere of power and influence. Instead, it is truly a code of behavior for the human family as a whole."*

peace in the region could not be guaranteed until the injustices done to the Palestinian people and to the Lebanese were rectified. This approach, which led critics to accuse the pope of introducing linkage into the Persian Gulf crisis, he maintained and elaborated throughout, insisting that only through a negotiating conference, representing all the involved parties on an equal footing, could a lasting solution be found for the three forms of crisis.

The pope's method of intervention was twofold. On the one hand, he appealed to the world community at large to pray for peace, and more specifically to the Christian institutions to intervene through ecumenical dialogue with representatives of the other two monotheistic religions in the area, Judaism and Islam; on the other hand, the pope addressed the discrete individuals in positions of political power, be it George Bush or the U.N. Secretary General, or Saddam

Hussein, urging them to be guided by the higher powers of reason and morality, rather than the dictates of political expediency. In both approaches, the force exerted was of a moral, not political, nature.

On March 4, 1991, addressing a meeting of the patriarchs and bishops from the countries affected by the war, the pope explained his motives and his method:

"This exalted mission of the Church in the world and for the world does not respond to criteria or ambitions of a political nature. With humble means, in conformity with her spiritual nature, the Church tries to *evoke or arouse the sense of truth, justice and fraternity* which the Creator placed in the heart of each individual, of each person always considered in his or her transcendent and social dimension.

"These basic considerations motivated my many recent interventions in which the peace in the Gulf and, in a certain sense, the peace of the world were threatened. It seemed necessary to me, indeed, to recall the great principles of morality and international law which should always inspire the behavior of peoples and their leaders, the principles of a morality and law which challenge in a like manner the conscience of every person and which are to be applied everywhere and are applicable to each of the members of the international community."

In this spirit, the pope issued his plaintive call on Christmas 1990, appealing to the world's leaders to avert war:

For the area of the Gulf, we await with trepidation for the threat of conflict to disappear.

May leaders be convinced that *war is an adventure with no return!*

By reasoning, patience and dialogue, with respect for the inalienable rights of peoples and nations, it is possible to identify and travel the paths of understanding and peace. . . .

Again, on Jan. 12, just prior to the outbreak of war, he reaffirmed: "Yes, peace is possible; war would be a decline for all humanity." To Bush he restated his "firm belief that war is not likely to bring an adequate solution to international problems and that, even though an unjust situation might be momentarily met, the consequences that would possibly derive from war would be devastating and tragic. We cannot pretend that the use of arms, and especially of today's highly sophisticated weaponry, would not give rise, in addition to suffering and destruction, to new and perhaps worse injustices." His appeal to Bush on Jan. 15 was direct and pressing: "I especially pray that you will be granted the wisdom to make decisions which will truly serve the good of your fellow-citizens and of the entire international community." The pope's appeal to Saddam Hussein, issued the same day, emphasized the need that both sides be open to dialogue: "I truly hope and earnestly implore the Merciful God that all the

parties involved will yet succeed in discovering, in frank and fruitful dialogue, the path for avoiding such a catastrophe. This path can be taken only if each individual is moved by a true desire for peace and justice."

Nonetheless, when the first bombs were dropped on Iraq, the pope (after stating "I have done everything humanly possible to avert a tragedy") was the first to characterize it from a moral standpoint: "The beginning of this war also marks a grave defeat for international law and the international community."

The pope had intervened to prevent war, knowing full well what the tragic consequences of the immediate conflict and its political and social aftereffects would be; but, above all, his efforts were shaped by the understanding that such a war would signify a violation of international law and morality, in ultimate analysis, a violation of the laws of creation. This fundamental concept is worth developing at length in the pope's words: "There is a *relationship between force, law and values* which international society cannot afford to neglect. States are today rediscovering, especially as a result of the various structures of international cooperation which unite them, that international law does not constitute a kind of extension of their own unlimited sovereignty, or a protection of their interests alone or even of their attempts to increase their sphere of power and influence. Instead, it is truly a code of behavior for the human family as a whole.

"The law of nations, the ancestor of international law, took shape over the centuries by distilling and codifying certain universal principles which are prior to and higher than the domestic law of states and which were commonly acknowledged by those taking part in international life. The Holy See is pleased to see in these principles an expression of the order willed by the Creator. We may recall, by way of example, the equal dignity of all peoples; their right to cultural existence; the juridic protection of their national and religious identity; the rejection of war as a normal means of settling conflicts; and the duty to contribute to the common good of humanity. As a result, states came to the conviction that it was necessary . . . that the community of nations be endowed with universal rules of coexistence applicable in all circumstances. . . . Otherwise, the law of the jungle would prevail."

### **Social policy and natural law**

Such a concept represents an indictment of the Thornburgh Doctrine, articulated for the Panama invasion, which holds that U.S. domestic law has a higher priority than international law. The pope's indictment proceeds from the only appropriate philosophical starting point, that of international law as embedded in natural law. It comes as no surprise, then, that the pope should include in his elaboration of the concept of natural law explicit reference to economic and social policies which underlie justice. In his same address to the diplomatic corps accredited to the Holy See, Jan. 12,

which we quoted above, he concluded by asking: "How can one fail to mention at this point the great barrier which continues to separate rich peoples from poor ones? . . . [which] does not only constitute an imbalance but also represents a threat to peace. . . . The entire international community owes it to itself to set about making economic and social changes, and particularly to resolve the problem of foreign debt by those countries least prepared to face the demands being placed upon them."

Speaking to the clergy of his diocese in Rome on Feb. 17, as the conflict was raging, the Pope again addressed the "socio-economic reality" of the war. "We know," he said, "that the world is divided into different 'worlds': the First World, the Second World and the Third World; and many people say . . . that there is also a Fourth World. Our concern is that the war can create even greater gaps between these worlds." Following the cease-fire, the pope outlined the challenges of the postwar world in a meeting with the region's Church leaders: "It is no longer possible to ignore the problems of an economic order. In this region of the world, inequalities exist, and we all know that when poverty and the lack of prospects for a future are torturing a people, peace is in danger. The international economic order must, in effect, always tend more towards sharing, and reject the monopolization or the selfish exploitation of the planet's resources. It must assure just recompense for natural resources, permit access to all the resources necessary for living, assure the harmonious transfer of technologies and fix acceptable conditions for the repayment of the debt of the poorer countries."

It is to be hoped that the appearance of this volume in English is a harbinger of a renewed Vatican effort to halt the war, which is being continued through the U.N.-enforced embargo against Iraq, and to counter the ominous "new world order" announced by the White House. Beyond this, however, is a desire to engage single citizens in an educational dialogue regarding the moral issues at stake, to mobilize them for the good. "As human beings and as Christians," he said on Feb. 2, 1991, "we must not become accustomed to the idea that all of this is unavoidable. Our hearts must not be allowed to yield to the temptation of indifference and fatalistic resignation, as if people cannot avoid being caught up in the spiral of war." Each individual, the pope stressed, makes a difference: "Each of us according to his or her place—the place which God's Providence has assigned to us, according to our abilities—*has to change the world*, and to take up once again one of its most ancient challenges, the challenge of peace."

*The booklet "John Paul II for Peace in the Middle East: War in the Gulf: Gleaning through the Pages of L'Osservatore Romano," published by the Path to Peace Foundation, can be obtained at no cost by writing to the Holy See to the United Nations, 20 East 72 St., New York, N.Y. 10021. Please include \$3 postage and handling.*

# Serbia goes into breakaway mode

by Konstantin George

The “new” verbal tilt in U.S. policy condemning Serbia as the aggressor in the war against Bosnia, and threatening Serbia with possible future sanctions and international isolation, will not open the path for peace in Bosnia. The U.S. moves have actually forced the escalation of the Serbian war. The U.S. policy is a two-faced one, since the loud verbal threats have no “teeth” and no fixed, let alone early, deadline for compliance before sanctions and other measures take effect.

The effect of this has been pernicious on all sides. The image of a United States condemning Serbian aggression has nurtured false hopes in Europe that early, joint American-European sanctions are possible, causing European governments, led by Germany, to postpone unilateral or European initiatives, while trying to forge a “consensus” response with Washington. This buys time for Belgrade, time the Serbians expect to run out sometime in May. Until then, Serbia is stepping up its war in Bosnia.

The same tragedy caused by the disgusting farce of European governments playing the “consensus” game last year that let Croatia bleed, and one-third of it be occupied by Serbian forces, when Germany waited for a European Community “consensus” on Croatia, is being replayed regarding Bosnia. The latest statement issued by the German government on April 22, in response to a call by the Christian Union parties’ faction in the Parliament for sanctions on Serbia, was that Bonn would only impose sanctions in conjunction with a European Community decision.

At the level of EC leadership, in the present phase of rotation in the hands of Portugal (a British surrogate), the farce of “consensus,” while hundreds die in Bosnia, is being played in the form of trying to forge a “consensus” with the Bush administration, in talks held at the White House April 22.

Before these talks, EC declarations were already woefully inadequate: Witness the demand for Serbia to cease its aggression or face sanctions by “April 29 at the latest,” issued April 20 by Portuguese Foreign Minister Pinheiro, head of the EC Ministerial Commission. Even this declaration, had it become policy, would still have given Serbia nine more days to continue military operations. But it was withdrawn after the April 22 meeting among President Bush, EC Council Chairman Cavaco Silva, and EC Commission President Jacques Delors. The “Yugoslavia” agenda portion of the meeting produced a U.S.-EC resolution calling for a “strate-



gy of political pressure and isolation” against Serbia, leaving out any concrete measures and, all-important, any deadline.

The earliest possible juncture for imposition of sanctions will be the EC foreign ministers meeting, set for May 1-2 in Portugal.

## Bosnia nearly encircled

Since mid-April, following the Serbian conquest of much of northeastern and eastern Bosnia, Serbian military operations became concentrated in northern and northwestern Bosnia, to the south in Hercegovina, and in occupying half of the Bosnian capital of Sarajevo. The aim here is to turn this part into the capital of the Serbian-controlled part of Bosnia. The Serbian military is gambling that, by going for broke now, it can complete a string of conquests. Combined with the areas of Croatia seized last year—areas which add up to most of the Croatian territory bordering Bosnia—these gains would give Serbia a blockade of landlocked Bosnia, making it economically untenable.

By April 22, the Serbian offensives had gone far toward completing the blockade of Bosnia. In eastern Bosnia, a north-south corridor has been seized, running through the captured towns of Zvornik, Vlasenica, Visegrad, and Foca. Simultaneously, an east-west corridor running through northern Bosnia has been taken through the capture of the towns, Derventa, Modrica, Bosanski Samac, and Brcko, thus linking the Serbian conquests in northeast Bosnia to the Serbian-controlled regions in northwest and western Bosnia.

The calls for Serbia to stop the war are correct, but simply stopping military operations will not end the agony in Bosnia. As long as the blockade capability remains in place, Bosnia will be a state in name only, and the next armed conflict on its territory will be inevitable.

## China held up as slave labor model

*U.N. Secretary General Boutros Boutros-Ghali tells the world to follow the slave-labor policies of Deng Xiaoping.*

China's deal with the "new world order" envisioned by George Bush and Anglo-American financial interests took a leap forward in mid-April as several spokesmen for the U.N. and the bankrupt financial institutions in the West heaped praise on China as a model for the Third World.

One reason for this praise is that China has continued to refrain from the use of its veto power in the U.N. Security Council, abstaining on the vote to impose sanctions on Libya, just as it abstained on the votes that unleashed the U.S. war against Iraq last year. In return, U.N. and Anglo-American leaders have continued to prop up the bloody Deng Xiaoping regime, ignoring atrocities and human rights violations in China far worse than those that draw economic and military attacks in other parts of the world.

The second reason is that Deng is imposing reforms under the direction of the International Monetary Fund (IMF) and the World Bank which have turned the Chinese population into an unlimited pool of dirt-cheap labor for western speculators. While China is constantly reported in the West to be experiencing prosperity, the infrastructure of the vast nation is collapsing, while the export zones provide a gloss of wealth for the few through speculation, drugs, and cheap labor sweat shops.

U.N. Secretary General Boutros Boutros-Ghali, chairing a meeting of the U.N. Economic and Social Commission for Asia and the Pacific in Beijing April 14, devoted most of his

speech to effusive praise of the dictatorship, without once referring to the massacre of June 4, 1989, or the suppression of basic freedom of thought.

Said Boutros-Ghali: "The hosting of this foremost regional intergovernmental forum is a further indication of China's commitment to the promotion of international cooperation and multilateralism, and the role of China in promoting awareness of the problems and needs of the Third World." He paid tribute to "the commitment of China to the achievement of the economic and social goals of the United Nations and to China's historic solidarity with the developing countries in their efforts to realize the right to development for their peoples."

