

EIR

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From the Managing Editor

In our first issue of 1992, *EIR* published some of the principal documents of the “American System” of political economy, from Alexander Hamilton and his international co-thinkers, to Lyndon LaRouche. This tradition of dirigist, capital-intensive industrial and scientific progress, fostering the creativity of the individual, is in total opposition to the British “free enterprise” doctrine. Throughout the world today, it is obvious what a failure the British System has been. Yet its advocates are insane enough to continue promoting it, destroying the remains of the industrial economy.

Take the case of China, the subject of our *Feature* this week. Deng Xiaoping’s attempt to accumulate capital by bringing Hong Kong-style “free trade” to China has been a total failure. What would you expect, given that his advisers are the likes of Henry Kissinger?

In Europe, the Maastricht Treaty on European Union, signed by the member states of the European Community and now subject to ratification, is a step precisely in the wrong direction. It establishes supranational bankers’ rule, stripping nations of their sovereign right to determine their own economic policy. Even worse, it specifically repudiates the kind of Hamiltonian measures by the state that are the core of the LaRouche recovery program. The treaty can still be blocked, if just one EC member nation repudiates it.

In eastern Europe, where the “shock therapy” austerity policy has taken a deadly toll, there is growing recognition that an alternative must be found. This is due, in no small part, to the circulation of LaRouche’s programmatic writings in many languages in that part of the world—something that *EIR*’s subscribers and supporters have made possible. See our report on Poland’s rejection of IMF measures, and the interview with Josip Cvitan of Croatia, who endorses LaRouche’s “Productive Triangle,” while lamenting that the governments of Europe have not understood it adequately, and have stuck with the IMF.

And in the United States, compare our program to the “free enterprise” nightmare that is being put into place, in the wake of the Los Angeles riots—the subject of a report in our *National* section.

A final note: Lyndon LaRouche will be on CBS national television on May 30, for a half-hour broadcast (8 p.m. Eastern and Pacific time, 7 p.m. Central and Mountain).

Susan Welsh

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European Union: the monster of Maastricht

by Gabriele Liebig

The importance of the treaty on European Union, which was negotiated last year and signed on Feb. 7, 1992 in Maastricht, The Netherlands, has been underestimated, for two reasons. First, the treaty only became available to the public a couple of weeks ago—and that includes the representatives to the national parliaments and state legislatures, who had no role in the preparation of the treaty, just as they are not supposed to have any role in the future European Union.

Second, the treaty has generally been seen as necessary to ensure the economic and political cohesion of the European continent, and for that reason there has been a tendency not to view it with any suspicion. In view of the economic collapse of the United States, which, according to the “Webster Doctrine,” is engaging in a more and more aggressive trade war against its allies (rivals), and also in view of Japan’s technological superiority, it has been seen as necessary for Europe to stick together.

However, a careful reading of the text of the treaty (which is scarcely comprehensible to the normal citizen, with its 17 protocols and 33 declarations, taking up 253 pages) would make the hair of even its most ardent proponents stand on end. The treaty is a monster: National governments and parliaments lose their entire influence over the future of their countries’ economic, financial, credit, trade, and budgetary policies. Also urban and rural planning, the administration of water resources, and energy policy, will all fall under the jurisdiction of the European Community (EC) bureaucracy (Article 130s). Indeed, there remains no aspect of economic and social life of the European states that is spared from the provisions of the treaty. The control of the principal economic parameters by a supranational power structure is total.

Feudalism, not democracy

The expression “denial of sovereignty” seems too mild. What the signers of the treaty have really authorized is a “denial of democracy.”

The executive of the European Union consists of the European Commission and the Council of Europe. The 17 members of the EC Commission will be named by the governments of the respective member states—i.e., not elected by anyone—and will in no way be bound in their decision-making. On the contrary: “They must neither solicit nor accept such direction from their governments or any other body.” The Council of Europe will continue to be composed of appointed ministers of the member states. The members of the European Court and Court of Editors will also be appointed.

The only popularly elected body is the European Parliament, but, according to the Maastricht Treaty, it will not have a great deal to say. The possibility of a vote of no confidence against the EC Commission, for example, will not exist. Its role will be limited to consultation, expression of views, and fielding complaints from the population. This reminds one of the function of a chamber of deputies in a feudal regime.

While under feudalism, the monarch rules sovereign over all, this “absolute” position is usurped in the Maastricht Treaty by the independent European Central Bank System (ECBS), which will be led by the board of the European Central Bank (ECB) and the governors of the central banks of the individual states. Article 107 of the treaty and Article 7 of the statutes of the ECBS prohibit any attempt at political influence, and proclaim full “independence.”

The European Central Bank System certainly does not govern “by the grace of God,” but rather by the grace of the

European financial establishment, that oligarchy of noble families and money, of which Walther Rathenau said back in 1909: "Three hundred men, who all know each other, steer the economic fate of Europe and choose their successors from among their own ranks."

The only task of the national parliaments and the state legislatures, then, is to change national laws to bring them into accord with the Maastricht Treaty. If they don't do this, then the member nations will be in violation of the treaty, and will be threatened with reduction in EC status, deprivation of voting rights, or with punishment by the European Court.

An iron hand to impose austerity

In France, Denmark, and the Federal Republic of Germany, there has been criticism of the Maastricht Treaty, but most of it misses the point, which is that the treaty for European economic and monetary union contains nothing in the way of a program for rolling back the economic depression. It represents rather the effort by European governments, under the guise of European unity, to put into a place a gigantic mechanism for austerity.

The best way to stop the depression, is to launch a Europeanwide infrastructure program that would rebuild eastern Europe. A program for this by Lyndon LaRouche, known as the Paris-Vienna-Berlin "Productive Triangle," has circulated widely throughout the continent. Through such a common task, Europe, both East and West, could grow together, both economically and politically. The financing of such an infrastructure program requires a shift to a policy of productive credit creation, whereby the respective central banks would, like real national banks in the Hamiltonian sense, provide low-interest, long-term state credits, exclusively for crucial categories of production and for raising the productivity of enterprises.

Yet under the Maastricht Treaty, the very possibility of this is doubly and triply forbidden:

1) The "independence" of the European Central Bank denies the very possibility of independent dealings by any national central bank, for example, in the direction of productive credit creation.

2) Article 104 expressly forbids "any kind of credit from the European Central Bank or the central banks of the member states to institutions or EC bodies, central, regional, local governments, or other public authorities, other establishments of public law or for public undertakings of the member states."

3) According to Article 104a, the private banks are also not allowed to give any favored credits to governments and the above-named institutions.

4) Allocation of productive state credits, for example in the form of Treasury paper or bank notes bound to specific projects, is also circumscribed in Article 105a, which gives the European Central Bank the "exclusive right to authorize the issue of banknotes within the Community."

Enforcement measures, like the IMF

At the core of the Maastricht Treaty are Articles 103 and 104, on economic and monetary policy. All the member states subject themselves to surveillance of their economies. If they go against the economic policy of the Council of Europe, they can face sanctions. All the other clauses dealing with various areas of European cooperation are vague and ambiguous, by comparison with the provisions governing economic and monetary policy.

For example, the budget deficit of the European states is not to exceed 3% of gross domestic product, and state debt 60%. Yet the deficit of the Federal Republic of Germany, Europe's most productive economy, was already 4% of GDP in 1991. In Belgium it was 6.3%, and in Italy 9.6%. Belgium's state debt reached 124% of GDP, and the Federal Republic will reach the 60% point in 1997 at the latest. This means that under Article 104c, practically all the EC countries are threatened with reprisals.

This is quite similar to the policy of the International Monetary Fund (IMF). In case of the risk of a state exceeding the allowed limits as to deficit and debt, the EC Commission prepares a report. The Council evaluates the report, and secretly recommends to the state measures to remedy the situation. If the state does not comply, then the recommendations of the Council are made public. This is scheduled to begin with stage 2 of the European economic and currency union, which takes effect on Jan. 1, 1994 at the latest.

In stage 3, when the European Central Bank System is set up, even worse reprisals loom: If the state concerned does not act in accordance with the recommendations of the Council, the Council will issue an ultimatum, a deadline by which certain measures must be taken. After the ultimatum come sanctions, such as "to require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities," or a credit embargo ("to invite the European Investment Bank to reconsider its lending policy toward the Member State concerned"), or "to require the Member State concerned to make a non-interest-bearing deposit of an appropriate size with the Community until the excessive deficit has, in the view of the Council, been corrected," or finally, "to impose fines of an appropriate size."

This would only increase the mountain of debt of the country concerned. Such an austerity mechanism, under depression conditions, can only have murderous results.

The irrevocability protocol

Article 104c has caused some nervousness in the Federal Republic. The *Frankfurter Allgemeine Zeitung* of April 27 demanded "improvements," such as that "the transition from the second stage to the third, final stage, should not have an automatic character." It is precisely such an automatic character, however, that the EC governments have already signed on to. The "Protocol on the Transition to the Third Stage of

Economic and Monetary Union” is part of the treaty. It says:

“The high contracting parties,

“Declare the irreversible character of the Community’s movement to the third stage of economic and monetary union by signing the new Treaty provisions on economic and monetary union. . . .

“[N]o Member State shall prevent the entering into the third stage.

“If by the end of 1997 the date of the beginning of the third stage has not been set, the Member States concerned, the Community institutions and other bodies involved shall expedite all preparatory work during 1998, in order to enable the Community to enter the third stage irrevocably on 1 January 1999 and to enable the ECB and the ESCB to start their full functioning from this date.”

Only Great Britain has until 1998 to think things over, and Denmark has until a referendum on monetary union in 1996. But for all the other countries, there is very little time left to wake up. The monster of Maastricht has been signed, and the only thing that can stop its implementation now, is the refusal of the national parliaments to ratify it.

Documentation

Thuggery behind French Parliament’s ‘yes’ vote

The French Parliament on May 6 voted with an 80% majority in favor of the Maastricht Treaty on European Union, but only after a brutal campaign of what one deputy called “intellectual terrorism” against opponents of the measure, on the part of the Mitterrand government.

Former Defense Minister **Jean-Pierre Chevènement** was prevented from delivering a speech in Parliament against the treaty, through an intervention of the executive of his Socialist Party, which declared his views “inopportune and not at all representative” of either the party or any other relevant group of French society.

Chevènement, whose “no” was backed by four other Socialist deputies, said the intervention to deny him the right to speak was additional proof of the political corruption of the Socialist Party executive. He has decided to form a new party.

Deputy Philippe Séguin of the neo-Gaullist Rally for the Republic (RPR) party gave a several-hour speech to the National Assembly on May 6, denouncing the treaty and the “intellectual terrorism” being deployed against anybody who dares attack the “new belief” of Maastricht. Whoever oppos-

es it is immediately accused of being some sort of “nostalgic or primitive, or even worse, a mad nationalist ready to send Europe back to the demons which always caused all its evils,” he said. Séguin accused Maastricht Europe of being “undemocratic, falsely liberal, resolutely technocratic.” “Without a currency tomorrow, without a defense, without diplomacy, by the day after tomorrow, France will have no more maneuvering power than Ukraine and Azerbaidzhan have today.”