Such hypocrisy stems from the fact that the IMF is imposing on eastern Europe the same "shock therapy" policies it has imposed on the Third World over the past 20 years: shutting down government support for the population and state-sector industries, while reducing the standard of living to starvation levels. China is the model, where the unskilled labor in export industries is paid about 1% of the wage paid in the advanced sector. This slave wage is guaranteed by the vast pool of 150-200 million unemployed, desperate peasants.

Those backing shock therapy joined the chorus of praise for China's "successful economic policies." Allan Meltzer of the American Enterprise Institute argued, at a debate over aid for Russia, that no aid is needed. "China, with little aid, but a lot of trade, has been helped quite a bit,"

claimed Meltzer. "That is, we may not like their politics, but their economics have been pretty effective. They freed agriculture, they opened up industrial zones, they established the rules of a market system and a market order. They allowed people to profit . . . and the result is that their exports are growing very rapidly."

This follows the argument of Harvard's Marshall Goldman, whose recent book *What Went Wrong With Perestroika* (see "Sovietologist Still in Love with Gorbys," *EIR*, April 17, 1992), argues that the Soviet failure could have been avoided if Gorbachov had only imitated Deng Xiaoping's free trade zone policies. These "free trade" advocates apparently agree with Deng that free trade is best enforced through the liberal use of tanks and machine guns.

In Asia, the chorus of support for Deng's regime is backed by the elder statesman of Singapore, former Prime Minister Lee Kuan Yew. Lee provided an interview to the U.S.-based magazine *New Perspective Quarterly*, published by the Center for the Study of Democratic Institutions, an organization which interfaces the drug lobby and the junk bond set on Wall Street. Lee praises Deng, and claims that China is "sloughing off not just the communist system but also those outdated parts of Confucianism that prevent the rapid acquisition of knowledge needed to adjust to new ways of life and work."

Singapore Foreign Minister Wong Kan Seng went further, adopting the British racist argument that democracy is bad for Asians. Said Wong: "A vast and ancient country of more than 1 billion people can never be governed as a 'democracy' in the western sense. Pressures by the West on China to adopt their models of democracy and human rights which ignore this reality will do more harm than good."

## Is Bolivia's 'democracy' next?

*The Huancacha scandal linking drugs to the political class could be the straw that breaks the camel's back.*

**T**he coup rumors have been confirmed," admitted a press spokesman for the U.S. embassy in La Paz, Bolivia to the *Christian Science Monitor* April 9. "But our latest information is that it is not a strong movement." Despite the wishful thinking of the Bush administration, recent developments in Bolivia suggest that the race is on over whether there will be a civil-military coup, or whether that country's "democratic model," sanctioned by the State Department and Harvard University's Jeffrey Sachs, will collapse from its own internal rot.

On the heels of the Venezuelan coup attempt last February directed in part against International Monetary Fund (IMF) austerity dictates, a popular movement against the same free-trade orthodoxy has begun to swell against the Bolivian government of "democrat" Jaime Paz Zamora, creating a highly volatile environment. Strikes and mass demonstrations have been taking place on a daily basis. Many have been brutally repressed, as in Venezuela. A major cabinet shuffle in mid-March, in which 9 out of 17 ministers were changed, has failed to pacify the citizenry.

A simultaneous movement of dissident military forces has emerged in Bolivia, modeling itself explicitly on Venezuela's Bolivarian Military Movement which lost its bid for power but won the population to its side. A series of pamphlets and leaflets has been circulating within both military and civilian circles, demanding the resignation of the Paz Zamora government for its corruption, and its servility

to both the IMF and to Washington's so-called McNamara Doctrine, aimed at dismantling the militaries of the continent "in order to facilitate debt repayment." One of these statements also lamented the failure of the Venezuelan coup "on its first attempt."

The Catholic daily *Presencia* remarked that "it's clear that this fever of pamphleteering originates in what happened in Venezuela a month ago, and is nurtured by the social unrest prevalent in the country." The Bolivian labor federation, the COB, has publicly expressed its sympathy with the dissidents.

The "Bolivarians," while dismissed by President Paz Zamora and his military cabinet as insignificant, are being taken seriously in Washington. Military sources inside Bolivia have told the wire services, and apparently the U.S. embassy as well, that these groups were prepared to act "at any moment." The Bolivian media have been insistently calling on the government to "correct its mistakes" before they cause a "destabilization." The outbreak of several new scandals could prove to be the final straw.

The most high-profile scandal has been dubbed the Huancacha case, and dates back to 1986, when prominent Bolivian botanist Noel Kempff inadvertently stumbled on a huge cocaine laboratory near the Brazilian border and was murdered, along with two companions, by the traffickers. The laboratory had the reported capacity to produce five tons of pure cocaine a week.

Deputy Edmundo Salazar, a mem-

ber of a congressional commission of inquiry set up to look into the murder, was himself assassinated shortly thereafter, and the investigation was buried along with him, that is, until recently, when a special congressional commission decided to revive it.

According to the latest revelations, the cocaine laboratory—and the murders—were covered up with the complicity of then Interior Minister Fernando Barthelemy and a half-dozen high-level police officials. Barthelemy, now a congressman, is refusing to give up his congressional immunity and be investigated, and the Congress—dominated by the ruling MIR party in partnership with Barthelemy's MNR—has backed him up out of fear of the political backlash from the case. Next year is Bolivia's presidential election, in which the Paz Zamora government has thrown its support to the MNR's presidential candidate, former President Hugo Banzer.

The MNR, meanwhile, has sent a letter to the United Nations, demanding the formation of an international commission of inquiry into various cases of Bolivian political ties to drug trafficking. The MNR letter has been described as "blackmail, a way of saying 'if you dirty us, we will dirty everyone.'"

An even more potentially explosive aspect to the Huancacha case comes from the report that a number of Bolivian congressmen have demanded a U.S. congressional investigation into the role played by Oliver North, the CIA and the U.S. Drug Enforcement Administration (DEA) in 1986, in protecting that same giant cocaine refinery, as part of a Contra finance operation. North was reportedly in Bolivia in 1986. According to the Bolivians, the U.S. embassy in La Paz had systematically obstructed the 1986 investigation into Huancacha.

## What's behind the Cuna uprising?

*The Cuna Indians' attacks recall the U.S.-spawned "Tule Republic." Will the swastika fly again over Panama?*

Armed with rifles and shotguns, a group of Cuna Indians kidnaped nine peasants, burnt down their houses, and blocked the main road to Alto Bayano from Panama City. While the hostages taken on April 3 were later released unharmed, the crisis remains unresolved. The Cunas are demanding that the estimated 20,000 settlers be forced out of the Bayano River valley, and that the area be made an autonomous territory for some 3,000 Indians in the region.

"If the government doesn't solve the problem . . . we are prepared to go to war again against farmers, companies, and even the government," said Atencio López, chief legal adviser for Panama's Cuna Indians, according to Reuters. The wire report added that the "conflict coincides with the 500th anniversary of the Spanish arrival on the American continent, when thousands of Indians were killed and which López bills the '500th anniversary of Indian resistance.'"

Just days before the uprising began, there was a one-week meeting in Panama of Indian representatives from Canada, the United States, and Ibero-America where plans to organize against the celebration of Columbus's voyage of 1492 were discussed. Separatist movements similar to that of the Cunas are under way virtually everywhere in Ibero-America—from Guatemala to Venezuela and Brazil—in this fifth centennial of the evangelization of the continent, supposedly to protect "native traditional ways."

In Brazil, over 9 million hectares, a territory about the size of Portugal, are being set aside for 4,000-6,000

Yanomamis, a Stone Age culture that will be kept in a state of perpetual backwardness within its designated "bantustan."

In Panama, beginning with the nationalist revolution led by Gen. Omar Torrijos in 1968, there was an accelerated push to develop the infrastructure and economy of Indian areas, and to integrate the indigenous population into the nation's decision-making process. Even while their self-governing institutions were strengthened, the Cunas, as were all indigenous groups in the country, were granted proportionate representation in Congress and other government institutions. That's not the case under the U.S. occupation, initiated with the 1989 U.S. invasion, ordered by George Bush, which overthrew Gen. Manuel Noriega, Torrijos's successor.

The ongoing Cuna rebellion in U.S.-occupied Panama demonstrates the patently racist absurdity of the separatist movement. The thousands of families whom the Cunas are attempting to dislodge from Alto Bayano are not exploitative white, rich, plantation owners. They are impoverished, land-starved peasants, fleeing the growing desertification of the Azuero Peninsula to the relatively more fertile tropical jungle of the Bayano region.

Most of these peasants are *mestizos*, that is, of mixed Indian and European ancestry. Many are Indians, as "full-blooded" as the Cunas, although culturally Hispanic.

As *EIR* has documented, these separatist movements are neither native nor indigenous to the region.

They are run out of Cultural Survival, the Interamerican Foundation, the U.N., and similar organizations mostly by American and European anthropologist—"committed anthropologists," as they prefer to be called—with funding from the U.S. government, the World Bank, and foundations, as a weapon to limit national sovereignty.

The U.S. government ran a similar separatist uprising in Panama earlier this century that also involved Cunas. On Feb. 12, 1925, the Cunas on the San Blás archipelago proclaimed their "independence" from Panama, and the establishment of the "Republic of Tule"—which adopted the swastika, that most non-native symbol that was later to gain infamy with the Nazis, as its flag. The fledgling republic immediately declared itself a protectorate of the U.S. government. The rebellion, which was personally led by the former U.S. chargé d'affaires in Panama Richard O. Marsh, was aborted when the Calvin Coolidge administration decided not to go through with the granting of protectorate status, but not before great numbers of Indians and scores of Panamanian policemen were killed fighting each other. The *Cleveland*, a U.S. Navy cruiser, was sent to rescue Marsh.

In 1942, the San Blás Cunas signed a contract to provide servants to the U.S. Armed Forces in Panama, and remained bonded to the U.S. military Southern Command until the advent of Torrijos and Noriega.

Journalists in Panama said that there were unconfirmed reports that in the latest uprising, the Ministry of Government and Justice of the U.S.-installed government supplied rifles to the Cunas. There were also reports, later denied, that Panamá Province Gov. Plutarco Arrocha instigated the uprising to clear the land in Bayano, to which he allegedly holds title.

## Protesting the 'new order'

*Spreading military protests are being triggered by the issue over wages, but are more deeply rooted.*

The recent emergency cabinet overhaul conducted by President Fernando Collor de Mello, in coordination with the centers of Anglo-American power, was inadequate to the task of suppressing the spread of the "Venezuela-Peru" virus within the Brazilian Armed Forces. The loud protests now exploding in the barracks and among officers over the starvation wages granted the military, are only one signal of a larger crisis that is just now emerging into public view.

According to a report presented by the three military ministers to newly appointed Justice Minister Celio Borja, Collor's monetarist economic program has cost the military, since the beginning of his administration, an 850% loss in wages. Economics Ministry technocrats are currently attempting to calm military passions with a 60% increase in monthly wages.

This was the central issue dominating the inaugural meeting of Collor de Mello's new cabinet, at which Navy Minister Adm. Mario César Flores bluntly informed Collor: "The time I will take to speak will be proportional to the space [my ministry] has in the budget: minimal." His comments, needless to say, were unusually brief.

Military Club president Gen. Nilton Cerqueira warned: "President Fernando Collor's policy with regard to military wages is sadistic. Don't come and blame us afterwards." Weeks earlier, the director of the influential military newspaper *Ombro a Ombro*, Col. Pedro Schirmer, had commented upon the implications for Brazil of

President Fujimori's "self-coup" in Peru: "I don't rule out the possibility that soldiers as individuals might participate in a social convulsion. The military is but the people in uniform, and the [economic] situation for the people and for the military is very bad."

The volatility of Brazil's institutional crisis is already prompting commentaries from the Anglo-American establishment's think-tanks. For example, Johns Hopkins University's Michael Coppedge warned that "now a lot of attention is being paid to Peru, and no one is worrying about Brazil. I think that that country is a potential candidate for a dictatorship."

Newly appointed Foreign Minister Celso Lafer has gone out of his way to present a picture of tranquility, issuing an April 15 statement denying there could be a Peruvian-style coup in Brazil, since the cabinet reform "was the Brazilian response to the crisis, a response within the democratic system." But reality is otherwise. As the daily *Correio Brasiliense* noted in its April 16 editorial, it is worth remembering that "the proclamation of the Republic [at the end of the last century] had as its fuse the low wages of the military."

And, although the international press mouthpieces of Wall Street have given undue propaganda to retired Capt. Jair Bolsonaro as the "legitimate" spokesman of these military protests, his actions are but provocations outside of the real line of patriotic resistance.

Military dissatisfaction goes deep-

er than wages, however, for it is rooted in opposition to the Collor government's policy of submission to George Bush's "new world order" which, among other things, embraces the so-called McNamara Doctrine (after the former U.S. defense secretary) to dismantle the armed forces of Ibero-America. That doctrine is also promoted by the establishment's Inter-American Dialogue, to which Lafer belongs.

Exemplary of this deep-rooted discontent is the first public appearance of an organized group of retired military men from all three branches. The "Guararapes Group" unveiled itself through an April 14 article published in the daily *Tribuna de Imprensa*, in which it explained that it takes its name from the memory of the battles against Dutch colonialism waged in the 17th century in the Brazilian state of Pernambuco.

Issued in the form of a proclamation, the Guararapes statement attacks the temptation to dismantle the Armed Forces, and the imposition of a one-world "new order." Reminding readers of the powers conferred upon the Armed Forces by the Constitution, the Guararapes Group demands to know how the military will fulfill its role of protecting national sovereignty if it is shrunk beyond recognition: "To minimize this Cyclopean task [of national defense] in the name of a world peace . . . to be assured by some International Force, is to deny history. . . . The federal Constitution speaks of sovereignty, not of a protectorate.

"Brazil without its Armed Forces, or with a reduced Armed Forces lacking a civic spirit . . . will easily fall prey to domination at the precise moment in which the world begins to see its powers fall to critical levels. Perhaps, even ironically, through the use of the very international peace police force about to be created."



## The Aztec Plan

*Is Carlos Salinas's new plan intended to eliminate three zeros from the peso, or Mexico's monetary sovereignty?*

In the days preceding Easter Week, the government of President Carlos Salinas de Gortari activated a decree according to which the country's exchange houses now have exclusive rights to all buying and selling of foreign currency above a \$3,000 limit. All transactions below that will be able to be carried out in any kind of commercial establishment. Retail stores, pharmacies, hotels, supermarkets, and so forth, will be able to accept dollars in payment for goods or services.

The government took advantage of one of the most important vacation periods in the country to impose its "monetary opening," in which the dollar can now circulate as common currency. And on the first day of Holy Week, PRI Sen. Jesús Rodríguez y Rodríguez announced that for the new congressional period, the government would present a bill to eliminate three zeros from the peso (1,000 would now equal 1), and thereby establish the Aztec Plan announced in 1986 by then Finance Secretary Jesús Silva Herzog.

The Aztec Plan is designed to eliminate the nation's monetary sovereignty, leaving it under the "tutelage" of the dollar. The move was precipitated by threats of a run against the peso, itself the result of delays in signing the North American Free Trade Agreement.

Thus far, it isn't clear where the peso-dollar parity will be fixed, but it is known that the plan includes a devaluation of the peso—which could be as high as 30%—after which the parity would be set.

The objective of the Salinas "monetary reform" is to establish that the

Mexican government be prohibited from issuing any national currency that is not entirely backed by the dollar. For example, for every 3,000 pesos (current parity) that circulate in the economy, the central bank should have \$1 in its possession. All surplus "retail" dollars in circulation inside Mexico will have a life of their own and will be legal tender.

This will eliminate the existence of a sovereign monetary, credit, and financial system, and will turn Mexico into an economy addicted to dollars, like Hong Kong and Shanghai, historically known as drug-money laundering paradises controlled by British finance. It will also put Mexico just one step away from what happened to Panama's monetary system. In Panama, the balboa is the name of the legal currency, but it is nothing other than a U.S. dollar bill.

President Salinas had already given indications of his plan. Last March, speaking before the National Association of Mexican Importers and Exporters (Anierm), Salinas maintained that the solidity of the peso is measured by the fact that international reserves then accumulated at the Bank of Mexico "represent a figure superior to all money in circulation" in the national economy. This means that the government already has more dollars than pesos.

But the mastermind of this plan, who has been working on it since 1983, is the director of the Bank of Mexico, Miguel Mancera Aguayo.

Last year, during a presentation organized by the New York Federal

Reserve on "Currency and Trade," Mancera spoke of the conditions that would be required to be able to establish a "fixed parity." One of those conditions, insisted Mancera, is that "the country whose currency is to be used as reference, be an important trade partner, or that the country that is linking its currency, conduct its foreign trade in the reference currency."

Another of Mancera's conditions was "to establish legal limits to the primary expansion of credit. In extreme cases, the statutes of the central bank could permit currency to be issued only against the purchase of a specific foreign currency. . . . This rule would equal, in a certain sense, adopting the reference currency as the domestic currency."

Mancera's commitment to the virtual annexation of the Mexican economy to that of its northern neighbor couldn't be clearer.

In September 1982, when President José López Portillo nationalized the country's banks, he fired Mancera as central bank head because the latter had proposed the creation of a new monetary unit to be called the "Mex-dollar," through which every peso in the banks would be automatically converted into dollars. According to the former President's memoirs, he snapped his fingers at Mancera and told him, "You're out, Mancercita, you're out."

Nonetheless, "Mancercita" returned to the Bank of Mexico in December 1982 with the Miguel de la Madrid government, and not only remains with the Salinas administration but is now on the verge of achieving his dream: the establishment of the dollar as legal tender in Mexico. If that dream succeeds, Mexico's national economy could be turned into a formidable drug-money laundry, along the model of Britain's Asian dependencies.

# International Intelligence

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## ***Stiff sentences for De Benedetti and friends***

Carlo De Benedetti, the chairman of Olivetti Corp., and several leaders of Italy's "Propaganda 2" freemasonic lodge got stiff prison sentences from an Italian judge in April, following their conviction for fraud in the 1982 collapse of the Banco Ambrosiano. De Benedetti, the former Ambrosiano vice chairman, received a sentence of six years and four months, two months more than the prosecutor had asked for. P-2 head Licio Gelli received an 18-year-plus sentence, while P-2 financier Umberto Ortolani received a 19-year sentence. All 33 accused were found guilty by the presiding Milan judge.

Former Banco Ambrosiano chairman Roberto Calvi was not found guilty, because he had already been found hanged on Blackfriars Bridge in London in 1982.

A well-placed Italian observer in London on April 16 suggested that the sentencing may be linked to the current fierce internal political warfare in Italy. "Perhaps the verdict against De Benedetti at this time is not accidental," he said. "He was the major financial backer of [Giorgio] La Malfa's Republican Party."

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## ***South African President welcomed in Nigeria***

South African President F.W. de Klerk received a warm welcome and a 21-gun salute when he arrived in Nigeria the week of April 20, a visit which South African Foreign Minister Pik Botha described as the high point of his career: "I am amazed. . . . The two giants of Africa have met and married," said Botha, according to Reuters.

Nigerian President Babangida, who is also chairman of the Organization of African Unity (OAU), hailed De Klerk as "at last, someone in South Africa with whom we can do business." In a banquet speech, Babangida said Africa was on the brink of being marginalized in world affairs, but "happily, with a new South Africa, we can start to build, to heal wounds, and to bring to realization the Africa of our dreams." Babangida proposed that the two countries "join our resources

. . . to help bring about a new resurgence in our continent, working in concert with all African countries, for the first time in an all-embracing continental cooperation."

Foreign Minister Botha told reporters that the Nigerians agreed with South Africa's vision of four regional powers—South Africa, Nigeria, Kenya, and Egypt—cooperating to haul Africa out of economic stagnation.

As *EIR* pointed out in an analysis of the South African plan in our July 26, 1991 issue, the key issue in whether such a regional development perspective can succeed, is whether South Africa is prepared to break with the looting policies of the International Monetary Fund, which have wrecked the economies of its poorer neighbors.

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## ***Pamyat prepares paramilitary units***

The ultra-chauvinist Russian group Pamyat is preparing paramilitary units to "defend" believers who it says are being persecuted by the Russian Orthodox Church, according to a report in the March 24 issue of the *Express Chronicle*, a "dissident" newspaper distributed in Russia and abroad.

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## ***Ukraine's top cleric won't resign after all***

Metropolitan Filaret of Kiev and all Ukraine has announced that he will not resign, as he had promised to do at a conference of Orthodox bishops earlier in April, reported Reuters on April 17. Filaret said that the resignation pledge had been extracted under duress.

"I was forced at the conference to say that I would ask to be relieved of the post of head of the Ukrainian Orthodox Church," Filaret said. "But, having returned to Kiev, I did not submit the request, because at such a difficult time for believers and for the whole Ukrainian people I have no right to do so. I am answerable to God for the Ukrainian Orthodox Church."

Last November, Filaret asked Russian Patriarch Aleksii II for permission to break away from the Russian Orthodox Church,

saying Ukraine could not be fully independent without an independent church. The Moscow authorities have approved limited autonomy for the Ukrainian church, but oppose an outright break. Kiev was the capital of the original Russian state, which adopted Christianity in 988.

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## ***Will Israel's High Court ban torture?***

The Israeli High Court agreed the week of April 13 to hear a petition against the Shin Beth (secret police) for using torture. Torture is now legal in police interrogations in Israel, when applied against non-Jews. In 1987, the government-appointed Landau Commission condoned the use of "moderate physical pressure" and "non-physical psychological pressure" in interrogating non-Jews for security violations.

According to the Public Committee against Torture, torture is now commonly applied against the roughly 5,000 Palestinians detained annually. Palestinians are confined to closet-like cells and tied in painful positions during the period of interrogation; when interrogated, they are beaten, subjected to electric shocks, and often cigarette burns. Last February, a youth died of a heart attack under torture in a West Bank prison.

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## ***German minister wants a deal with terrorists***

German Justice Minister Klaus Kinkel is calling for a Colombian-style build-down of the country's anti-terror apparatus. In response to the strange offer of the Baader Meinhof terrorist gang early in April for a cease-fire agreement with the state, Kinkel, a liberal Free Democrat, made an offer for a reduction in anti-terrorist protection measures (bodyguards, etc.) for leading political and business figures.

This, Kinkel claims, would send a signal to the "other side" that the state is willing to enter talks on a cease-fire with the terrorists. The initiative has been criticized by senior anti-terror spokesmen, most prominently by Kurt Rebmann, the former federal prosecutor.

Interior Minister Rudolf Seiters, a Christian Democrat, warned that the terrorists' letter does not mean a reduced threat of terrorist attacks, or that the state should be less alert.

Chancellor Helmut Kohl announced that the cabinet would take the issue up after the Easter recess.

## ***Bush moves against Libya denounced in Arab states***

The confrontationist course of the Bush administration toward Libya has been denounced in many Arab states, notably including government-tied media in such moderate states as Jordan and Morocco.

The information minister of Jordan, Sharif, called the sanctions against Libya a "regrettable act," and the Amman-based daily *Al Shaab* warned that U.N. policy was building up for an "idiotic and insane U.S. military attack on Libya."

"Sanctions This Spring, War in Autumn?" asked the Moroccan daily *Libération*. Other press in Rabat also attacked the U.S. straitjacket policy toward the Moroccan envoy at the U.N. Security Council. Libyan state radio reported April 15 that the all-Arab union of transport workers has decided to boycott all U.S., British, and French airliners at Arab airports in support of Libya.

## ***After Libya, Burma may be next target***

A call for U.N. action against Burma came in mid-April from the European Community (EC), the Australian government, and Saudi Arabia.

The EC on April 15 called for a worldwide ban on sales of all military equipment to Burma (Myanmar). The same day, Prince Khaled Bin Sultan Bin Abdul Aziz, commander of the Saudi Army contingent of U.N. forces in the Persian Gulf war, recommended that the United Nations use its full weight to pressure Rangoon to take back Muslim nationals who are fleeing Bangladesh. He insisted that the U.N. employ the same resolve it used in opposing Iraq's invasion of Kuwait to solve the Burmese refugee

crisis: "I think the U.N. should do for them just what it did to liberate Kuwait."

But China, meanwhile, made it clear it would not intervene on behalf of Muslims flooding into Bangladesh. In meetings between Iranian Foreign Minister Ali Akbar Velayati and his Chinese counterpart, Qian Qichen, Velayati urged Qian "to exploit his good offices with the government in Myanmar [Burma] to stop the banishment of Muslims in that country so that dislodged Muslims can return home," according to the Teheran news agency IRNA.

A Chinese Foreign Ministry spokesman said, "We always hope that Myanmar and Bangladesh will, through direct dialogue and conversation, make a proper settlement of the issue that has arisen recently on the boundary of the two countries."

## ***Sharon launches new settlement provocation***

Israeli Housing Minister Ariel Sharon has launched a new provocation, preparing the way for 200 homes for settlers in Arab Jerusalem.

Jewish settlers have sought approval from the Israel Antiquities Authority to build 200 homes in the center of an Arab East Jerusalem neighborhood. According to Reuters, the authority said on April 17 that the development, which has Housing Ministry backing, was planned for Silwan, home to 30,000 Palestinians beneath Jerusalem's Old City walls. "They have submitted the plan to us and we are discussing it with the Housing Ministry," said Gideon Avni, authority district archaeologist of Jerusalem.

The plan, which Palestinian residents see as a provocation, is part of an effort by Sharon to house thousands of Jews in populated Arab areas of Jerusalem. Before Sharon took over as housing minister in June 1990, Israel had confined settlement in the Arab half of the city largely to open land outside Arab neighborhoods. Last October, armed settlers seized five houses in Silwan and in one case forced out an Arab family.