Séguin submitted a resolution against the treaty, which was supported by some 101 parliamentarians, out of a little more than 500. The treaty will now go through further legal and legislative procedures, since France’s Constitution will have to be changed in order for it to become law.

Christine Boutin, Michel Pinton, and Alain Mayoud, three deputies of the UDF party, wrote a commentary published in the daily *Le Monde* on May 6:

“The forced death of the franc and the birth of the ECU” are presented to us as an “historic” step toward the unity of Europe, state the deputies. “We don’t believe in this currency. We don’t believe in that Europe.” All arguments in favor of a common currency have already been proven unfounded by most economists. A currency “is not an end in itself,” but only an instrument of policy. “But where, today, is this European policy? . . . There is no response. This is the void upon which Maastricht rests.”

The deputies continue that they are told the ECU will be run by a committee of functionaries who will ensure a strong ECU by fighting inflation. The real problems to be solved, however, are “the competition of the United States and Japan, aid to the Third World, links to Russia, and in France itself, excessive unemployment, disoriented agriculture, weakened industrial branches.” And what about those functionaries to whom we are supposed to entrust our government, how did they solve the most sensitive matters? “We know the sad ‘Havilland affair,’ through which Leon Brittan . . . broke the back of an ambitious project of our aeronautics industry. The electronics industry, one of the great ambitions of Jacques Delors, collapses more each day under attack from the Japanese, in spite of all his plans and directives; the agricultural regulations concocted by McSharry reach the totally absurd levels that they freeze our land at the same time that they ruin our farmers. . . . Isn’t this what awaits us, more dangerously so, with the future European Central Bank?”

Denmark: Treaty needed to prevent a ‘Rapallo’

On the eve of Denmark’s June 2 referendum on the Maastricht Treaty, **Ritt Bjerregaard**, Danish Trilateral Commission member and shadow foreign minister of the Social Democratic Party, endorsed the treaty in a feature article May 8

in the Danish daily *Politiken*.

Bjerregaard drew international attention in 1980, when she was the social affairs minister in Denmark's Social Democratic government, by proposing a plan to cut the Danish budget by removing funding from life-sustaining equipment for the critically ill.

Bjerregaard's argument is that now, after the communist specter has disappeared, it has been replaced by two new ghosts: those of the Rapallo Treaty and the Locarno Treaty. The June 2 referendum will decide which of these two ghosts is to shape the future of Europe, she writes.

"What was discussed at Rapallo and Locarno was basically the same which occupies us today, namely the shape of a Europe in shambles, carved up by the devastating World War I. . . . The French plan was to subjugate Germany and Russia in particular, and to keep them out of the good company. In April-May 1922, a big conference was held in Genoa, with 33 participating nations. On April 16, a representative of the Bolshevik delegation called the Germans and suggested that they sign a treaty. The next morning, they met in Rapallo, where they agreed to renounce all mutual claims of war reparations, and agreed on cooperation in various fields, among other things military (it later turned out). . . .

"When the strongest Central European power (Prussia or Germany) and Russia cooperate, they will be able to dominate Europe and direct most of what happens on the continent. These ideas are easily translated into the present day. Since the 18th century, the specter of Rapallo has been the nightmare of Danish foreign policy. Almost every time the specter—cooperation between Germany and Russia—has appeared, it has cost Denmark dearly, either in the form of lost territory, or in the form of a highly restrained foreign policy.

"On a European map, it is easy to see why things can turn out so badly: When Germany and Russia cooperate, all the other European nations become rim areas. Only England has water and land in between the collaborating Germany-Russia and would then 'normally' make an alliance with France. One of the problems after World War I was, and still is, that France is no longer a trustworthy ally. Therefore, England has oriented toward the U.S.A., and something else then has to be done on the European continent.

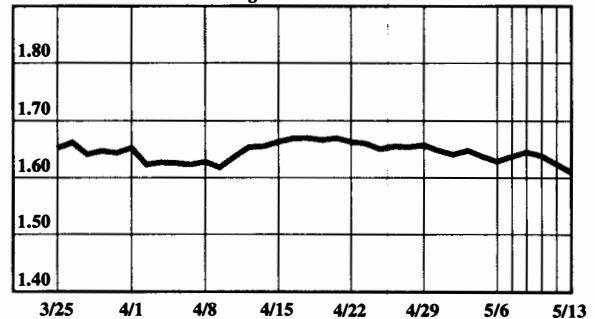
"This 'something else' can be called the Locarno ghost, after another of the big 1920s conferences. The Treaty of Locarno was another attempt to fit the defeated Germany into Europe, and the idea was that Germany made a pact with France and Belgium, guaranteed by Great Britain and Italy. . . .

"If Denmark is to influence the shaping of that Europe which, whether we like it or not, is emerging, it is a precondition that we join in the game instead of playing against it. The possibilities of maintaining an independent Danish development are greatest in a Locarno model, but this is also the one whose implications meet the largest popular opposition."

Currency Rates

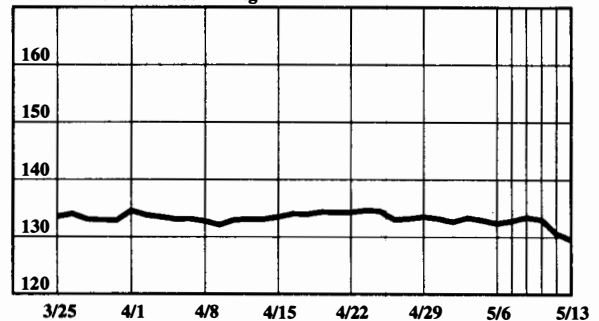
The dollar in deutschemarks

New York late afternoon fixing



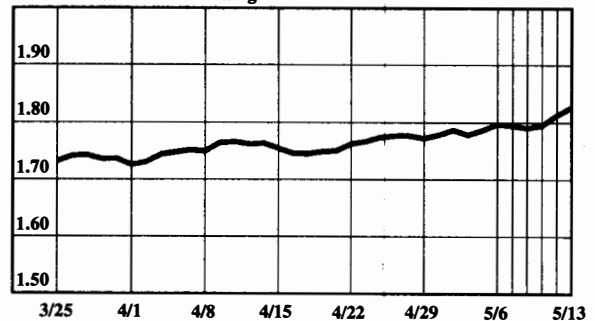
The dollar in yen

New York late afternoon fixing



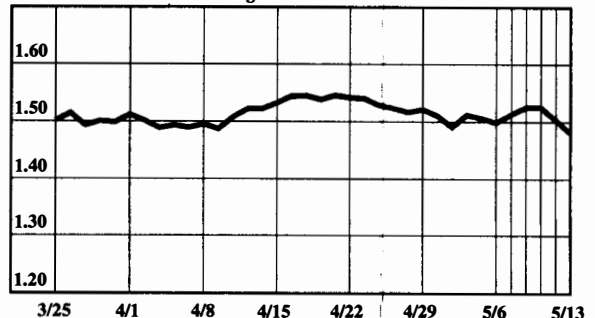
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Poland votes down IMF budget dictates

by Marcia Merry

On May 6, the Polish Parliament voted against a freeze on salary increases for 2.5 million public sector workers and employees, and against cuts in pensions, which had been part of a budget deal imposed by the International Monetary Fund (IMF) on the Warsaw government of Prime Minister Jan Bielecki, who was voted out of office at the end of last year. On Jan. 29, the Polish Supreme Court ruled that the income cap was “anti-constitutional,” and on Feb. 12, the court ruled that the Bielecki government’s pension cuts had to be invalidated or revised. The 165-94 vote upheld the anti-austerity court rulings.

Poland has been viewed by IMF officials as a “model” for its submission to the “shock therapy” policies of Harvard’s Jeffrey Sachs, who has been a consultant to the government. A priority of the IMF has been to put the new republics of the former Soviet Union through that same shock therapy program. While such plans have been proceeding—the membership of Russia and 13 other republics of the former Soviet Union became official on April 27—the Polish action signals escalating resistance to IMF austerity demands.

The vote was taken during a special session called for this purpose by Polish Finance Minister Andrzej Olechowski, who resigned after the no vote. Olechowski had negotiated the salary freezes last summer with the IMF, and recently trekked to Washington, D.C. to confer with Fund officials. Olechowski is a former official of the World Bank, a cohort institution of the IMF.

The parliamentary no vote occurred despite massive outside pressure, including the presence in Warsaw of IMF Deputy Director for Europe Michel Deppler. The vote is symptomatic of growing opposition from practically all sections of Polish society against IMF conditionalities. Since its newfound independence in 1989, Poland has suffered soaring unemployment, now nearing 500,000; collapse of housing construction and basic services; and impoverishment in the farm sector—all on top of decades of Soviet looting.

Last year, the IMF dangled before the Polish government drawing rights on up to \$1.6 billion, but then suspended the rights, on grounds that the government was “overspending” on its people and allowing its budget to exceed IMF-approved deficit levels.

Farmers’ party says no

The vote against the IMF resulted from the decision by the farmers’ party, the PSL, to vote against the other six parties of the government that have acquiesced to IMF dictates to date. Waldemar Pawlak, chairman of the PSL, said that on this fundamental issue, his party had no other choice than to vote for the interests of the people, and against the government.

The anti-IMF shift followed an April 6-7 conference in Warsaw which Polish Rural Solidarnosc had cosponsored. The conference was attended by economists, international political activists, and parliamentarians from 13 nations, who met to discuss Lyndon LaRouche’s proposed alternative to murderous IMF “shock therapy”: the science of Christian economy. Conference speakers took up LaRouche’s Paris-Berlin-Vienna “Productive Triangle” proposal for major infrastructure projects to revitalize the economy of Europe.

Polish President Lech Walesa has vainly attempted to mediate among all parties. On May 8, he addressed the political and economic crisis in the country and denounced the Parliament, urging a constitutional reform and the creation of a “strong executive” centered around his person. After the vote, IMF officials conspicuously continued to meet with Prime Minister Jan Olszewski. Michel Deppler announced that his IMF mission in Warsaw would stay through to its pre-planned departure date of May 12. Moreover, the word was spread that IMF-approved Jan Olechowski, the spurned finance minister, would make a good prime minister in the near future. This is a direct counter to the powers of Parliament, which, at present, must approve the cabinet.

‘We need a dictator’

On the day of Walesa’s speech, the British establishment called for a dictator to bring the Polish situation under control, in an editorial in the London *Times*. The editorial attacked the Polish Parliament’s “reckless vote for a \$2 billion rise in public spending,” which has caused a “political and economic impasse” in the country.

The *Times* said the vote underlines the crisis facing all eastern European countries: “How can they enforce the harsh measures demanded by market economic reform, without strong central governments with powers almost as sweeping as the hated dictatorships they have replaced? The backsliding in Poland now threatens to undo much of the progress over the past two years.” In demanding the “harsh measures” needed for “the transition to a market economy,” the *Times* noted that “elsewhere in the world, only strong governments, verging on the authoritarian, have the nerve and power to enforce such measures.

“Poles have to acknowledge that, however just might be the back payment of indexed pensions, the money simply is not there. President Walesa understands this. He also understands that only a strong government can force harsh medicine down the nation’s throat.”