The authority could veto the project only if it threatened important archaeological finds, but Avni said it would probably be approved.

● **A U.N. BORDER** demarcation commission has given part of Iraq's only serviceable port and the larger portion of the Rumailah oil field to Kuwait, the April 18 London *Financial Times* reported. In February, the paper warned that the redrawing of the border would be regarded "as an assertion of *jus victoris*, in clear violation of the U.N. principle that the acquisition of territory by war is inadmissible." If the U.N. imposes the changes by force, said the paper, it would only be inviting another war.

● **NAVAL EXERCISES** in the Mediterranean are set for May 6-20, coinciding with the beginning of sanctions against Libya, NATO announced April 15. Last year, U.S. Ambassador to Italy Peter Secchia said that the center of gravity of NATO had shifted from Germany to Italy, because "North Africa is on the other side of Italy." A special NATO intelligence center in Spain has since been established to monitor the threat of Islamic fundamentalism to Europe.

● **THE BILDERBERG** Society has taken the unprecedented step of inviting a large delegation from Russia and eastern Europe to discuss policy issues concerning the region, according to a source tracking the Bilderberg Society meeting scheduled for May 21-24 in Evian, France.

● **RUSSIA** will have its own national armed forces by early May, Lt. Gen. Konstantin Kobets announced in Moscow on April 15. The official date of the formation of the Russian Armed Forces will be May 9, the day the former U.S.S.R. celebrated its victory over Germany and the end of the Second World War in 1945.

● **THE IMMINENT** withdrawal of Russian troops from Armenian territory will create a dangerous situation, as the Armenians are faced with a close collaboration of Turks and Azeris, warned Arman Kirakossian, deputy foreign minister of Armenia, in an interview with the April 16 Austrian daily *Die Presse*.

## Is the establishment pulling the plug on George Bush?

by Kathleen Klenetsky

Ever since George Bush decided to go to war against Iraq, it has been apparent that some sections of the U.S. policy elite have been dissatisfied with the Bush administration's conduct of both domestic and foreign policy.

In the months leading up to the opening of hostilities in the Persian Gulf, numerous representatives of the U.S. establishment publicly questioned the wisdom of the administration's obvious desire to use military force against Saddam Hussein. In the months after the supposed U.S. victory over Iraq, establishment spokesmen castigated the President for fixating on his new world order at the expense of domestic concerns.

Now, the core of the U.S. establishment, the New York Council on Foreign Relations (CFR), has thrown down the gauntlet to the President, with a stinging indictment of his "new world order" as a "betrayal" of the founding principles of the American Republic.

### Bush 'betrayal'

The CFR's indictment of Bush's policies is contained in a new council book, which was released at a press conference at the National Press Club in Washington, D.C. on April 22. Entitled *The Imperial Temptation: The New World Order and America's Purpose*, the volume represents one of the harshest public attacks in recent memory by the establishment on one of its own.

In opening the press conference, Alton Frye, head of the CFR's Washington office, went out of his way to emphasize that the "controversial" nature of the book was made even more so by the fact that it was being published during an election year. The volume's "pungent" views were "sure to provoke" an all-out debate within the elite, Frye said, a point that was borne out by the hostile questions asked at the event by such Bush partisans as Ken Adelman, former chairman

of the Arms Control and Disarmament Agency, Michael Lind of the neo-conservative mouthpiece *The National Interest*, and Arnaud de Borchgrave, the former editor of the *Washington Times*, who accused the authors of advocating that the United States adopt a policy of neo-isolationism.

The CFR plans to add to the controversy. *The Imperial Temptation* is just the first public document to come out of a CFR project that was set up in late 1991 on "America's Task in a Changed World." Headed by James R. Schlesinger, the task force members include Adm. William Crowe, former chairman of the Joint Chiefs of Staff, Winston Lord, former U.S. ambassador to China, economist C. Fred Bergsten, Henry Kissinger, Zbigniew Brzezinski, and other leading establishmentarians.

The CFR project will be producing related statements in the coming months, as will a parallel "Commission on America and The New World" operating out of the Carnegie Endowment for International Peace, which plans to publish a series of policy recommendations in June.

### A pox on Bush's 'Pax Universalis'

Authored by Robert Tucker, a longstanding Washington insider affiliated with Johns Hopkins School of Advanced International Studies, and David Hendrickson of Colorado, the CFR book, in the words of a promotional press release, accuses Bush of giving "military power an inflated and disproportionate position in American statecraft, a position that is both unnecessary for America's security and risks a betrayal of our national purpose." It further states that "the Bush administration, in its attempts to address the challenges posed by the new global realities, has betrayed the fundamental ideals on which this country was founded."

Tucker and Hendrickson maintain that Bush's attempt to create a *Pax Universalis*, which is "so often justified as a

vindication of American purpose,” actually “represents its betrayal.” It “prefigures, in fact, the end of American history,” they write, because to the extent the United States abandons the outlook of the Founding Fathers, “American history will come to an end,” just as all other imperial powers have.

With the collapse of the Soviet Union, they write, there no longer exists a “great power” threat to U.S. national security, and thus the time is now ripe for a “renovation” of U.S. foreign policy.

Tucker and Hendrickson outline five basic principles which should guide this renovation, including: a “skeptical attitude toward the use of military force and the rejection of universal security commitments”; a “profound antipathy toward public debt”; and “a belief that the American contribution to ordered liberty in the world must be sought primarily through peaceful and constructive measures, as opposed to punitive and destructive ones.”

The volume sharply attacks Bush’s war against Iraq, taking it as a paradigm of the military excesses inherent in Bush’s concept of a new world order. The book argues that the United States should not have resorted to force, even to knock out Iraq’s nuclear weapons potential, but should instead have relied on a policy of “punitive containment” to accomplish an Iraqi withdrawal from Kuwait and a rejection of weapons of mass destruction.

The war was not only “disproportionate” and “inhuman,” but led to terrible devastation of the Iraqi population and economy, as well as to a broader destabilization and an increase in anti-U.S. sentiment throughout the Arab world. The authors assert that Bush, by refusing to negotiate with Saddam Hussein and by insisting on his ouster, made war inevitable.

In the aftermath of the conflict, the authors write, “The United States, it came to be widely said, had won the war but lost the peace. And there were intimations that it had lost its soul.”

Tucker and Hendrickson used their press conference to draw out the book’s main points. They scored Bush’s new world order for placing far too much emphasis on military force and military interventionism, and by wrongly presuming that “a world the United States no longer presides over, is a much more dangerous world.”

“The United States has come to like the role of using massive military power, and not that of a pacifier,” said Hendrickson, who added that the tremendous “disparity between how much resources the United States is prepared to put into aggressive measures, such as trade sanctions and military interventionism, and how little it is willing to put into philanthropic measures that could help expand the sphere of liberty, must be narrowed.”

Significantly, Tucker and Hendrickson both attacked Democratic front-runner Bill Clinton, agreeing with a question posed by an *EIR* representative that Clinton’s foreign policy was virtually indistinguishable from Bush’s, especial-

ly on the use of force against Iraq. Hendrickson, in fact, asserted that Clinton was even worse than Bush in urging aggressive interference in the affairs of other countries.

### **Fear stalks the establishment**

The fact that Clinton came in for a drubbing just as harsh as that meted out to Bush raises some very interesting questions. The publication of the CFR book coincides with the unleashing of a host of scandals against both Bush and Clinton—ranging from the April 27 *Time* magazine cover story implying that the Bush administration suppressed evidence pointing to a Syrian involvement in the bombing of Pan American Flight 103, to the Mena, Arkansas drugs-for-guns scandal, which implicates both Bush and Clinton, and which has recently been featured on two nationally syndicated television broadcasts.

Does the establishment want to pull the plug on both Bush and Clinton? Does it simply want to slap Bush around sufficiently so that he will act in accord with its wishes in his next term? Are plans afoot for a “third option”—a new Democratic candidate coming out of a brokered convention this July, or an independent such as H. Ross Perot?

Whatever the answer, it is certainly the case that large chunks of the policy elite are worried sick that Bush’s antics have been so egregious that they threaten to destroy the already crumbling foundation of Anglo-American power.

It is important to stress that while CFR authors Tucker and Hendrickson took Bush to task for his military excesses and failure to address domestic concerns, they had no argument with the core of Bush economic policy: free trade. Indeed, Hendrickson told the April 22 press conference that the General Agreement on Tariffs and Trade was a prime example of the way in which the United States “can contribute to world order, without reliance on military force.” Tucker, in a private conversation with *EIR*, emphasized the central importance to U.S. strategy of finalizing the North American Free Trade Agreement.

The CFR’s key concern is how to preserve the heart of Anglo-American power, the system of international usury, during an extraordinarily explosive and perilous period.

The CFR attack on Bush reflects the fact that more “realistic” factions of the establishment know full well that a revolutionary situation is rapidly developing in Ibero-America, and could soon be replicated in other parts of the developing sector; and that U.S. relations with Europe and Japan are uneasy, to say the least.

It also reflects the understanding that the maintenance of Anglo-American power is fundamentally threatened by having a bull in a China shop as President of the United States. A far more cunning and delicate approach is required, one that relies less on the use of military intervention and other overtly provocative measures which could provoke a massive revolt against establishment policies in the developing sector and an irrevocable break with Europe and Japan.

# LaRouche in '92 campaign sets third national television broadcast

"Democrats for Economic Recovery—LaRouche in '92," the campaign committee for Democratic presidential candidate Lyndon LaRouche, has announced that it has purchased time for its third nationally televised half-hour broadcast. The campaign said that the program will air on CBS national network on Saturday evening, May 30. In the week before the April 28 Pennsylvania presidential primary, the show, along with LaRouche's earlier broadcast, "The Industrial Recovery of the United States," has been airing in Pennsylvania media markets.

"There is no need for this depression. By a few simple actions which I would take within the hour that I were inaugurated President—and with your support to whip the majority of the Congress into line—I would set into motion the same, general economic recovery, which Roosevelt accomplished between 1939 and 1943," the candidate says in the opening of the show.

To the sound of prison doors slamming shut, the announcer breaks in, "Lyndon LaRouche is the only presidential candidate who has had the guts to call our current economic mess a depression; and who has the program to get us out of it. That is why Lyndon LaRouche was put into a federal prison, on the initiative of Henry A. Kissinger and his friends.

"Lyndon LaRouche is a political prisoner: he committed no crime; he is in jail because his ideas represent a political danger. Evidence already placed before the courts—including government documents, and the testimony of government agents—proves conclusively that LaRouche is innocent.

"The government has admitted that it holds tens of thousands of additional, unreleased documents from its secret war against LaRouche. George Bush has been repeatedly asked to release those files which would show LaRouche's innocence but has refused."

## Why is LaRouche in jail?

LaRouche goes back 10 years to explain the reasons for this. "During the spring of 1982, I was the first to use the term 'debt bomb,' to describe the debt crisis which was about to explode. During June and July of that year, I conveyed to various governments of Ibero-America, and to our own government, my recommendations for immediate action to prevent this debt crisis from triggering a collapse in the sol-

veny of the U.S. banking system and thus triggering the conditions for a new world financial system was on the edge of a total collapse.

"During August 1982, the 'debt bomb' exploded in Mexico. For a period of approximately an hour that month, the entire world financial system was on the edge of a total collapse.

"However, the Reagan administration refused to accept my proposals, which could have stopped the world financial crisis right at that time. Instead, the Reagan administration brought in Henry A. Kissinger and adopted Kissinger's policies. My proposal for solving the financial crisis of the Western Hemisphere is called *Operation Juárez*. This is the name of a report which I prepared at the request of leading circles in South America and Mexico, a report which I submitted to those governments and to our own government at the beginning of August, just weeks before the Mexico crisis exploded. Since August 1982, Henry Kissinger, Kissinger's associate Lane Kirkland, and officials of the State and Treasury Departments have concentrated the major part of their political efforts in Washington and in Mexico and South America in an effort to prevent the policies I present in *Operation Juárez* from being adopted."

LaRouche also influenced the Reagan administration to adopt what became known as the Strategic Defense Initiative. The show details how the Kremlin leadership reacted strongly against him for these initiatives.

The show points to testimony by Mira Lansky Boland, a former employee of the CIA, now an official of the Anti-Defamation League of the B'nai B'rith, who said that planning meetings to stop LaRouche were conducted at the New York City apartment of investment banker John Train, starting in 1983. The meetings included representatives from the National Security Council, the ADL, the *Wall Street Journal*, NBC television network, and others, and planned a campaign to label LaRouche in the news media as a "political extremist." Prejudicing public opinion in this way was necessary to justify the secret government's already planned railroad of LaRouche.

The Soviet communist leadership put out its own propaganda targeting LaRouche, including, on Sept. 30, 1986, an article in a Soviet journal warning, "LaRouche is now clearly going through a definite period of growth. . . . How is it

## Improve quality of schools, says candidate

*In response to a query from a candidate for California State Assembly, where an initiative is on the June ballot for the voucher system for private education, Democratic presidential candidate Lyndon LaRouche offered the following comments on April 6.*

First, the parents and the children have the right to expect to be entered into a program of *compulsory*, good education through the secondary level. That has been an American principle, since *before* the establishment of the Constitution—notably, for example, the Massachusetts Bay Colony, or the ideas associated with the society of which Benjamin Franklin was founder and leader in Pennsylvania, the Junto.

Second, should the parents have the right, being denied that quality of education in the public schools, to not only send their children to alternative schools, presumably private schools, but to receive compensation from the government for the tuition in those private schools?

Generally, if we had a quality public education, my answer would be, to the question of public funding per student of private schools: No, we must not undermine our commitment to a sound public school system.

But this brings us to a third consideration, which I think the National Education Association and some others must face up to, and not just howl about the threats to the public school system. *They themselves, through many of their radical reforms in education*, together with others, such as publishers of textbooks, are acting *immorally* to destroy education in the name of providing it, in the public school system. This situation is driving parents into just

rage against the public school system.

The ultra-liberals and radicals must consider that if they want a full commitment to a public school system in these days of contention for funds, they better make sure that a classical humanist education of the type which we would have considered normal or desirable back in the 1930s, '40s, or '50s, is provided. This means classical geometry; this means history; this means literacy; and this means an elimination of all of these wild-eyed programs, of "conflict resolution studies," "current events studies," and so forth, these innovations which can be studied over the class and teacher jointly smoking joints in the classroom.

We should have, in sum, a public education system which is publicly funded. And although it is not improper, in my view, to give assistance to private schools of a certain type meeting certain standards under certain conditions, it must not be done at the expense of maintaining a quality public compulsory education system.

The problem, however, is that we do not have a quality compulsory education system, not merely because of the lack of money, though that is a factor, but because we have a lack both of quality teachers, and radical reform programs now afoot in the school system, which are so destructive of the child, as to be considered virtually satanic.

I think the only thing a candidate can do is to pose the issues clearly, and say, the discussion on this proposition is falsely posed. There's a fallacy of composition. The right of the child or the parents, to have for each and every child a quality compulsory education, in an objective sense, and be free of this radical junk, is a right without question. It's a moral right. And the people who say we must defend the public school system had better agree that the public school system will cut this junk out, and get back to a quality compulsory educational standard.

possible that the LaRouchites can act so openly and fearlessly?" The journal quoted the *Washington Post* to urge, " 'Why isn't the Internal Revenue Service interested in the affairs of this man?' "

The show continues: "One week later, on Oct. 6, 1986, the IRS, along with 400 members of the FBI, Secret Service, and Virginia State and local police, armed with automatic weapons, helicopters, and armored cars raided the offices of three organizations identified with LaRouche. The purpose was to seize hundreds of pounds of documents, and to deliver indictments which had finally been manufactured in Boston." When the government failed to convict LaRouche in Boston, it shopped for a more corrupt jurisdiction, and railroaded him with six associates to jail in late 1988 in

Alexandria, Virginia.

Ironically, the campaign of negative propaganda which turned LaRouche into a devil in the United States, has turned him into a hero in the former communist countries, where people understood that the media was controlled. The broadcast quotes a leader of the Ukrainian freedom movement, Taras Chornovil in late 1990, while on tour in Canada: "To the degree that the Soviet press primarily covered major developments of the West, such as the SDI program, then the name of Lyndon LaRouche was portrayed in a severely negative light. We, however, have learned to read between the lines of the official press and understood that if the name of a political dissident is caricatured in such a negative way, then the individual must have serious political views."

# 'Get LaRouche' sheriff raided in FBI probe

by EIR Staff

On April 21, the FBI conducted a raid and seized documents from the Loudoun County Sheriff's Department in Leesburg, Virginia, pursuant to an ongoing investigation of the department, which played a key role in the frameup conviction of Lyndon LaRouche and several of his associates. Now it appears that the worm has turned against the corrupt sheriff and his cohorts.

The Sheriff's Department issued a press release saying that Sheriff John Isom was interviewed by two FBI agents about the "alleged investigation." The April 24 issue of the *Loudoun Times Mirror*, a newspaper which has run venomously biased coverage against LaRouche, printed a front-page banner headline about the raid, accompanied by a picture of FBI agents carting off boxes from the sheriff's office. According to the weekly, the FBI is investigating financial matters, disposal of seized items during arrests, and the office's relationship to the Armored Response Group of the United States (ARGUS).

ARGUS is a shadowy, private non-profit corporation founded by Isom, who is vice president, and a Col. Herbert Bryant, a sheriff from Mississippi who owns land in Loudoun County. ARGUS supposedly purchases police equipment which it donates to local police agencies.

ARGUS provided the armored personnel carrier used in the Oct. 6, 1986 raid against publishing companies and individuals associated with presidential candidate Lyndon LaRouche, who has his residence in the Northern Virginia county of Loudoun County. In that raid, nearly 400 heavily armed local, state, and federal agents, equipped with dogs and sledgehammers, descended on peaceful businesses under the pretext that LaRouche and his friends were prone to violence. The court order justifying such force cited affidavits in which Sheriff Isom's office blatantly lied that the LaRouche people were likely to violently resist arrest.

The Sheriff's Department may also be under investigation for sexual improprieties. According to sources, a female sheriff's deputy was promoted in exchange for providing sexual favors to her superiors.

## Coverup ordered

According to a Sheriff's Department internal memorandum dated April 17, obtained by *EIR*, John Isom has ordered all employees of the Sheriff's Department not to speak to the FBI without first consulting the private attorneys representing the department, directing, "If any deputy or employee of the

Sheriff's Office is contacted by the FBI, that the attorney's office should be notified and would like to be present during any interview." The local press has reported that at least four sheriff's deputies have spoken with the FBI.

The Motion 2255 filed earlier this year by LaRouche's attorneys to free him from his current imprisonment and grant a new trial based on new evidence, specifies that the concert of illegal government and private action against LaRouche was centered in the Loudoun County sheriff's office. As early as 1985, Anti-Defamation League hate lobbyist Mira Lansky Boland was found in the Loudoun sheriff's office to coordinate such operations.

Not only is LaRouche languishing, as he serves a 15-year sentence, but several of his associates face multi-decade draconian terms in Virginia state frameups for alleged "securities fraud."

## Linked to statewide corruption

The corruption now coming to light in Loudoun County is part of a statewide pattern of corruption in Virginia, involving Attorney General Mary Sue Terry and other Democratic Party officials. The obscene rivalry of the Terry-Isom combination with the federal agents, over who would make the biggest public relations splash in the raid against LaRouche, was exposed last year and was even denounced by the *Richmond Times-Dispatch*, the state's major daily, which is far from friendly to LaRouche.

In January, the sheriff of Bristol, Virginia, Marshall Honaker, committed suicide after the FBI and Internal Revenue Service seized documents from his office and home. Honaker was under investigation for skimming money that was paid to the Sheriff's Department to house federal inmates in the county jail. The department had received \$55 a day from the federal government, while it only cost \$6 a day to house the inmates. Honaker kept his costs low by using the inmates to grow food on a prison farm. Honaker was also suspected of using inmate labor for a profit-making tobacco farm. Honaker was also being investigated for possible connections to pornography distributors. After he killed himself, stacks of pornographic videotapes were found in Honaker's office.

Honaker figured large in Virginia Democratic Party circles, and like Isom, played a prominent role in Mary Sue Terry's election apparatus. Before he killed himself, Honaker was elected president of the National Sheriffs Association and was scheduled to be given the man of the year award from the U.S. Marshals Service. He had been appointed to several statewide task forces by Gov. L. Douglas Wilder and Terry. According to the *Roanoke Times and News World*, "The money was supposed to go into city coffers. But city officials rarely questioned Honaker, a Democratic kingpin who had been sheriff since 1973 and kept a double set of books to conceal his thefts. Instead, city officials seemed content that Honaker's jail ran at no cost to the city in recent years and was touted as a national model."



# Southeast Asia drugs, POW issue hit Bush

by Jeffrey Steinberg

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## **Kiss the Boys Goodbye: How the United States Betrayed its Own POWs in Vietnam**

by Monika Jensen-Stevenson and William Stevenson

Penguin Books, New York, 1990  
493 pages, hardbound, \$21.95.

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In the post-Vietnam era, several books have appeared that detail the involvement of American intelligence agents in heroin trafficking in Southeast Asia. Perhaps the most famous is Alfred McCoy's *The Politics of Heroin in Southeast Asia*. A team of *Newsday* reporters penned an award-winning volume called *The Heroin Trail*. This reviewer was part of a team of *EIR* researchers who have produced, since 1978, three editions of the authoritative book *Dope, Inc.*, which exposes the politics of the Golden Triangle within the broader profile of the international narcotics cartel.

Other accounts catalogue the sad saga of American spies gone dirty-with-dope in the course of the so-called secret wars to "defeat communism." Communism fell, no thanks to these agents' dealings, and we are left with an American covert operations establishment that may be corrupted beyond repair, and with an American public that is so strung out on drugs that it may take a quarter century for the country to dry out.

Monika Jensen-Stevenson's scrutiny of the U.S. government's betrayal of its own prisoners of war (POWs) and soldiers missing in action (MIAs) in Vietnam provides an important added piece of this ugly picture.

Jensen-Stevenson was a producer for CBS-TV's *Sixty Minutes* when she first became involved in the POW-MIA issue. She says that what started out as a journalistic assignment mushroomed into a secret war in which she and her husband, author William Stevenson, found themselves in league with an underground network of former GIs, their families, and a few political allies battling an entrenched apparatus in the government that was committed to covering up the fact that a large number of American soldiers had been left behind in Southeast Asia to die. The deeper the Stevensons dug into the POW-MIA mess, the nastier it got. Pentagon and CIA hit teams, they were told, had been sent into the jungles of Southeast Asia to assassinate American soldiers in order to cover up scandals that could blow the lid

off the Pentagon and Langley, should the truth ever be known. When one CIA team leader, Jerrald Daniels, balked at the idea of killing fellow Americans, he died under still mysterious circumstances.

The scandals? Long after the fall of Saigon and the purported U.S. pullout of Southeast Asia, a secret covert war had been continued—financed almost exclusively through the heroin trade. Some of the POW-MIAs had not been lost prior to the official end of the Vietnam war, but years later, while fighting this second war. The quest for POW-MIAs left behind after the official withdrawal from Saigon had been used for years as a cover for carrying out the secret war. Thus, no serious effort had ever been mounted to free the missing.

As her investigation went on, Jensen-Stevenson says she discovered that some of the leading figures in that late 20th century replay of the Opium Wars were senior ranking officials of the Reagan administration. Richard Armitage, who remains a top official in the Bush administration, played a pivotal role in blocking the efforts to get to the bottom of the POW-MIA tragedy. Col. Dick Childress, the Asia specialist on the Reagan National Security Council staff, is named in the book as another critical figure in the coverup.

(In 1982-83, the same Childress figured prominently in an effort led by Michael Ledeen and Walter Raymond, also of the NSC staff, to shut out Lyndon LaRouche and *EIR* from the Reagan White House at the point that LaRouche had been leading a successful public campaign on behalf of what became known as Reagan's Strategic Defense Initiative. Childress, according to eyewitness reports, went around slandering LaRouche as "KGB.")

## **Bush's 'cease and desist order'**

Jensen-Stevenson found that a small core of Pentagon officials deplored the government's duplicity and lies. She names Lt. Gen. Eugene Tighe, who headed an official U.S. government POW-MIA study group whose conclusions were ultimately suppressed, as one such ally. Others were Lt. Col. James "Nick" Rowe (a Green Beret officer assassinated in the Philippines in 1989), Green Beret Col. James "Bo" Gritz, and Navy Capt. Eugene "Red" McDaniel (who spent six years in a North Vietnamese POW camp before being released in 1973).

Jensen-Stevenson portrays Texas billionaire H. Ross Perot as the biggest advocate of the POW-MIA cause from outside the military ranks. In 1986, President Reagan authorized Perot to conduct his own investigation of the POW-MIA situation, giving Perot, who had already served on the President's Foreign Intelligence Advisory Board, access to all the classified files on the matter.

The author reports that this involvement by Perot led to a serious falling-out with his fellow Texan, Vice President George Bush. When Perot complained to Bush that he could not get to the prisoners because corrupt U.S. covert operatives were busy moving illegal drugs and arms around the

world, she writes, "This ended Perot's official access to the highly classified files as a one-man presidential investigator. 'I have been instructed to cease and desist,' he had informed the families of missing men early in 1987." The cease and desist order had come personally from George Bush, according to Perot, as told to Jensen-Stevenson.