BIS central bankers sound alarm over banking practices

by William Engdahl

The Swiss-based Bank for International Settlements (BIS), a non-governmental oversight organization of predominantly continental European central bankers, issued a report on May 12 on the topic of "derivative financial instruments and banks' involvement in selected off-balance-sheet business."

The report reflects the bankers' growing alarm at the explosion of a \$3 trillion market in financial instruments which is outside anybody's control—and whose true dimensions nobody even knows—and which threatens to bring down the entire world banking system, as *EIR* has repeatedly warned.

Derivatives are securities which can be bought for usually a small fraction of the price of the actual stock. Examples are an "interest rate swap," or a three-month Eurodollar futures contract, or a Standard & Poors-500 Wall Street "stock index futures contract." It is claimed that derivatives constitute a hedge or security for a bank or other institution against unexpected sharp movement in the actual stock or currency held. If at the end of the three-month contract, the actual price of the commodity is above or below the amount specified in his contract, the banker must pay the difference. But futures speculation, because the amount needed to "buy" such a contract is usually a tiny fraction of the total or face value of the real stock, is subject to wild abuse by unscrupulous large traders. It has been documented that such stock futures manipulation was partly responsible for the severity of the October 1987 Wall Street stock crash.

While the quite technical BIS report has been all but ignored in most major financial press, it was significant enough to cause U.S. Federal Reserve chairman Alan Greenspan to have an unscheduled two-hour meeting in London with his counterpart in the Bank of England on May 12. Reportedly, Greenspan sought assurances from England's Governor Leigh-Pemberton that the BIS not make any decisive action to clamp down on the business of banks buying and selling such "financial derivatives" as "currency swaps," "interest rate swaps," and "stock index futures." U.S. banks would reportedly be hardest hit from such controls.

A \$3 trillion market out of control

What is behind the increasing concern by central bankers over financial practices so exotic most people have never

even heard of them? The answer is the fact that most of these transactions, which have ballooned into a \$3 trillion market since their first widespread use in 1987, are so complex that not even the banks involved have an accurate assessment of their own credit risk should one or more major parties to such a "swap" agreement default.

"The expansion of trading in derivative instruments has been one of the major developments in financial markets during the past decade," notes the BIS. Pointing to the fact that trading in financial futures and options has "soared with the opening of many new exchanges and the introduction of a panoply of new contracts," the bankers warn that "these developments have had a profound impact on the manner in which banks and other market participants expose themselves to credit and price risks."

The study points out the explosive growth in such financial devices since the end of 1986, noting that traded positions in financial futures and options have soared by over 500%, while value of outstanding currency and interest rate "swaps" alone have increased 800% in that time, far outstripping growth in all normal areas of the financial markets. Clearly, at a time of record international bank failures and shocks such as the collapse of the \$25 billion Olympia & York real estate conglomerate, bank regulators have reason to be alarmed at such growth, especially when no one knows how risky they are in event of a system breakdown.

U.S. banks in the spotlight

The BIS report singles out U.S. banks and financial houses as a prime force in the booming cross-border futures and options business. They note that U.S. banks alone control some 20% of total trading in stock index futures, despite the fact that by law U.S. banks are forbidden to act as dealers in actual stocks.

During the 1980s, with the demand for financial market "globalization" for free flows of money internationally, banks and financial firms, and even industrial corporations such as Volkswagen and Toyota, began to take advantage of looser international financial rules, to make "trading profits." When the City of London initiated its financial market deregulation under Margaret Thatcher, London's October 1986

“Big Bang,” a major opportunity was opened for banks and others to trade in hitherto unimagined volumes across borders for speculative gain. The onset of London’s Big Bang in 1986 gave the already deregulated New York banks enormously increased possibilities during a 24-hour trading day, manipulating differences between their New York, Hong Kong and, say, London Eurodollar offices on the hourly quoted value of the U.S. dollar or of short-term dollar interest rates.

Through the push of a computer key, suddenly billions of dollars of “futures” could be traded instantaneously around the globe. Total volume of international electronic dollar payments cleared through New York’s Clearing House Interbank Payments System (or CHIPS, as it is known), has climbed by 300% from a *daily* average of some \$350 billion in early 1986 (pre-Big Bang) to almost \$1 trillion by 1990. Most is pure currency speculation unrelated to transfer of hard commodities or flows in international trade of real goods.

Banks desperate to increase profits to offset huge losses in Third World debt and real estate, have turned to the deregulated markets in financial futures to profit by “arbitrage,” making profit on seemingly tiny differences in the quoted value of, say, the dollar in London, Frankfurt, Hong Kong, and New York, through their global computerized trading links.

In April, a clerk in the New York office of Salomon Brothers was blamed for a clerical error which reportedly caused a panic selloff in the New York Stock Exchange. He reportedly misread instructions and executed a computer stock index futures “sell” order for 11 million shares of stock, rather than \$11 million. The sell order was so large that it triggered an automatic computerized “sell” from other stockbrokers, and resulted in a huge fall in the Dow Jones Industrial Average that day, wiping out billions of share dollar values. What insurance is there that far larger such accidents of “clerical error” will not trigger global financial chaos?

Will Germany follow?

The Frankfurt Stock Exchange is currently considering adopting such a Wall Street or London model of computerized stock trading, the Elektronisches Handelssystem. The proposal was developed by the American consulting firm McKinsey and Co., which has been accused of being a “political” firm by more than one source. One reason that the German stock market has not been hit with the severe shocks of New York or Tokyo in recent years, is the absence of such computerized “stock index arbitrage” possibilities. McKinsey and certain large banks argue this is “old-fashioned,” and hinders development of Frankfurt as a “global finance center.”

The latest BIS study cites indications that many large U.S. banks, reportedly the worst abusers of such internation-

al currency and interest rate swaps or stock index futures, have let the problem get way out of control. The BIS notes that many U.S. banks hold such contract obligations—termed off-balance-sheet, because they are not reported on the books of the bank—in ratios above their on-balance-sheet assets, “exceeding 700%.” That is, a bank’s nominal holdings of such swaps is seven times larger than its reported normal banking liabilities. But, because it is off-balance-sheet, regulators and the general public have no real indication of the risk, should that bank “guess wrong” on any of thousands of daily futures trades it makes.

Extent of risk ‘unknown’

This problem was behind an extraordinary speech delivered at the London City University March 5 by BIS General Manager Aléxandre Lamfalussy. Lamfalussy warned: “The proliferation of financial instruments and of off-balance-sheet operations has made our [international banking] system less, rather than more transparent, at a time when growth of the financial ‘superstructure’ has far outpaced that of the non-financial part of the economy, and when international financial integration has reached an unprecedented degree.”

Lamfalussy cautioned that “spectacular technological advances in communications and information systems have provided means to enable market participants to make liberal use of the innovative opportunities offered by this greater freedom.”

Lamfalussy warned of the unknown systemic risk factor in the mushrooming volumes of interest rate and currency swaps and such: “Off-balance-sheet business has created strong linkages between the various sectors of the financial industry. We simply do not know the size of the indirect risks for the individual institution generated by this interdependence.”

He concluded his remarks with the somber warning: “Is there not something about the financial system which would imply that destructive shocks carry a greater systemic risk than in other industries? In particular: Do not globalization and the speed with which shocks are transmitted create fertile ground for full-blown crises?”

He takes up the argument of deregulation advocates. “Our observer would have noted quite a few financial disturbances, even major ones, which did not lead to a full-blown worldwide financial crisis. . . . [But] these arguments do not alleviate my concern. . . . The authorities have been quite good at crisis management, but this praise should not be misunderstood. . . . Luck has been on our side. . . . But the hard fact is that the resilience of our new financial system has not yet been tested by a genuine worldwide recession.”

With the entire banking system of many countries—Sweden, Norway, Finland, the United States, Canada, the United Kingdom—today being hit with the greatest crisis since the 1930s Great Depression, little wonder that some central bankers are nervously reaching for the alarm bell.

World Bank backs collectivization

"Privatized" collective agriculture is the latest nightmare faced by Russia and the CIS states.

The World Bank has just released a report entitled "Review of Food Policy Options and Agricultural Sector Reforms, Joint Report to the Russian Federation and Members of the Commonwealth of Independent States," calling for the reform of Russian agriculture. Under the guise of bringing the free market system to the Russian Federation, the bank is promoting the retention of the very agricultural structures which caused the crisis under communism.

The report proposes reforms which include the "restructuring" or "privatization" of the Soviet agricultural structures—the state farms ("sovkhozes") and the collective farms ("kolkhozes").

One would think that the centerpiece of any reform would be a return to the independent family farm system, the cornerstone of successful western agriculture. Wrong. Although the breakdown in the Soviet agriculture sector, which climaxed in 1991 (including a 25% decline in grain production, a 22% drop in food imports, and severe food shortages in the cities), was the primary reason for the collapse of the Soviet system, the World Bank proposes to maintain the same structures by supporting their "privatization."

The report theorizes that the cause of the crisis which led to the breakup of the Soviet system last August, was the "overinvestment" of the Soviet regime in agriculture, and not the totalitarian structures of Soviet collectivized agriculture. "The recent poor performance must be seen in the con-

text of large and unsustainable commitments of financial and real resources to agriculture throughout the 1970s and 1980s, which failed to achieve substantial growth."

As an example, the report singles out the livestock sector, claiming that meat and milk consumption under the Soviets was too high, which led to massive imports of feedgrains and contributed to their payments' crisis. The bank solution is not to increase domestic production of grain, but to reduce herds and cut consumption.

The huge state and party controlled "factory farms" and collective farms today number approximately 52,000. Although 16 million acres of agricultural land has been turned over to approximately 14 million people, mainly city-dwellers, since January 1991, only 5% of Russia's land is today in private hands.

The totalitarian agricultural structures are criticized by the report as in need of "restructuring." These hideous farms caused the breakdown of food production. In contrast, successful agricultural production requires the oversight of the individual farmer who takes responsibility for developing the productivity of his land, as well as government economic policies which encourage such improvements. The Soviet state and collective farms destroyed individual initiative and treated farmers as "agricultural laborers," whom they could loot along with the land.

The World Bank sees no need to rush to dismantle the "sovkhozes" or "kolkhozes." In fact, its concept of

privatizing production, marketing, and distribution functions incorporates the collective and state farm structures. Nowhere is there a call for independent farms as a superior form of production. Independent family farms are raised as a rhetorical option, but dismissed as impractical in the short term. The report calls for transforming the existing structures into western-style "cooperatives," and "joint stock societies."

In the cooperative system, the farmer might own title to his land and a share in the old structure, but management decisions would remain with the old strata and "outside investors." In the "joint stock societies," the state transfers all state-owned assets to the state and collective farms and the farms divide all assets into "shares." Each share represents partial ownership of one worker, who does not hold physical title to anything. According to the report, it is this approach which is most favored by the former *sovkhoz* and *kolkhoz* managers.

Farmer-owned cooperatives, when independent farmers join to own facilities for production, distribution, or marketing, have had a place in western agriculture. However, as U.S. agriculture has declined under the control of the very banks which the World Bank represents, these formerly useful structures have become a means through which the cartels now control the farmer. Giant cooperatives have developed, like Farmland or Harvestland, in which cartels or multinational banks become the controlling shareholders and loot the farmer members. The "cooperative," in which the farmer owns a share, becomes the sole supplier of inputs and financing, and markets the product of farmer members who can no longer be considered independent. This style of cooperative is the World Bank's model for Russia and the Community of Independent States.

Business Briefs

International Credit

Soviet nomenklatura was right about IMF

The old Soviet *nomenklatura* was ironically not far from the truth in its characterizations of the International Monetary Fund (IMF), the French daily *Le Figaro* comments. Despite all the talk of reform in Russia, there is a deep popular suspicion of "western aid," which comes from three-quarters of a century of "brainwashing."

But the content of that "brainwashing" is intriguing, says the paper's Moscow correspondent, Pierre Bocev. He quotes from the *Dictionary of Political Economy*, utilized as recently as last year in higher educational institutions in Moscow, and which is still used in some provinces. It defines the IMF as the "instrument utilized by the supranational state monopolies to regulate the international monetary sphere. It is, in fact, controlled by the United States, which uses it to maintain the position of the dollar as the central currency in the capitalist world. The U.S.S.R. does not participate in the activity of the Fund."

"Capitalist credits" deployed through this system, says the *Dictionary*, are "utilized by the monopolies to conquer the markets and to appropriate to themselves the sources of raw materials in the debtor countries, to loot these countries and to reduce them to slavery." This is all central to the strategy of "neo-colonialism."

Health

TB crisis could 'dwarf' AIDS

New forms of drug-resistant tuberculosis threaten to produce an epidemic that could dwarf the AIDS crisis, according to New Jersey health officials in attendance at a conference on "The Tuberculosis Crisis" in Cranford. State epidemiologist Dr. Kenneth Spitalny said, "We could be facing a crisis that would shake the very foundation on which the

basis of public health is founded."

The director of Newark University Hospital's Pulmonary Division and president-elect of the New Jersey American Lung Association, Dr. Lee Reichman, added, "Unless we're willing to take action now, when we still have the ability to control the disease, we're talking down the road of a bigger problem than AIDS; TB is more contagious than AIDS."

"New York is already facing a crisis because it decimated its public health care support system. Now they have allocated \$10 million to try to stem the tide and our legislators are quibbling about \$900,000," thinking the federal Centers for Disease Control in Atlanta, Georgia "will make up the money. That is absolutely not true."

The officials assert that the only avenue to avert disaster is more aggressive prevention and treatment, which would not be possible should the state legislature turn down the Health Department's budget request of \$908,000 for TB control programs.

More than 40% of multi-resistant TB cases have been diagnosed in the New York metropolitan area. Such cases account for 7% of TB cases in New Jersey, concentrated mostly in Newark, Jersey City, and Paterson.

Eastern Europe

Walesa proposes 'second European Community'

Polish President Lech Walesa proposed the creation of a "second European Community" for eastern European nations, at a meeting of the Presidents of Poland, Czechoslovakia, and Hungary in Prague May 6.

Walesa said that recent years prove that the East European economies can not simply jump into an entirely new "free trade" structure, but necessarily had to live with, or even revive, the "red structures" of cooperation in the abandoned Council for Mutual Economic Assistance (Comecon) economic accords.

The new East European Community, he said, should not be restricted to the economic sphere, but should include defense and foreign policy cooperation.

Food Aid

Ethiopia fears repeat of 1984 famine

The government of Ethiopia said May 8 that it fears a repeat of the 1984 famine which killed at least 1 million people, and appealed to the world for aid. In a statement marking Red Cross Day, Vice Minister of Health Azeb Tamirat recalled that the world had been generous in previous disasters, but said that many died because it was "too little and too late." She urged the world to be more compassionate in helping to alleviate the effects of drought and the aftermath of war.

The government has to date received only 71,000 tons of the aid it appealed for last December, about 20% of what it estimates is required to avert disaster, Reuters reported.

"The likelihood of the continuation of the disaster situation in Ethiopia seems unavoidable. If the 10-year cycle repeats itself, we will soon be facing another disaster whose consequences may be as grave as in 1984-85," said a senior Red Cross official.

Biological Holocaust

Most who die of disease live in Third World

Of the 50 million people killed annually by disease, over three-quarters live in developing countries, the World Health Organization (WHO) reported on May 3. According to excerpts cited by Reuters, 77% of the 46.5 million deaths directly attributable to disease occurred in the developing world.

The top killers were infectious and parasitic diseases including pneumonia, cholera, tuberculosis, and bronchitis and related infections.

"But the tragedy is that there are at least 20 million deaths each year that could be prevented with improved health systems, access to essential drugs, and vaccines," it says. It also gave the "chilling statistic" that 12.9 million children under five die each year in the devel-

oping world, making up one-third of all deaths there in 1990. In industrialized states, children under five accounted for 284,000 or 2.4% of all deaths.

About 6,000 Third World children die each day because they have not been immunized, while 9,000 die from diarrheal diseases, and nearly 10,000 from pneumonia. More than half a million women, 99% of them in developing countries, die each year from causes related to pregnancy. Only 50% of births in developing countries were attended by trained personnel.

According to a new report issued by the Agency for International Development, the rapid spread of AIDS and a resurgence of cholera and malaria threaten to wipe out more than a decade of health gains among the world's poorest children. "We are confronting a major problem with AIDS, seeing death rates we have never seen before," AID official Richard Bissell told a news conference May 8.

By the end of the decade, he said, 10 million children will be affected by the HIV virus, and it could become the leading killer of children in a number of developing countries. More immediately, "Malaria is rapidly becoming the single largest killer of young children."

Infrastructure

'Cost-saving' privatization caused Chicago flood

While Mayor Richard Daley has blamed Chicago's April downtown flood on the failure of city departments and employees to quickly repair a tunnel breach, it was the "free market" privatization of services which the mayor has promoted, with a resulting reduction in services by city workers, that stalled the process of repairing the tunnel.

Daley is nationally known as the leading big-city promoter of privatizing and contracting out city services. In January, he abolished the Department of Public Works as a key part of reorganizing city departments to save money, "streamline" services, and reduce the city work force. The 800 layoffs included

skilled tradesmen from Public Works—the very personnel who work on tunnel repairs.

At a press conference May 8, James McTigue, a city engineer who was scapegoated and dismissed, revealed that despite his repeated exhortations since March 16, his new superiors were seeking to contract out the repair work. McTigue said that had Public Works still existed, he had the authority to complete the repairs within 3-4 days, by about March 20. But now, "there were no longer tradesmen available to perform the work." Instead, there was a crippling bureaucratic foul-up centered around haggling over lines of responsibility and which outside contractor would get how much money to do a basically straightforward job.

EIR has also been told that the Great Lakes dredging company, which had won the lucrative contract to install the river pilings that caused the tunnel breach, contributed \$75,000 to Daley's last election campaign.

Debt

Nigerians slam IMF package

"A structural adjustment program that does not encourage production is no good to anyone," Uzor Okeke, acting director general of the Manufacturers Association of Nigeria told Reuters May 8. "In Nigeria, SAP has tended to favor banks and traders," Okeke said.

Critics blame the austerity program for humbling sub-Saharan Africa's largest economy and bringing untold hardship to Nigeria's 88.5 million people since its first implementation in 1986.

On the same day, Tom Ikimi, chairman of Nigeria's conservative National Republican Convention, told a London audience, "Instead of aid and donor-assisted programs, the West should move swiftly to forgive Africa's debt, which is proving rather burdensome for most countries, especially Nigeria, where 30% of the annual budget is used to service debts annually. The West should wipe out our huge debt burden, not by rescheduling, but through complete debt forgiveness."

● **IRAN** is trying vigorously to reduce its birth-rate, and the program has surgically sterilized over 200,000 citizens in the past two years. U.S.-trained Health Ministry official Hosein Malek-Afzali is "a principal architect of Iran's family-planning program," according to the *Washington Post*. President Ali Akbar Hashemi Rafsanjani doubled the anti-birth program's budget this year to \$150 million.

● **SYPHILIS** in southern Illinois is at its worst level in years, officials reported May 5 on the disease incidence in East St. Louis. There have been 39 cases treated this year, in contrast to only 9-10 cases in recent years.

● **RUSSIA** will trade machinery, aircraft, and factory equipment for Chinese food and consumer goods under an agreement for 1992 signed in Beijing on May 5. Russia will export plant and equipment for factories that it has helped to build or is now constructing in China, Tass-Itar said.

● **MONGOLIA'S** parliament fired its central bank chief, in a vote that saw 72% in favor of removing Namhaisur-engiyn Zhargalsaikhan from the post he had held for a year. He was accused of covering up over \$100 million in foreign exchange trading losses for which he was responsible.

● **IRANIAN** President Ali Akbar Hashemi Rafsanjani will attend an economic summit meeting of six Muslim states which were once part of the Soviet Union. The conference will take place in Akhbad, the capital of Turkmenistan, in mid-May.

● **AN EPIDEMIC** of dysentery has hit Britain, where the number of cases has quadrupled in a year, Reuters reported on May 8. Public Health Laboratory director Rodney Cartwright said scientists could not yet explain the epidemic, but believed it was related to poor hygiene in schools and declining living standards—meaning less hot water, sanitation, heat, etc.

Chinese 'reform': Deng Xiaoping's cat can't catch mice

by Michael O. Billington

The western press regularly describes China as an economic miracle, flourishing and prosperous in the wake of the successful free-market reforms of the past 12 years under the guiding hand of the "progressive" Deng Xiaoping. Such luminaries as Henry Kissinger, Marshall Goldman of Harvard, and the economists of the American Enterprise Institute even go so far as to claim that their favorite communist, Mikhail Gorbachov, would have survived had he followed Deng's lead.

This self-serving analysis comes from the same "experts" who have reduced the economies of the developing sector to rubble over the past decades, and are repeating the process in eastern Europe with the "shock therapy" demanded by the International Monetary Fund (IMF) and the World Bank—not to mention the depression they have brought upon their own economies.

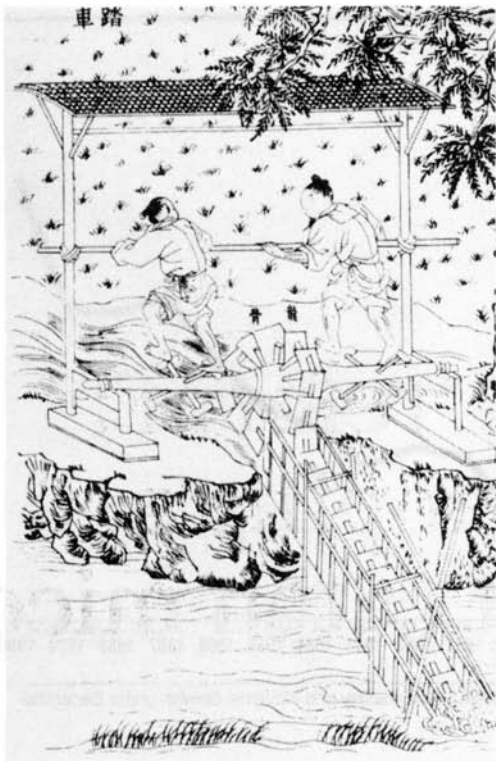
The admiration for Deng Xiaoping's "reform" stems from the fact that he has followed every prescription demanded by the IMF, the World Bank, and the related "private" advisers associated with Henry Kissinger's consulting firm, Kissinger Associates, Inc. As a result, China has become a model for the transformation of Third World nations into British "free trade" regimes.