In an April 16 article plugging Perot's bid for the presidency, the *Washington Post* wrote that Perot was especially incensed after Bush named Richard Armitage to become Secretary of the Army in early 1989. Bush had been CIA director when Armitage was running around Thailand in the mid-1970s. Perot, convinced that Armitage had betrayed the Americans left behind in Cambodia, Laos, and Vietnam to shield his own involvement in dope-financed covert operations, helped to defeat the nomination to the Army post, but then Bush named Armitage to a senior State Department job (he is now in charge of administering U.S. aid to the former Soviet republics).

What is one to make of all this? Keep in mind that Monika Jensen's husband and co-author, William Stevenson, is the author of *A Man Called Intrepid*, a paean to the World War II British intelligence operative Sir William Stephenson, who was a leading advocate of the alliance between "British brains" and "American brawn" to rebuild the British Empire. Thus, it is no surprise that while the Stevensons' book blasts one part of the Anglo-American liberal establishment, it advances another to take power—if and when Bush becomes too much of a liability. The *Washington Post's* apparent embrace of the Perot candidacy and POW issue suggests that that moment is getting closer.

## Clinton is jumpy over Mena scandal

by Jeffrey Steinberg

On April 21, during a presidential campaign appearance at the annual dinner of the Pittsburgh National Association for the Advancement of Colored People (NAACP), Gov. Bill Clinton of Arkansas was asked to comment on the alleged involvement of his personal security chief, Buddy Young, in the coverup of weapons and drugs trafficking between Mena, Arkansas; Guadalajara, Mexico; and Central America. As reported last week, Young is the target of a federal civil suit by ex-Contra trainer Terry Reed accusing him of committing a string of felonies to secure a false indictment of Reed, at the point the latter was about to expose the drug-smuggling activities of Oliver North, Felix Rodriguez, and Amiram Nir on behalf of the Nicaraguan Contras.

Clinton bristled in front of a group of 15 reporters and

NAACP members: "That fairy tale was discredited by *Time* magazine." He was referring to a story by Richard Behar in the April 20 issue of *Time*, which had labeled Terry Reed as a liar and a fraud.

The *Time* story, though, is contradicted by Reed's attorney. She told *EIR* that she had run her own investigation and had corroborated Reed's allegations about Contra training and drug trafficking in Mena, and Contra guns-for-drugs trafficking out of Mexico. Even investigator Gene Wheaton, who had voiced doubts about Reed's role in Mena, says that he believes that Buddy Young was involved in helping to frame up Reed on federal insurance and mail fraud charges, to further the coverup.

Wheaton says that he is sure that Governor Clinton was fully briefed on the Mena scandal by 1988. Rep. Bill Alexander (D-Ark.) flew back to Little Rock to fully brief the governor in person, after he learned about the goings-on in Mena, including Medellín Cartel cocaine smuggler Barry Seal's role and the ties of the Mena group to Lt. Col. Oliver North at the White House. On April 21, the syndicated television show "A Current Affair" aired its own report, in which former Internal Revenue Service investigator William Duncan, Arkansas State Police officer Russell Welch, and two Arkansas county prosecutors recounted their experiences of battling Clinton's coverup of the Mena scandal.

Even after Representative Alexander got \$25,000 earmarked in the Department of Justice's FY 1991 budget to finance a state probe of Mena, the governor stalled. None of the money has been put into the hands of investigators as of this writing. Ex-IRS investigator Duncan, now employed by the Arkansas Attorney General's office, is designated to head up that state investigation.

By "A Current Affair's" account, Mena is still the scene of government-backed covert operations. In March, a young Arkansas pilot named Hendricks died when his C-130 transport plane crashed in Africa. His parents say Hendricks was recruited for the overseas job at Mena. Mark Swaney, the head of the Arkansas Committee, a citizens' group, told *EIR* last week that large heroin shipments were arriving at Mena as recently as March 1992.

The *Reed v. Young* trial opens in federal court in Little Rock in September. If Clinton has reason to be edgy about it, so does the presumed Republican presidential candidate, George Bush. Reed's suit charges that Clinton's bodyguard, Buddy Young, engineered the 1988 indictment of Reed in order to shield Felix Rodriguez from being accused of running cocaine to finance the Contras—months after the Iran-Contra scandal took over the headlines. Rodriguez, a career CIA agent, is the Iran-Contra figure most linked to Bush, who was then vice president, and his national security aides Donald Gregg and Sam Watson. It was Rodriguez who kept Gregg briefed hourly on the Southern Air Transport plane downed in October 1986, which led to the exposure of the secret Contra supply operation.

# Gem of an exhibit in Minneapolis: Rembrandt's two paintings of Lucretia

by Nora Hamerman

On May 3, 1992, at the Minneapolis Institute of Arts, the curtain will ring down on one of the year's smallest and yet finest art exhibitions, which opened in Washington's National Gallery of Art last Sept. 22-Jan. 5, and then traveled to Minnesota. The show contains only two paintings, but they are two of Rembrandt van Rijn's late masterpieces, in which he interpreted a theme from Roman history, the story of Lucretia, in the form of portraits of his deceased second wife Hendrickje Stoffels, dressed in the "antique" garb of a Venetian dress of the previous century.

Most of the publicity around Rembrandt lately has centered around the revision of the catalogue by the Rembrandt Research Project, which has sought to divide what the Dutch artist painted himself, from the many works—among some of the most famous—painted by followers, pupils, even imitators and forgers. This is not an issue for the "Lucretias." No scholar has ever doubted the authenticity of these two monumental yet deeply intimate paintings, which were exhibited side by side for the very first time in the Washington and Minneapolis museums to which they respectively belong.

Like most Rembrandts, there is no trail of evidence by which these two can be traced back to the artist's studio. The first reference to the Washington painting is in a sale where it appeared in 1825. The Minneapolis painting did not come to light until the 1920s.

The earlier of the two, painted in 1664, one year after Hendrickje died, is the best-loved painting in the National Gallery of Art—the one most visitors go to see. Rembrandt depicts Lucretia at the moment of inner anguish before she stabs herself. The Minneapolis picture shows the heroine after the act has been completed, leaning against the bed as blood from her mortal wound stains her chemise. She holds a rope cord in her hand, perhaps to ring a bell to call in servants and family, or perhaps to pull the bedcurtains as if closing the drama of her life.

In both cases, Rembrandt reinterpreted the myth of a Roman heroine who sacrificed herself for her country's political freedom, as the image of a living woman "caught in the moral dilemma of choosing between life and honor," as the exhibition brochure puts it.

Rembrandt gave his two Lucretias the features of his second, common-law wife, Hendrickje Stoffels, as she appeared about a decade before her death in 1663. Hendrickje did not

marry Rembrandt, so that he could continue to enjoy the inheritance from his first wife, the wealthy Saskia van Uylenburgh, who had stipulated in her will that he would forfeit her property if he remarried. This was not a matter of greed on Rembrandt's part, but of his very survival, as an artist who refused to compromise his principles to follow fashion, and who needed the freedom to paint numerous works without a commission. The human race owes an incalculable debt to those family members and friends who made Rembrandt's artistic freedom possible—above all to Hendrickje, along with Titus van Rijn, Rembrandt and Saskia's son.

Thanks to Hendrickje's faithful self-sacrifice, in 1654 (at the age she is shown in the paintings), she endured public disgrace as an adulteress at the hands of the Calvinist establishment of Amsterdam, after she gave birth to Rembrandt's daughter Cornelia out of wedlock. By portraying his wife as Lucretia, the grieving Rembrandt exalted her to the level of a nation-builder. But he went even further, as becomes evident when one compares his "Lucretias" to the preexisting artistic tradition and to Rembrandt's other works of this period.

## The story of Lucretia

The tragedy of Lucretia was recounted by the Roman historian Livy. She lived during the sixth century B.C. under the tyrant Tarquinius Superbus. While her husband Collatinus was away at battle, he boasted of her chastity and beauty to his fellow generals. The son of the king, Sextus Tarquinius, became inflamed with the desire to conquer Lucretia. He returned to the house behind Collatinus's back and was received as an honored guest. Later, he stole secretly to Lucretia's chamber, and threatened to kill her if she did not yield to him. When she resisted, he threatened to kill a slave and her both, and to say that he had discovered them in adultery. Lucretia submitted to being raped.

The next day Lucretia summoned her father and husband and told them that her body had been violated but not her heart, yet she was determined to take her own life so as not to set an example for unchaste women. Before they could stop her, she pulled a dagger and stabbed herself to death. The two men swore to avenge her death, and led the uprising that overthrew the Tarquin dynasty and established the Roman Republic.

Many artists of the Renaissance had depicted Lucretia's story, either as single-figure representations of the heroine



Left: Engraving after Raphael, *Death of Lucretia*, c. 1511. Right: Rembrandt van Rijn, *Lucretia*, 1664, oil on canvas, 47x39". The engraving depicts Lucretia as the virtuous pagan, who acts out of concern for public opinion. Although Rembrandt was influenced by such images, his Lucretia is given a Christian quality. Looking directly at her own hand with the dagger, she is "inner-directed" to her conscience, rather than "other-directed."



stabbing herself, often based on antique statuary; or in scenes of her rape. St. Augustine, in his book *The City of God*, in arguing against suicide, had stated that if Lucretia were truly innocent, had she been a Christian woman, she would not have had to commit suicide to defend her chastity. Augustine implied that perhaps Lucretia was not innocent, but his real point was to demonstrate the superiority of Christian moral law over even the best of Roman, pagan law. In Augustine's era of the fifth century A.D., when the Roman Empire was breaking down, many Christian women were subjected to rape. His teaching was that they need not have considered themselves defiled, because their personal conscience was innocent; above all, he set the Christian value of agapic love above the concern for reputation which motivated the Romans, even at their most virtuous.

Apparently influenced by the question which Augustine had raised about Lucretia's innocence, many Renaissance artists showed Lucretia as an alluring, even erotic beauty. Rembrandt takes a completely different approach. His Lucretia is a beautiful woman, but above all it is an inner beauty that she radiates. The exhibition brochure, written by curators Arthur Wheelock and George Keyes, stresses the closeness of the Lucretia image to other mythological and biblical paintings of

woman in this same period of Rembrandt's work, with specific associations with marriage, such as *The Jewish Bride* in Braunschweig, Germany or the great *Juno* at the Los Angeles County Museum. It is as a faithful wife, not as the object of Sextus Tarquinius's lust, that Rembrandt presents Lucretia.

Beyond this, Rembrandt's Lucretia appears to be transformed into a kind of Christian saint comparable to his great paintings of the Apostle Paul, for example. As she contemplates the dagger in the Washington painting of 1664, we may think of contemporary paintings in Roman Catholic countries of the *Mater Dolorosa*, the *Virgin of Sorrows*, who was often shown with a literal sword piercing her breast. But it is not so much the *Virgin Mary* to whom Rembrandt compares his Hendrickje-Lucretia, but rather, to Christ himself.

The resemblance to the crucified Christ is noted in the exhibition brochure by Wheelock, in writing of the Washington painting. He notes that Rembrandt fused the Augustinian Christian (critical) and pagan Roman (admiring) views of Lucretia. He writes that "as she stands with her arms raised in a gesture that echoes Christ's sacrifice on the cross, she looks down toward the weapon of her destruction with an expression of one whose decision to commit suicide must weigh issues never described by Livy. Rembrandt's Lucretia is not the as-



*Left, Rembrandt, Lucretia, 1666, oil on canvas, 42x36" Right: Rembrandt, The Risen Christ, 1661, oil on canvas, 31x25. The wound in the side, the pallor of the face, and pose of the figure are strikingly alike. Before the original rectangle was cut down to the present oval, Christ's extended left arm may have held a staff or a cross with a banner attached. In the same years that Rembrandt portrayed his wife Hendrickje as a Christ-like "Lucretia," he painted his son Titus as "Christ at the Column."*

sured tragic heroine who has determined her punishment and dies for honor, but one who hesitates at that crucial moment because of an awareness of the moral dilemma that she faces while she fulfills her destiny." He adds that neither the father nor the husband are included in the work, but that Lucretia's "vulnerability and the force of her charge are projected directly outward to a more universal, unseen set of witnesses"—ourselves.

The Minneapolis painting, executed in 1666, shows a moment in the story which no artist before (and perhaps none since) had dared to portray. Lucretia stands at the threshold of death, and "her face conveys a profound sadness that reaches into the depth of her very being." Instead of looking at the dagger as she had before, Lucretia's gaze is directed toward the cord that she pulls as her final act.

In both pictures, Rembrandt exploits details that might not even be consciously noticed at first to express the intimate drama. In the Washington picture, the bodice of Lucretia's luxurious dress has been unhooked, adding to the impression of vulnerability. In the Minnesota version, we note with shock that the blood of the wound has actually traveled from the site of the stabbing toward the center of the chemise. Between the two hands of Lucretia, the past act and the act of the immediate

future, we see her life ebbing away before our very eyes.