The Chinese coast has been transformed into a series of "Special Economic Zones," where foreign investors enjoy the same access to dirt-cheap labor and tax concessions which produced the booming foreign enclaves in Hong Kong and Shanghai under nineteenth-century British imperial power. And, as in those days of old, drugs and the black market are expanding rapidly, with rampant corruption largely unchecked.

Cheap labor, free market

Figure 1 shows the wages paid to manufacturing workers in various Asian nations. Western businesses often refer to investment in China as being essentially free of labor costs.

Deng is famous for his slogan: "It doesn't matter if the cat is white or black,



Chinese peasants today are using the same primitive treadle-operated chain pumps to raise water for irrigation that can be seen in a woodcut from 1637.

as long as it catches mice.” His plan, as stated by various advisers both in China and from the West, was to use free market methods and foreign investments to build up an export industry, utilizing little from within China except cheap labor. With the accumulation of foreign reserves from these exports, China would supposedly be in a position to develop the real economy in the future. He dubbed this the “two legs” policy—one leg in the (capitalist) West and the other in traditional (socialist) China. In practice, however, this meant holding most of the country in a state of backwardness while building up the cheap-labor export industries.

The economists who designed the reform policies adopted the IMF/British fraud that anything directed by the state was “socialist,” while “capitalist” meant the absence of any government control, direction, or regulation—total “free trade.” This completely ignored the historical fact that every period of true development in the “capitalist” western world was based on the opposite policy—the *dirigist* policy of state development of basic infrastructure, protective policies for new or strategic industries and food production, and directed credit for useful industrial development in the private sector. This policy, once known as the “American System,” was associated with the first U.S. secretary of the treasury, Alexander Hamilton, and was entirely responsible for the creation of modern industrial economies in the United States and Germany, as well as the Asian economies of Japan, Taiwan, and South Korea.

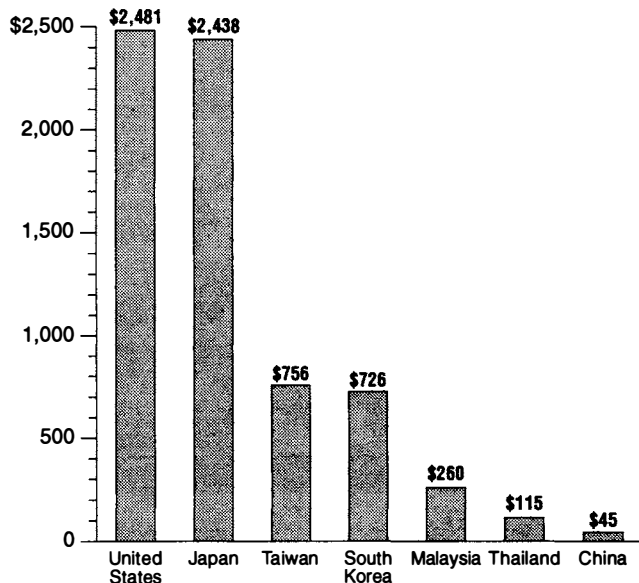
Deng’s policy was the opposite: He planned to accumu-

late foreign exchange at the expense of domestic consumption—especially at the expense of agriculture and the peasantry—and through ignoring the need for infrastructural development. **Figure 2** shows the increasing proportion of total production going to exports, especially after 1984. This policy resulted in a massive decline in agricultural and infrastructural development, putting China on a trajectory for a disastrous breakdown.

This decision represented, although in a different form, a continuation of the Maoist (and British) policy of intentionally holding the population in a state of relative backwardness. To expand exports without developing infrastructure required a conscious decision *not* to mechanize agriculture—both because the productive capacity was to be devoted to exports rather than to farm machinery, but also because the peasantry had to be kept on the land. Even without mechanization, about one-third of the peasant work force (over 100 million people) is “redundant” (as Beijing refers to the unemployed peasantry), creating the constant threat of a social explosion. Thus, Deng’s labor policy, for both industry and agriculture, was to grind as much production as possible out of a backward and unskilled work force.

There are two reasons why this process could never lead to the intended result of accumulating foreign exchange to purchase advanced technology for modernization. First, the Anglo-American oligarchy would never allow it, as is clear from the balance-of-power and “technological apartheid” policies being implemented today under the guise of the “new

FIGURE 1
Average monthly wages of manufacturing workers
 (U.S. dollars)



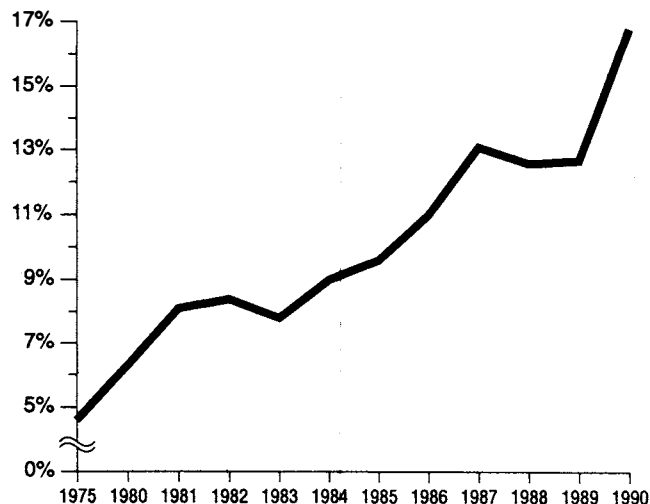
Source: International Trade Commission.

world order.” Second, the process of stealing from the necessary investment in both physical and the human infrastructure will result in a breakdown before such a “golden day” could arrive.

In any case, there is growing evidence that Beijing may have other intentions in mind: an imperial policy, aimed at domination of Southeast Asian and Central Asian markets, backed up by increasing military strength. China maintains military surrogates in Burma and Cambodia, and in April belligerently declared sovereignty over virtually all of the South China Sea. While there was extensive austerity in all other budget areas during the past three years of “retrenchment” of the Chinese economy, the official military budget has continued to increase. It is impossible to estimate total military expenditures, since the military itself sells arms in the international market, retaining the profit for its own purposes. However, China has been on a buying spree for advanced aircraft from the United States, Russia, and elsewhere, while building up every area of military capacity and streamlining the Army.

On the other hand, China faces the very real danger that its erstwhile “friends” in the West are also planning imperial options. The south of China is the recipient of the bulk of the “trade zone” investment. Anglo-American intelligence circles and press outlets play up the “booming south,” and regularly leak scenarios for the division of China between north and south, with the added potential of separatist revolts

FIGURE 2
China's total exports compared with GNP
 (percent of GNP)



Source: World Bank, “Microstability and Industrial Growth under Decentralized Socialism.”

in Tibet, Xinjiang, and Inner Mongolia. Since the north and central sections of the country are verging on economic collapse, such a policy could well succeed. One way or the other, Deng’s “reform” is leading to China’s self destruction.

Five areas of infrastructure

Economist Lyndon LaRouche has emphasized that in order for sustained industrial and agricultural development to take place in any nation, five basic areas of infrastructural development are a prerequisite. These include: water management, measured in levels of fresh water available per capita and per square kilometer; transportation, measured in rail, waterway, and roadway per capita and per square kilometer; energy, measured in energy density per capita and per square kilometer; and two areas of social infrastructure: education and health.

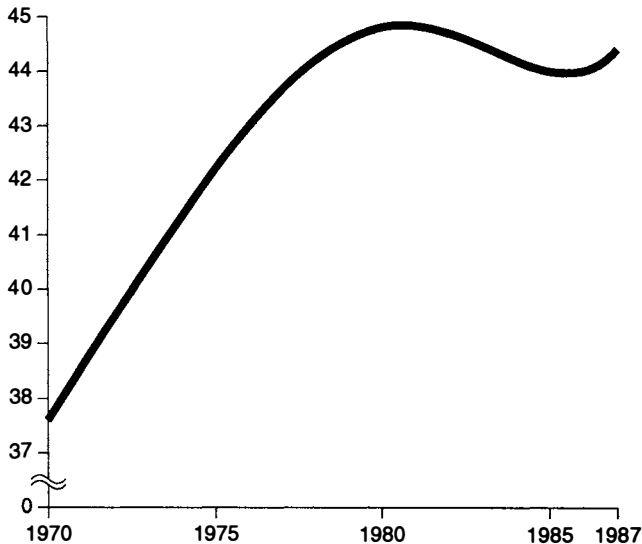
This was thoroughly understood by the leader of the Republican movement in China at the beginning of the century, Dr. Sun Yat-sen. Sun’s *The International Development of China*, published in 1921, based on the economic science developed by Alexander Hamilton, presented in detail the program necessary in each of these five areas in order to succeed in the development of China.

China’s economic history under communism has been a series of efforts to avoid this reality. In the 1950s, using the Stalinist model and with Soviet assistance, Mao Zedong built the beginnings of an industrial base, after 12 years of war with Japan and civil war had largely destroyed what Chiang Kai-shek had built in the 1930s. But the Stalinist errors in

FIGURE 3

Irrigated land in China

(millions hectares)



Source: U.S. Department of Agriculture, *World Agriculture, Trends and Indicators, 1970-89*.

Note: Total cultivated land is slightly less than 100 million hectares.

the Soviet Union were repeated in China, using the Marxist idea of “socialist primitive accumulation”—meaning the looting of the agricultural sector in order to build up industry. The infrastructure in physical as well as human terms was kept to a minimum in pursuit of short-term production quotas, ensuring an eventual breakdown. With the “Great Leap Forward” in 1959, Mao carried this misguided policy to the level of lunacy, as exemplified by the backyard steel mills, where peasants stopped growing food to produce steel in primitive backyard operations. The result was the death of over 30 million people through starvation and a collapse of the birth rate, and, of course, no real increase in industrial production.

The 1960s and '70s were characterized by the descent into the madness of the Cultural Revolution.

Deng’s reform, beginning in 1979, was but another attempt to bypass the necessary development of infrastructure, with no better results. I will examine each area of infrastructure over the past 12 years, using statistics primarily from the People’s Republic and from the World Bank.

Water

Over 300 million Chinese do not have access to fresh water. While the total land area under irrigation grew significantly throughout the 1970s (despite the disruption of the Cultural Revolution), in the 1980s this area actually decreased (Figure 3). The methods of irrigation, due to the

terrible shortage of power in the rural areas, are generally no different than those developed in the first century A.D. (see pictures on page 15).

The shortage of water in the north is so severe that there are serious contingency plans to move the capital out of Beijing. The rebuilding and extension of the Grand Canal, and similar water diversion projects in the headwaters of the great rivers of China, have long been on the drawing boards, but are being sacrificed to the free trade policies.

The devastating floods throughout several areas of China in 1991 provoked several angry—and honest—reports from water experts in China. They stressed that the destruction was unnecessary; that the deaths and suffering could not be blamed on an act of God, but only on the acts of omission by man. The official *China Daily* on July 31, 1991 ran an analysis by the senior engineer at the Water Conservancy and Hydroelectric Power Research Academy, who said the government’s policy in water infrastructure had been the equivalent of producing “coffins rather than medicine.”

The analyst described two major drainage channels that were designed in 1958 for the Yangtze and Huai rivers, the worst hit by the floods. Construction was never finished. They were reapproved in 1985 and again in 1988, with the same result. The cost of the projects would have been \$560 million. The damage they would have prevented in 1991 is estimated at nearly \$2 billion, and they would have saved many lives. The report complains that government investment in water control infrastructure had fallen from 7% of the budget in the 1950s to 2% today.

Plans to build the monumental Three Gorges Dam on the Yangtze River (originally proposed by Sun Yat-sen) have been approved by the government after years of feasibility studies. But, again, no date has been set, and the funding for the project is questionable at best. Even if it were to proceed, the lack of a broad, comprehensive water plan would extremely limit the impact of the Three Gorges project.

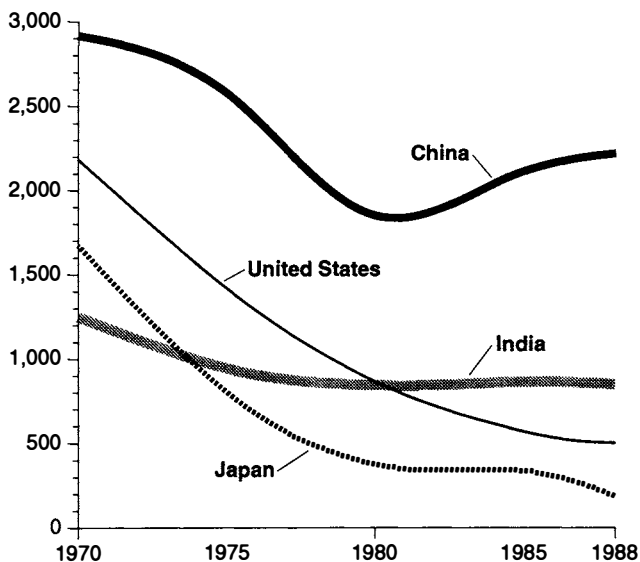
Energy

A similar situation exists in the area of energy. Although the energy consumption per capita for the country has risen over the past years, this has been almost entirely consumed in the coastal free trade areas. The shortage of energy in the interior is so severe that industries throughout the country are regularly forced to close down for as much as half the week.

China has constructed two nuclear plants, one of which is on line, and the second scheduled for operation next year. Plans for a third plant were recently announced, but construction would begin no earlier than five years from now.

China also has enormous hydroelectric potential, including the proposed Three Gorges Dam. The investments needed for these projects, however, are simply not forthcoming, neither domestically nor from foreign sources, which are primarily in search of the quick profit from the free trade zones.

FIGURE 4
Energy consumption, per \$1,000 GNP
 (kilograms of coal equivalent)



Source: U.S. Department of Agriculture, *World Agriculture, Trends and Indicators, 1970-89*.

One measure of the efficiency of energy use in an economy as a whole is the amount of energy consumption needed to generate a unit of production. **Figure 4** compares China to India, the United States, and Japan in this regard between 1970 and 1988. Before 1980, China was in step with these other nations in improving its efficiency of utilization of energy over time, but with the beginning of the reform, China's efficiency of energy usage actually declined. This was the result of the lack of infrastructure, combined with the fact that the plant and equipment in the medium and heavy industries is so antiquated that energy efficiency is declining. Even where new machines have been installed, the machine tool industry itself is turning out antiquated machinery, which means that little increase in efficiency is achieved.

China Daily printed a study on the energy shortages, showing that despite China's proven coal reserves of over 900 billion tons, the reserves in the currently functioning mines are nearing exhaustion, without replacement capacity being developed, so that coal production is expected to actually decline. Similarly, the oil outlook is "gloomy," says the report, since "few new oil fields have been found in recent years to replace the existing ones, some of which are already drained. Since the government has not significantly increased its investment in the energy industry in recent years, the development of power plants has slowed."

There are major efforts being made to open up the vast oil supplies in the far western region of Xinjiang, with primarily Japanese assistance. But only one single-track rail line con-

nects that area with the rest of the country, and the internal economy of the region has not changed much since the days of the Silk Road, making development of the oil resources problematic at best.

Transportation

Dr. Sun Yat-sen's 1921 infrastructure development plan correctly argued that only such a policy could reverse the 80 years of destruction and decay that had wracked China since the onslaught of the British Opium Wars in the 1840s. The center of the program was a plan for 100,000 kilometers of rail lines criss-crossing the nation, both to facilitate the industrial development of the east and south and to open up the west, including Tibet and Mongolia, for modern development (**Figure 5**).

By 1985, only 35% of Sun's proposed rail length had been constructed. Under Mao, communist policy required the population to stay in one place. Movement between provinces had to be approved by the authorities, and usually wasn't. Thus, road and rail construction was intentionally held to a minimum in order to restrict free travel. Under the Deng reform, although there is relative freedom of travel internally, rail construction has been even further cut back (**Figures 6 and 7**). Passenger lines are massively overcrowded, as the tens of millions of unemployed peasants periodically pack the trains to the coast in the hope of replacing some worn-out bodies in the sweat shops. Transportation of coal and other commercial freight is so undependable that even the government statistical bureaus warn not to depend on their own schedules or prices.

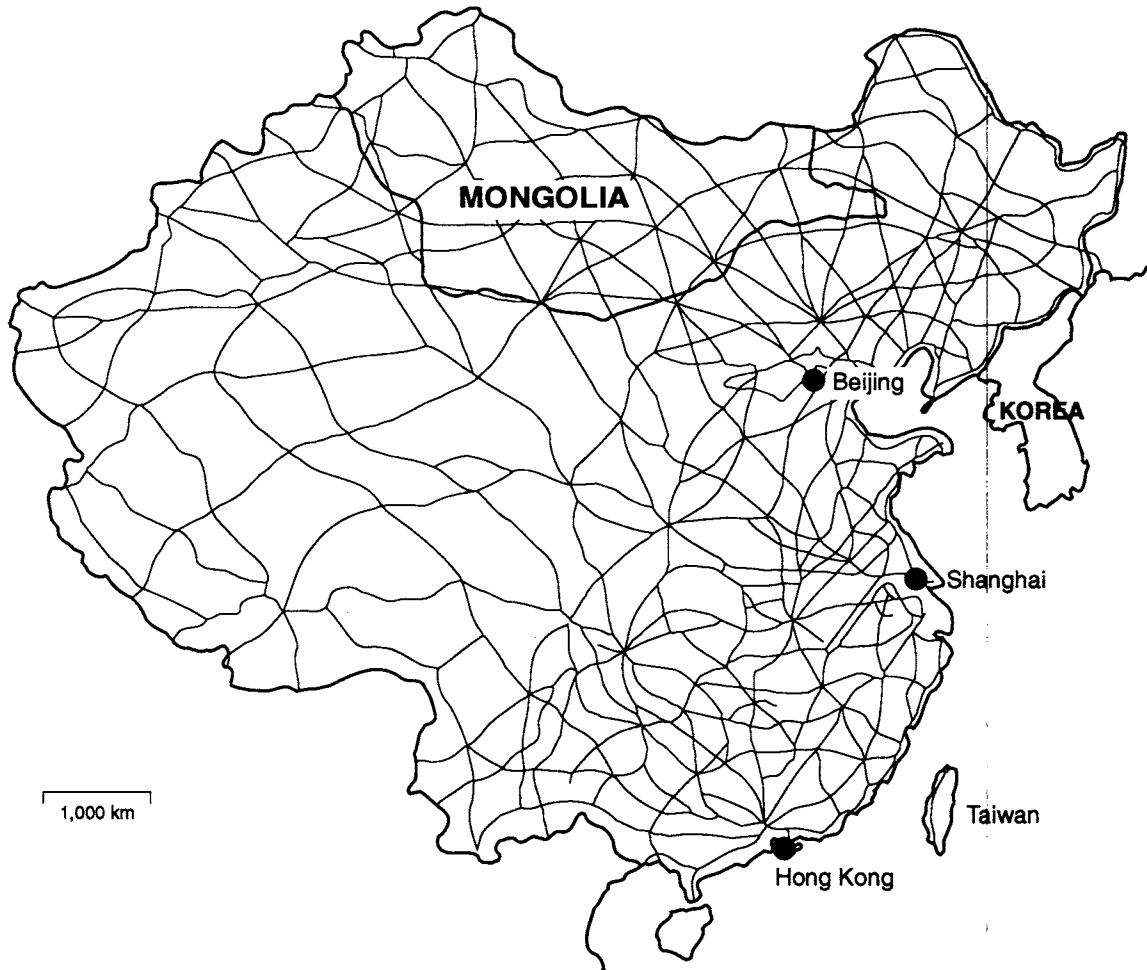
Where Sun Yat-sen envisioned 12.6 kilometers of rail per 1,000 square km nationally, that ratio in 1986 was only 5.5. **Figures 8 and 9** compare China's rail line density per square km and per capita with those of Brazil, India, the former U.S.S.R., and the United States. The density of roads is in the same relative backward state as that of rail.

The worst aspect of the failure to carry out Sun Yat-sen's rail program is seen in the backwardness of the western provinces (a fact which Beijing may soon regret, as the Muslim and Lamaist populations of the region are watching the breakup of their neighbors in the former Soviet Union into independent nations—and they have every reason to be unhappy with their development under Beijing's control). Of the 95,000 km of rail lines in Sun's plan, 22,400 km, nearly one-fourth, was scheduled for the three western districts of Xinjiang, Qinghai, and Tibet. Of this plan, less than 10% was constructed by 1985—and not a single mile of rail exists in Tibet.

The impact on industry

It is this lack of infrastructure, not simply the fact of government ownership, that leaves the state industrial sector (which includes basically all the medium and heavy industry) grossly inefficient and unprofitable. What were once leading

FIGURE 5
"Railway Plan of China—1921," by Dr. Sun Yat-sen



Source: Sun Yat-sen, *The International Development of China*.

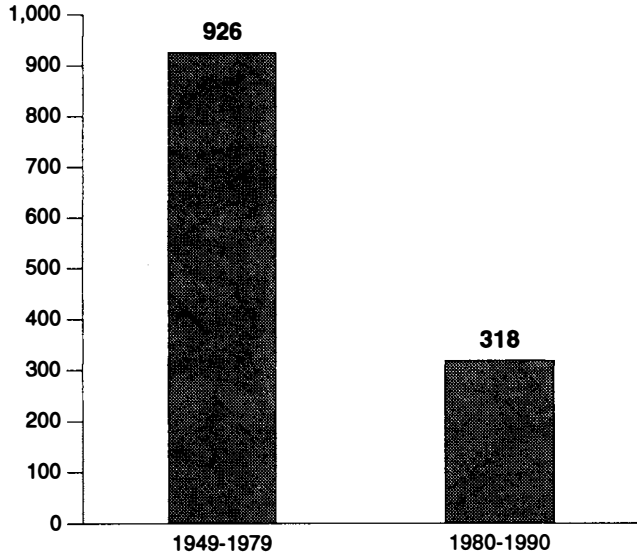
industrial centers of China—such as the upper Yangtze Valley and Manchuria—are now called the “rust belt,” and the term “Manchurian symptom” has come to mean obsolescence.