There is no precedent for such an image except one that comes to mind from Rembrandt's own brush: the image of the Risen Christ of a few years earlier, ca. 1661, in Munich's Alte Pinakotek, which was exhibited three years ago in Washington. The wound in the side of the Redeemer—to which he pointed as the evidence that he was indeed the Jesus of Nazareth who had been killed at Golgotha—is visible there even in the glorified body of the Risen Christ. Rembrandt's two Lucretias thus follow in the footsteps of the Son of God, first in his acceptance of the sacrifice of the cross, and then in the promise of the resurrection.

Rembrandt was preoccupied all his life, and especially in his final works, with the theme of human justice, so often flawed and tragic in its outcome, as compared to divine, universal justice. In the National Gallery of Art in Washington there are two other pictures which explicitly deal with this theme. One portrays the Old Testament story of the innocent Joseph being accused by Potiphar's wife of having tried to seduce her. The other shows the Ovidian fable of Baucis and Philemon, the virtuous old couple who are visited by Zeus and Mercury and spared the punishment that is visited upon their evil neighbors. In each of these cases, a tragic fate is changed

by divine intervention to a happy one.

What are the implications of Rembrandt's decision to not only "Christianize" the pagan theme of Lucretia, but to even go further and paint his beloved Hendrickje as a kind of emblematic figure of Christ? Lucretia's sacrifice saved her nation from tyranny; Christ's saved the human race from sin and death. Hendrickje merely saved Rembrandt. In these paintings, he comes to terms with the awesome responsibility of advocating the case of the whole human race through his art, the only way he could have been worthy of such a sacrifice.

One key advantage to the small *Lucretia* show is that the two paintings could be viewed in their original rich colors, because both have been cleaned of the dark varnish which still obscures many Rembrandts and thereby influences our common notion of his art. Thanks to modern conservation techniques, today we can see Rembrandt as he was never seen by the great Rembrandt scholars of the past, indeed as he has not been seen since his own lifetime.

In the 19th century, the Romantic belief in the "golden" tone of Rembrandt's pictures even caused restorers to cover them with a "toning varnish" and a brown glaze. But in his own lifetime, Rembrandt was considered a great colorist, and this is visible in the yellow, red, greenish, and white highlights applied to the sleeves in the Washington painting. In the Minneapolis *Lucretia* the lime-green color of her sleeve is astonishing, bringing out the deathlike pallor of her face all the more in contrast to the oranges and golds of her dress.

Arthur Wheelock, in describing the technique of the late Rembrandt to members of the Washington press last fall, pointed out that the changes in his approach to painting have a philosophical, not merely technical, content. He showed how the National Gallery's 1633 portrait of Saskia, Rembrandt's first wife, is painted with a fine, delicate technique where every nuance is deliberately brushed in by the artist. In contrast, in the late "Lucretias," Rembrandt relied heavily on the palette knife to suggest planes of color building up over the brown ground. This is even more accentuated in the second picture, dating from 1666. A single blob of white paint describes a highlight and, as Wheelock pointed out, this approach forces you, the viewer, to "complete the painting" which the artist has left unfinished, in your own eye.

This is one of the ways in which Rembrandt powerfully pulls the viewer into a dialogue with the image. "We don't hang pictures by other artists in the same room with Rembrandt," Wheelock added. "They just can't stand up to them," because Rembrandt's pictures place such demands on the viewer.

## Italian masters in New York, Fort Worth

Two unique exhibitions, which feature rare works by major masters of the Italian Renaissance, will open in early May in U.S. cities. Although nearly two generations separate them, both artists were active when Columbus sailed west in 1492. Both the scientific mastery and religious depth of their works, are well befitting the quincentenary of the evangelization of the Americas.

An exhibition of some 130 paintings, drawings, and prints designed or carried out by **Andrea Mantegna** (ca. 1430-1506) will be mounted at New York's Metropolitan Museum of Art from May 7 to July 12, 1992. Mantegna was one of the first north Italian artists—he worked chiefly in Padua and Mantua—to dominate the ideals and techniques of the Florentine Renaissance. Through his engravings and drawings, he became one of the most influential artists of the period.

Mantegna was so talented as a youth that at age 20 he was earning the praise of writers, and eventually received more poetic tributes than any other painter of his day. He grew up in Padua, a university city and home to numerous scholars. There he developed his striking use of perspective in dramatic views from below. In 1460 he entered the service of the Marquis Ludovico Gonzaga in Mantua. His artistic career lasted more than half a century.

The show *Andrea Mantegna* was organized jointly with the Royal Academy of Arts, London. It is the first monographic exhibition of his work in America. Besides numerous paintings, the exhibition will present a wide array of drawings by, after, or related to Mantegna and over 50 engraved prints. The New York show will have an extensive selection of his portraits.

On May 9, an exhibition of drawings by **Fra Bartolomeo** (Baccio della Porta, 1472-1517), will go on view at the Kimball Art Museum in Fort Worth, Texas. He is the fourth painter of the Florentine High Renaissance after Raphael, Leonardo da Vinci, and Michelangelo. This particular show is drawn from a collection of figure studies for paintings, recently removed from the bound albums where they were preserved for nearly 300 years.

A Dominican monk, Fra Bartolomeo painted almost exclusively devotional subjects, but imbued them with a glorious humanism. He not only rivals the three more famous Florentines in the beauty and skill of his figure drawings, but is unparalleled as a landscape draughtsman. The show first opened in Boston in January. It will stay in Fort Worth until Aug. 2. It travels to New York City's Pierpont Morgan Library, Sept. 11-Nov. 29, 1992.

# Animal trainer wins case vs. hate groups

by Kathleen Marquardt

*The author is the chairman of Putting People First.*

In August of 1990, a jury awarded Las Vegas animal trainer Bobby Berosini \$3.1 million from two animal rights groups, for defamation and invasion of privacy. The groups, People for the ethical Treatment of Animals (PeTA) and Performing Animal Welfare Society (PAWS), have appealed the judgment, and the court will rule on their appeal in the coming weeks.

PeTA apparently had been running low on fundraising scams, so with the help of disgruntled Stardust employees, the group surreptitiously filmed and later altered a videotape of Bobby and his popular performing orangutans, a Las Vegas jury found. PeTA then accused Berosini of cruelty, and began using his name in their fundraising. High profile and celebrated, Bobby was a perfect choice.

Before the trial, Dr. Richard C. Simmonds, a veterinarian with 25 years experience, including 17 years working with primates, examined the Berosini's orangutans. He found no signs of abuse, and reported, "the orangutans appeared to be in superb condition." After providing testimony at the trial, Simmonds described PeTA's lawyer as a "slimeball." An apt description, and one with which Judge Myron E. Leavitt apparently agreed. He fined PeTA's attorneys \$52,000 for their outrageous misbehavior during the trial, which included "manufacturing" evidence.

The Berosini trial is a crisis for animal extremists and they realize it. Before the verdict was announced, PeTA's attorney Phillip Hirschkop said that a ruling in favor of Berosini would "set animal rights protection back years." In fact, the verdict has had no deleterious effect on true animal protection. But if left to stand, it will make it harder for animal terrorists to harass and defame responsible animal owners like Bobby Berosini.

Gary L. Francione, director of the Animal Rights Law Clinic at Rutgers University, analyzed the effect of the trial on the animal rights movement and wrote: "The Berosini suit was, in essence, a challenge to the *philosophy* of animal rights [his emphasis]." If PeTA loses its appeal, he has written, "It will, in effect, eviscerate the animal rights movement in the United States."

I certainly hope so, because Francione—a take-no-prisoners advocate of rights for animals—defines the goal of the animal rights movement as "nothing less than the *total*

liberation of nonhuman animals from human tyranny [his emphasis]."

After PeTA released the tapes of Bobby and his orangutans to national television, life for him and his wife Joan became a nightmare. Since then harassment from animal rights activists has been non-stop.

The Stardust Hotel, where Bobby appeared with his act, and which was supportive of his battle with the animal activists, was picketed by animal rights protesters. The peace and safety of their home has been shattered by ugly phone calls and threatening letters that swore to "hunt [Bobby] down" and "get even for the animals" by "beating him up" and by "blowing up" his home. Many of the nameless cowards wished the Berosinis a "slow and painful death."

Joan, who is Putting People First's chapter chair in Las Vegas, told me that before they were targeted by PeTA they had experienced absolutely no trouble with any legitimate animal protection group or agency concerning the treatment of their animals. In fact, throughout the appeal, both animal welfare groups and the U.S. Department of Agriculture have testified on Bobby's behalf.

It is ironic, but since the harassment began, one of their biggest fears has been for the safety of the orangutans. They worry about "animal liberation" fanatics releasing the well-cared-for animals from their enclosures to almost certain harm. Because of this they have had to increase security measures around their home.

Equally ironic is the fact that the reign of terror against the Berosinis comes from a group that claims to promote "compassion and respect for all humans and animals" in order to obtain a "peaceful, non-violent world." These assertions of benevolence and goodwill are, of course, nonsense: PeTA's tactics clearly show they are interested only in making money by exploiting animals and terrorizing people.

The people who track these things tell us that hate crimes are on the rise in our country. More and more churches and synagogues are being vandalized. More and more people are becoming victims for no other reason than the color of their skin, their nationality, or their religion. To these victims of hate crimes we can add people whose work or activity involves the use of animals. People like the Berosinis who train orangutans; people like Dr. Richard Aulerich in Michigan who recently had his office and 30 years of research destroyed by animal terrorists; people like the Columbia University scientist whose house was burned down after phone threats from animal rights activists; people like the family in England whose fur farm was stormed by a mob of animal rights fanatics and who were punched, kicked, and had their lives threatened; and the thousands of others too numerous to list.

The Berosini trial is important for setting legal constraints on animal activists, and that is good, but it is also important, I hope, in stopping PeTA and other animal cults from terrorizing innocent people.

# National News

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## Bush denies funds for Polish housing

George Bush has denied a personal request from Polish President Lech Walesa asking the United States to provide loan guarantees to finance housing construction in Poland, columnists Evans and Novak reported April 10.

The request was made in a letter sent to Bush in March, which warned that a \$1 billion loan guarantee was urgently needed to fend off civil unrest. The Polish government pledged a \$200 million escrow account to secure the guarantee, ensuring that there would be no cost to the American taxpayer.

The more venal arguments presented by the Bush administration, according to the columnists, are based on Poland's inability to meet International Monetary Fund austerity targets.

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## Columnist attacks praise of Aztecs

Columnist Don Feder attacked "multiculturalism" as leading to barbarism, in an April 16 *Richmond Times-Dispatch* commentary entitled "All Cultures Are Not Created Equal."

"The mummery of multicultural shamans notwithstanding, we do have a common culture in this country, based on shared ideas developed first in the civilizations of antiquity, later matured in . . . Europe," wrote Feder. He added, "That certain blacks, Hispanics, Asians, and Native Americans feel neglected is unfortunate but irrelevant. In a strictly biological sense, it isn't my culture either. My great-grandparents weren't reading Chaucer and listening to Mozart in the pale of settlement."

Feder denounced a new book, *Aztecs*, by British scholar Inga Clendinnen. Feder sarcastically explains its author's intent as to help "us to understand the lives of these 'extraordinary people,' who engaged in such quaint customs as tearing the hearts out of sacrificial victims, by putting their rites in the proper cultural perspective."

Concluded Feder, "Ending human sacri-

ifice was western (Jude-Christian) civilization's first great achievement. Multiculturalism is literally turning the moral clock back 3,600 years. Watch out. There may be an Aztec priest in your future."

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## Eco-fascist warns: women threatening depopulation

Jessica Mathews, vice president of the genocidalist World Resources Institute, complains that women in the feminist movement are becoming associated with the views of Third World women, and thus threatening depopulation programs, in a commentary in the April 13 *Washington Post*.

The danger, according to this view, is that childbearing is increasingly seen as a woman's right, and the demand for population control is seen as a form of mass murder. Mathews attacks this as "political correctness," and decries this as a "wedge . . . being driven . . . between environmentalists and women's groups" by non-whites.

In the final negotiating session for the June Earth Summit in Brazil, Mathews said, there was "extremely aggressive and effective lobbying by the Holy See. [But the] fate of the population language was sealed, ironically, by representatives of women. Feminist health groups, along with some women's groups in developing countries and representatives of minority women in the United States . . . [oppose] population control because they believe it . . . is disguised genocide."

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## Parents to be held accountable for schools?

Virginia Secretary of Education James Dyke, Jr. wants to use the threat of levies and fines against parents of students attending the state's public schools in order to improve the school environment.

In a press conference on April 16 held with the Virginia Education Association, in which the state teachers' union revealed proposals to deal with the growing violence in the public schools, Dyke urged that parents should be fined or have their driver's li-

censes taken away if they don't attend parent-teacher conferences or ensure their children will otherwise attend classes. Dyke said he feels punitive methods, while not the best approach to encourage parental participation, should be used. The centerpiece for Dyke's "get tough" approach will be written contracts that one or both parents will sign at the start of each school year.