A vicious sleight of hand was carried out against the state sector over the past decade by the reformers, which exacerbated the situation. In the early 1980s, with the backing of the World Bank, it was decided that more control over planning and investment in individual industries should be left up to the local managers. Before that time, all profits from state sector industries were remitted to the government, which in turn made the investment decisions for modernization, expansion, etc. In place of this, a tax system was established, whereby industries were required to meet a given tax burden, and were then free to invest the remaining profits as they saw fit. At that time, industries were sending about one-third of after-cost revenue to Beijing as taxes, retaining the

other two-thirds for investment.

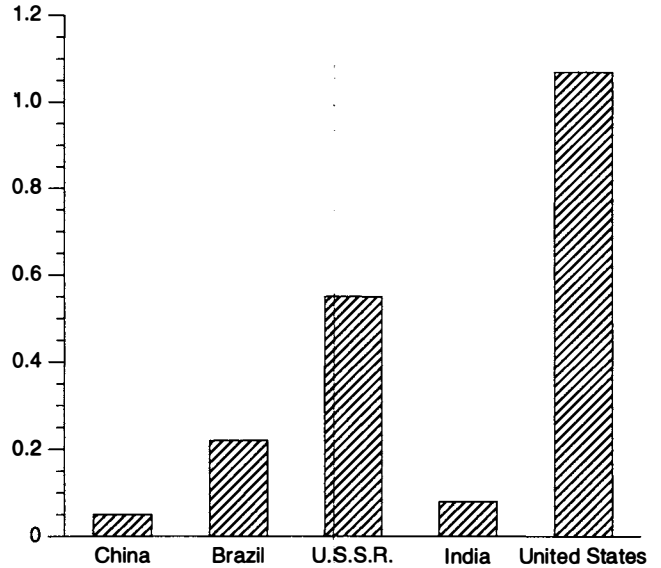
But individual industries could not affect the infrastructural nightmare that was causing the collapse. By 1990, firms were sending on average 81% of after-cost revenues to Beijing to cover the tax, leaving less than 10% for re-investment (the missing 9% went to newly imposed levies and such). The Nov. 1, 1991 *People's Daily*, in a report on heavy industry, said: “No major technological transformation programs have been carried out, so their technology and equipment have become old and outdated and have lost their competitiveness. In recent years, taxes and interest have squeezed out profits, and all sorts of apportionments, fundraising programs, bonds, and expenses have chipped away at enterprise profits. What is worse, China’s current depreciation policy not only uses a low depreciation rate, but also has not taken into account the influence of inflation on compensation and the renewal of fixed assets.” In other words, the state sector firms

FIGURE 6
Average rail construction per year
 (kilometers per year)



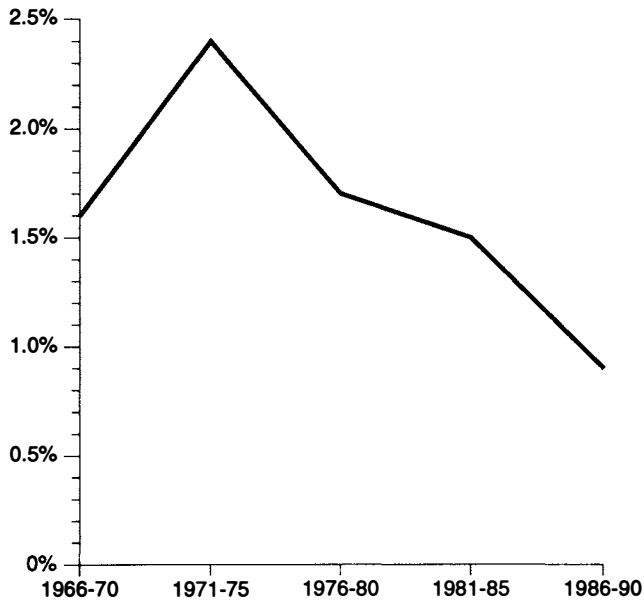
Source: National People's Congress, Deputy Chen Xiaoda, March 31, Beijing Central People's Radio.

FIGURE 8
Rail density, in terms of population
 (kilometers per 1,000 population)



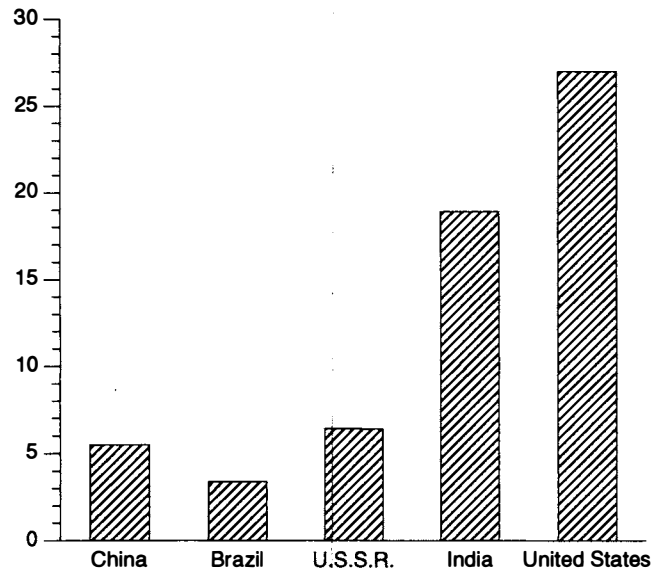
Source: World Bank, *Macro-stability and Industrial Growth under Decentralized Socialism*.

FIGURE 7
Transport investment as percentage of GNP



Source: World Bank, *Macro-stability and Industrial Growth under Decentralized Socialism*.

FIGURE 9
Rail density, in terms of land area
 (kilometers per 1,000 km²)

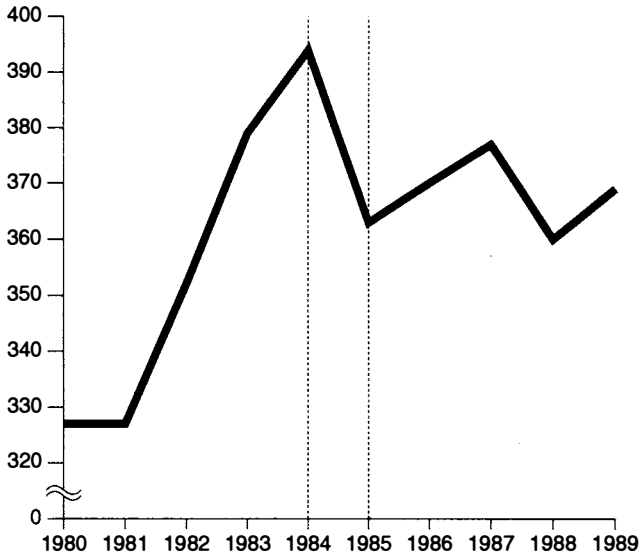


Source: World Bank, *Macro-stability and Industrial Growth under Decentralized Socialism*.

were given the "freedom" to slit their own throats.
 Having driven the state sector industries into collapse, the

Beijing regime is now implementing the IMF's Darwinian "solution." Gao Shangquan, vice minister of the State Com-

FIGURE 10
Grain production per capita in China
 (kilograms)



Source: World Bank, "Options for Reform in the Grain Sector."

FIGURE 11
Grain consumption per capita in China
 (kilograms)



Source: World Bank, "Options for Reform in the Grain Sector."

mission for Restructuring the Economy, whom United Nations Development Fund director William Draper claims has given the fund and Draper full credit for the reform in China, told BBC in an interview April 27: "Enterprises that have long suffered from losses and have no development future . . . will either have to take part in market competition to be subjected to the process of survival of the fittest, or be liquidated according to the 'bankruptcy act,' or be eliminated in the process of mergers, closures, suspensions, and transformations." Those who lose their jobs will have to "engage in self-employment" or be taken in by the "development of tertiary industry."

Food production

Figures 10, 11, and 12 show per capita grain production, per capita grain consumption, and per hectare yield, between 1980 and 1989. The dramatic increase between 1980 and 1984 is the result of the elimination of the hideous commune system in agriculture, which was imposed periodically in Mao's China, leading in each case to agricultural collapse and famine. Following the nightmare of Mao's 1966-76 Great Proletarian Cultural Revolution, the outbreak of famine as severe as that which followed Mao's other major fiasco, the Great Leap Forward, was imminent. By turning the land back to the farmers, restoring an approximation of the family farm system, and directing the necessary credit into agriculture, grain production rose rapidly to levels necessary to forestall disaster.

FIGURE 12
Grain yield in China
 (kilograms per sown hectare)

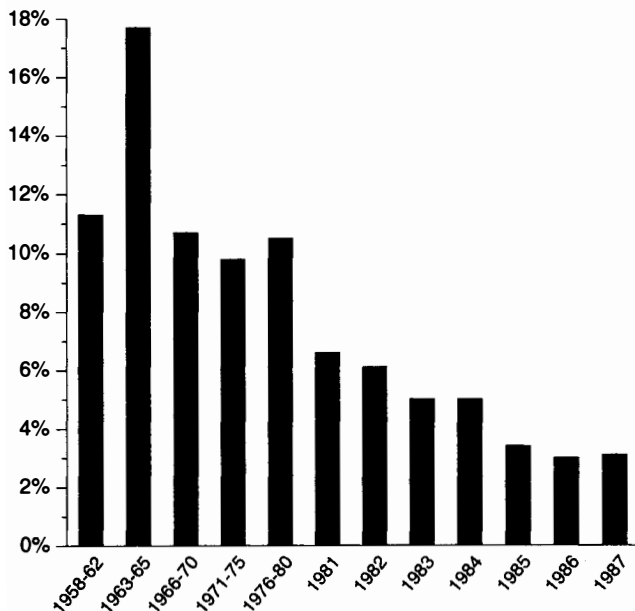


Source: World Bank, "Options for Reform in the Grain Sector."

However, as the graphs demonstrate, production collapsed in 1984, and has not reached the 1984 level per capita

FIGURE 13

Agricultural investment as a percentage of the total budget in China



Source: World Bank, "China—Between Plan and Market."

to this day. There were two interrelated causes. One was the decision to return to the policy followed by both Mao and Stalin: to loot agricultural production in support of other priorities. The portion of the budget allocated to agriculture was drastically cut, and continued to be cut each year (Figure 13). The second reason was that the investment in the early 1980s had not significantly addressed the problem of the fundamental infrastructure necessary to sustain agricultural progress, neither in water management and power supplies, nor in transportation. Allowing family farming is essential, but there is a limit to how much progress can be made without addressing the issues of mechanization and infrastructure.

To make matters worse, those areas of investment in farm machinery and water management which had previously been channeled through the communes were simply dropped from the budget when the communes were shut down. In a revealing article in the January 1991 issue of the journal *Jingji Guanli* from Beijing, analyst Sun Minghao reported that the farm machinery and tools from the disbanded communes were either distributed to the peasants or contracted to households. Renovation and replacement rapidly collapsed, due to the "old and antiquated ideas" of the peasantry, the "difficulties of maintaining the machines, shortage and lack of energy, lack of crude oil, and shortage of electricity. . . . The greatest portion of the tractors in the rural areas are being used for transportation. The farmers can only use animals

and manual labor to do the farm work." The analyst estimated that the area of land subject to intensive cultivation by machines is now only one-third of the previous amount!