Virginia Gov. Douglas Wilder has not endorsed the concept, and many state education officials and civil libertarians have yet to respond to it. While the media views this as just the latest trial balloon targeting education reform, Dyke has previously stated that President Bush's plans for education reform have been lifted from Virginia's "Education for the Year 2000" report.

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## ADL sets up cooperation with Israeli squads

Cooperation between American police forces and Israeli "anti-terror" squads has been arranged by the Anti-Defamation League of B'nai B'rith (ADL), the April 13 *Jerusalem Post* reported. Despite increasing controversy over Israeli forces' involvement in torture and killings of Arab protesters, "the organizers said the program would lead to increased cooperation between police in the two countries," the paper reported.

"American law enforcement officials have been trained in Israel by elite police anti-terror squad commanders. In return, the Americans . . . gave lectures and hands-on training to Israeli police on drug-enforcement procedures and police administration techniques."

New Jersey Assistant Attorney General James Mulvihill led the 10-member U.S. delegation, all from his state, which included police department heads and state troopers. The anti-terror training was important for the state's policemen, said Mulvihill, "because New Jersey will be the venue for national and international events in the near future, including the world soccer cup competition, that could be the targets for terror attacks."

The article added, "The program, organized by the Anti-Defamation League, lasted over two weeks and included intensive



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exercises for the state troopers at the [Israeli] national police anti-terror training base. The New Jersey police have already said they are interested in continuing exchanges with their Israeli counterparts. Other states have also indicated a desire to participate in exchange programs, said Laura Kam, assistant director of the ADL's Israeli office."

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## UAW declares end to Caterpillar strike

The United Auto Workers (UAW) union has been forced to tell striking workers to go back to work at Caterpillar under the old contract that had been offered by the company. According to the April 15 *New York Times*, this means no gains after a five-month strike by the workers. Negotiations on a new contract will continue while the workers are at work.

After having been locked out for one day, striking Caterpillar workers were told by Caterpillar on April 16 that they would all be permitted to return to work. The company also said that it intended to eliminate approximately 1,300 positions by attrition or early retirement.

The UAW decision is a major blow to pattern contract negotiations within a given industry, and bodes ill for upcoming negotiations between the UAW and the Big Three auto companies, which have traditionally rejected pattern contracts claiming that each company is different.

Led by the *New York Times* and the *Wall Street Journal*, the media are trumpeting Caterpillar's victory as the death knell for organized labor.

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## Polls no longer valid, pollsters fear

Pollsters report an "alarming" drop in the number of people willing to participate in opinion surveys, according to an article in the April 14 *Washington Post*.

The Gallup organization reported that during the 1970s they were able to get 80% cooperation from a targeted audience, while today they are lucky to get a 60% response,

with a sharp increase in the number of people who are simply hanging up the phone. The phenomenon was studied at a recent researcher's conference, where papers to explain it were presented.

The anti-poll phenomenon threatens to make many surveys, especially those involving political opinions or commercial matters, useless. The effects of people lying to pollsters when they do answer, combined with the number of people who are known to refuse to participate (the only thing the pollsters know about this growing segment of the populace is that they consciously refuse to play this game at all), is creating a statistical effect which invalidates most of the polling results.

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## Census employee on Iraqi war dead reinstated

Beth Osborne Daponte, a U.S. Census Bureau employee assigned last fall to a routine update of U.S. government population figures for Iraq, and who was fired for releasing estimates of Iraqis killed by U.S. forces, has been reinstated.

Daponte assumed she would need to subtract the thousands who had died under U.S. attacks, and estimated that 158,000 Iraqis had been killed, including 39,612 women and 32,195 children; that 70,000 of these deaths were from "poor health conditions" due to the destruction of water and power plants, and that 30,000 died during the post-invasion violence associated with Kurdish and Shiite rebellions. Daponte had compared her 70,000 figure for deaths from infrastructure bombing to *Newsweek's* estimate of 243,000.

Since the Bush administration was discouraging any discussion of the slaughter of Iraqis, Daponte was fired in March. After she contacted the American Civil Liberties Union, hired lawyers, and made a commotion, she has been reinstated and the bureau has retracted its charge that her releases were a "deliberate falsification." The bureau is now quietly making available figures very similar to hers on their official estimates. The Bush administration issued a three-volume report on the war on April 10 which made no mention of Iraqi casualties.

## Briefly

● **THE EXECUTION** of Leonel T. Herrera, scheduled for April 15, was stayed on April 13 by the Texas Court of Criminal Appeals. In February, the U.S. Supreme Court said that it would use *Herrera* as a test case for whether a convicted defendant's potential innocence should prevent his execution. The U.S. Supreme Court refused to stay Herrera's execution while it decided the case.

● **GEORGE BUSH** will attend the so-called Earth Summit in Rio de Janeiro, Brazil in June, NBC News reported April 15.

● **FORMER PRESIDENT** Ronald Reagan was accosted by a protester denouncing nuclear testing, while speaking before the National Association of Broadcasters. Media reported on April 13 that the protester was a member of the "100th Monkey," a split-off from the eco-terrorist Earth First! organization.

● **TEENAGERS**, by the time they are 18, have seen 25,000 murders on television, according to statistics cited by columnist Beth Winship, in the April 15 *Los Angeles Times*. Winship also reported that a typical teenager sees nearly 14,000 instances of sexually explicit material in a single season.

● **DRACONIAN FINES** imposed by Judge Robert A. Ward in 1989 on six people who participated in an Operation Rescue anti-abortion protest in defiance of a court injunction, have been upheld by the U.S. Court of Appeals in New York. The fines, amounting to hundreds of thousands of dollars, are the highest ever assessed against non-violent protesters.

● **GEN. JOHN R. GALVIN**, military chief commander of NATO, will be retired and accept a teaching post at West Point, the Bush administration announced April 10. The *Washington Post* speculated that Lt. Gen. John M. Shalikashvili, a Polish-born artilleryman who currently serves as special assistant to Gen. Colin Powell, will replace Galvin.

# *IMF demands new Russian empire*

The International Monetary Fund has imposed a new condition which must be met in order for the nations of the former Soviet Union to receive credit. In effect, this is the demand that Russia create a new imperial structure. This is the logic behind the IMF demand that the Central Bank of Russia become the sole issuer of currency throughout the Community of Independent States (CIS).

The purpose is to deny nations such as Ukraine the right to control their own economic policy. It means that no credit can be issued anywhere within the CIS, without the approval of the Central Bank of Russia—which in turn would be directly controlled by the IMF. Thus instead of a czar, the new Russian empire would have at its head a bankers' dictatorship; and the great resurgence of national movements, based upon recognition of the dignity of man, would be crushed.

It will be a devastating blow not only to the peoples of these nations, but for all of us. The kind of Russia which the IMF hopes to create, is intended to become a tool for the imposition of a new tyranny upon the peoples of the world.

Czarist Russia played precisely this role in the pre-Bolshevik period, when it was known as the policeman of Europe, and deployed itself in aid of British efforts to assert its hegemony over Germany and the rest of continental Europe.

In 1983, Lyndon LaRouche assessed the hysterical response of the Kremlin to Ronald Reagan's proposal for a Strategic Defense Initiative (SDI), as an indication of the triumph of a Russian imperialist policy choice from within the Soviet leadership. At that time, the Andropov group vehemently rejected LaRouche's perspective for world peace, which was based upon a perspective of a massive infusion of productivity into the world's economy. They went so far as to denounce the LaRouche-influenced SDI as a potential *casus belli*.

The development of technologies at the frontiers of physics (such as the x-ray laser—which were demanded in order for the SDI to work) were key to this. Under pressure at home from forces around Henry Kissinger and other representatives of British interests, and also

from the Soviet leadership, Reagan backed down from his original conception of the SDI, as proposed by LaRouche, and instead went with the ineffective half-measures and off-the-shelf technologies popularly known as Star Wars.

The LaRouche perspective could have led to a process of peaceful reform within the Soviet Union on a sound economic basis—especially had the Soviet leadership been willing to accept Reagan's proposal to share SDI technology developments by U.S. scientists and engineers. Andropov and his handpicked successor Gorbachov instead went down to destruction as their economy steadily eroded.

This was the backdrop for the development of the condominium between Thatcher-Reagan and Gorbachov. As LaRouche warned, perestroika was not a policy for peace nor for genuine freedom within the Soviet Union, but instead a cover for an Anglo-American/Soviet agreement to establish a new, double-headed Roman empire, with an eastern and a western capital.

History did not work out precisely according to that blueprint because an unstoppable resistance emerged in East Germany, and throughout the former Soviet bloc. One by one the nations which had been under the Bolshevik heel were liberated; but today their brief moment of freedom is at risk. Mikhail Gorbachov and his crew have been forced out of power in Moscow, only to be replaced by the IMF carpetbaggers from the West—Gorbachov's cronies.

No nation can remain sovereign that does not, in the words of Alexander Hamilton, "pronounce upon the objects, which concern the general welfare, and for which under that description, an appropriation of money is requisite and proper. And there is no room for a doubt that whatever concerns the general interests of *learning, of agriculture, of manufactures, and of commerce* are within the sphere of national councils *as far as regards an application of money.*"

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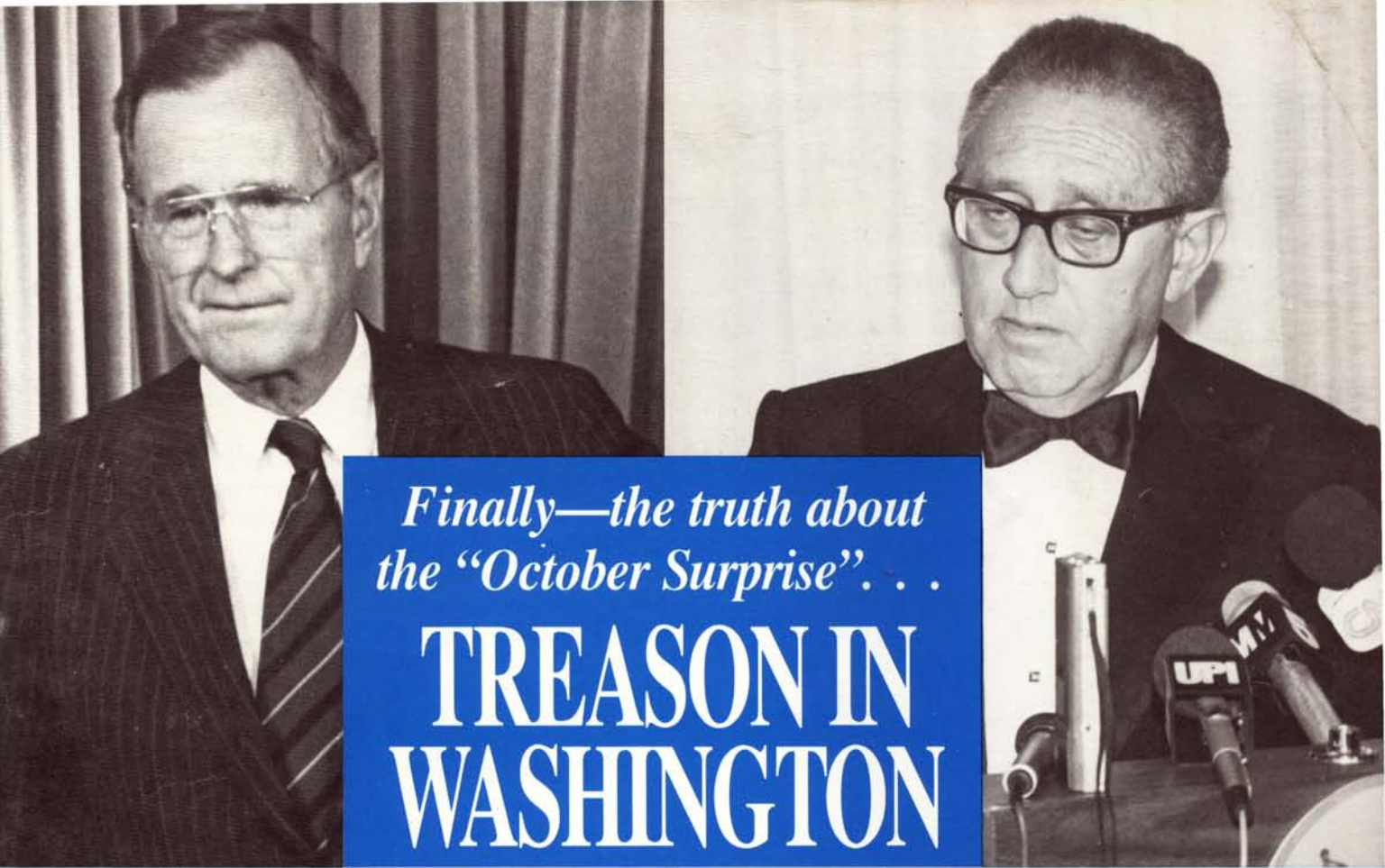
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