Sun Minghao also noted that "there is a trend of a decrease in the caliber and size of the personnel contingent engaged in agriculture and grain development," due to the fact that the youth had largely left the farms to take low-skill jobs in the cities or in the rural industries. He failed to point out that many youth simply were never born, due to the forced birth control policies of the communist regime. He does note, however, that the crucial professionals in the 35-45 age level, who should have been directing the advancement of technological innovations in agriculture, did not exist, as a result of the collapse of education during the Cultural Revolution. In any case, he concluded, the technological innovations were not there, since the ratio of input in science and technology in the Gross National Product had fallen from 1.9% in 1984, to 1.3% in 1985, and to 0.8% in 1988.

Social infrastructure

At the beginning of the reform period, Hu Yaobang, one of the crucial figures in overturning the horrors of the Maoist Cultural Revolution, argued that the primary requirement to save China was a massive education campaign, within the context of increased freedom of thought. Hu counterposed this approach to the "fast money" policies associated with Deng Xiaoping and Zhao Ziyang, who had become the regime's primary contacts to the Anglo-American monetarist school of "post-industrial society" quacks. Hu also opposed Deng and Zhao for their insistence on retaining iron-fisted thought control.

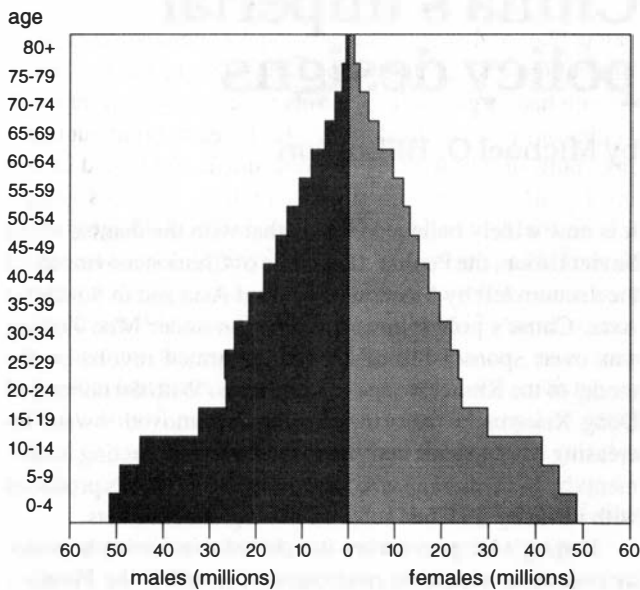
Hu lost. He eventually was ousted from power, and his funeral in 1989 sparked the Tiananmen Square movement. Rather than taking the development of the individual creative mind to be the center of economic policy, the opposite policy was adopted, of extracting everything possible from the muscle and bones of the backward population. While reliable figures on the state of health and education are virtually nonexistent, it is broadly admitted among the "China hands" at the IMF and the World Bank (where the Chinese economy is considered a great success) that health and education services have suffered badly since the mid-1980s.

The U.N. has admitted that 41% of Chinese children suffer from malnutrition—a rate worse than most nations in sub-Saharan Africa. The minimal free health care offered to most urban residents is coming to an end. "High Costs Push State to End Free Health Care," headlined the Nov. 22, 1991 *China Daily*, since "state and local governments simply can no longer afford to offer free health care."

With somewhere between one-fourth and one-third of the peasant work force unemployed, their children are widely reported to be dropping out of school earlier, or not going at all.

At the higher education level, the rate of trained scientists and engineers graduated from the school system has dropped

FIGURE 14
China's population by age and sex, 1964



Source: U.N. Demographic Index.

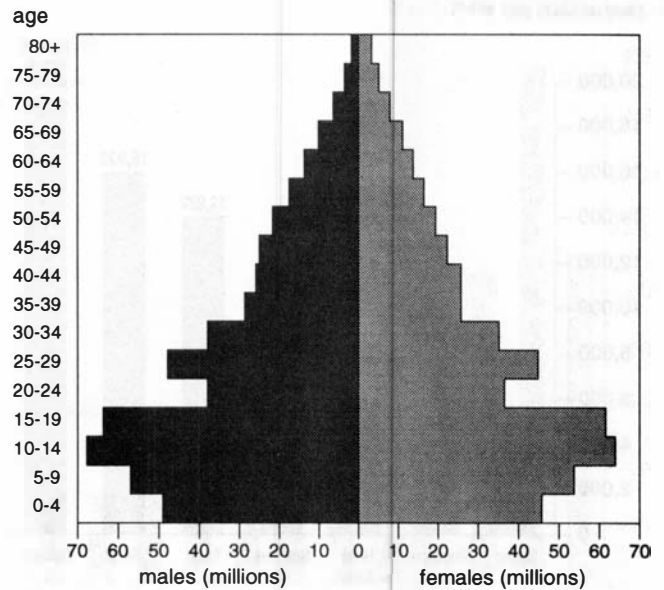
precipitously, as students turn to get-rich-quick courses in "business."

That this is the desired direction of the reform group around Deng is beyond doubt. Yuan Mu, the director of the Research Office under the State Council, in the April 3 *Renmin Ribao* called for an end to "one-sidedly pursuing industrial and agricultural output values at the expense of the development of the tertiary industry," meaning the service sector, financial institutions, and similar post-industrial society operations. Reform leader Vice Premier Zhu Rongji, following a tour of Hong Kong, praised the infamous British colonial outpost of drug money and unbridled speculation as "really a place to make money! It is really prosperous!" He went on to add his voice to the chorus calling for a greater emphasis on the "tertiary industry," saying: "Tertiary industry needs little investment, yields much, and provides many job opportunities. What I am referring to includes selling fried dough on the streets, which is much better than receiving state subsidies."

Population control

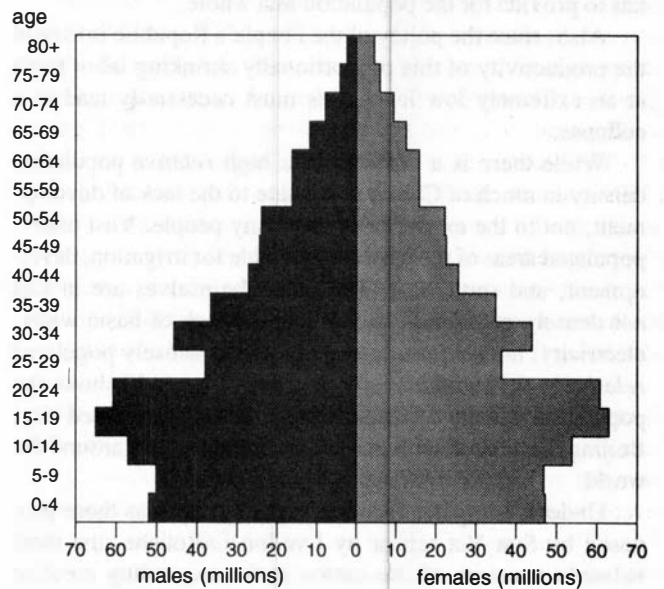
Since the Chinese policy for the labor force does not provide for a standard of living adequate to raise a family, it is not surprising that the regime has maintained and enforced the brutal one-child-per-family policy, one of the evils that emerged without change from the Cultural Revolution. While admitting to a decrease in agricultural investments, the rulers argue that the cause of poverty and malnutrition is "overpopulation." This policy, like all the "quick fix" gim-

FIGURE 15
China's population by age and sex, 1982



Source: U.N. Demographic Index.

FIGURE 16
China's population by age and sex, 1987

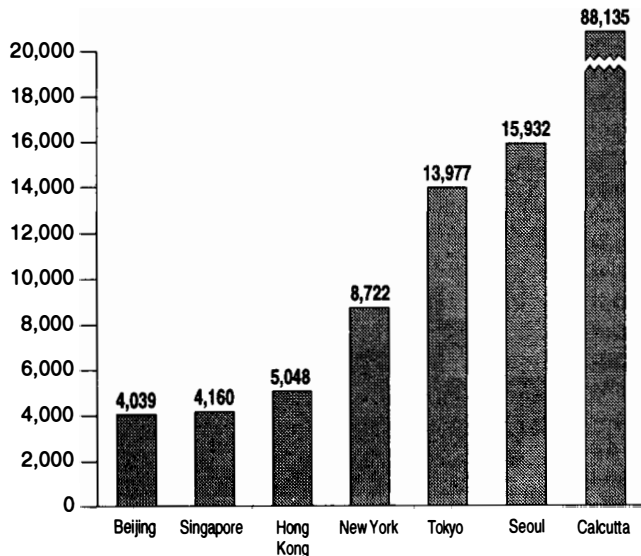


Source: U.N. Demographic Index.

micks to avoid real development, is a time bomb rapidly reaching an explosion point. As **Figures 14, 15, and 16** demonstrate (ignoring for these purposes the demographically ominous wide gap between the number of males and fe-

FIGURE 17

Population density of selected major cities (population per km²)



Source: UNDP Human Development Report.

males in the Chinese population), the younger generation is becoming proportionally smaller, leaving a shrinking proportion of the population making up the work force, which has to provide for the population as a whole.

Also, since the policy of the People's Republic is to hold the productivity of this proportionally shrinking labor force at an extremely low level, this must necessarily lead to a collapse.

While there is a problem of a high *relative* population density in much of China, this is due to the lack of development, not to the existence of too many people. Vast underpopulated areas of the west are available for irrigation, development, and settlement. The cities themselves are in fact *not* densely populated, except that the lack of basic water, electricity, housing, etc., leave them too densely populated *relative to the available infrastructure*. Figure 17 shows the population density of China's most densely populated city, Beijing, compared with that of other major cities around the world.

Under a competent economic policy, such as those proposed by Sun Yat-sen or by Lyndon LaRouche, the most valuable resource of the nation is the expanding creative power of the population. This requires, first, removing the ideological straitjacket now imposed through judicial barbarism and tanks by the communist regime, so that the potential of the creative individual mind is free to contribute to the nation's development. In that context, it will be quickly apparent that there is no "overpopulation," but that an expanding population is essential for the work that lies ahead.

China's imperial policy designs

by Michael O. Billington

It is now widely believed in Asia that with the demise of the Soviet Union, the People's Republic of China is moving to fill the vacuum left by Moscow in Central Asia and in Southeast Asia. China's policy toward the region under Mao Zedong was overt sponsorship of subversive armed revolts on the model of the Khmer Rouge in Cambodia. With the coming of Deng Xiaoping's "reform," Beijing has moved toward increasing its economic activity in the region, attracting investments by its own cheap labor and dumping the goods produced with virtually no labor costs on the regional markets.

Beijing's long-term view has shifted to attaining hegemony over Asia within the next century. In 1987, the *People's Daily* bluntly declared that China's defense strategy for the period through 2020 "should be based on fighting major wars and fighting nuclear wars." With the fall of the Soviet empire, China considers itself even more vulnerable, and more in need of a "Greater China" on the lines of the ancient "Middle Kingdom," to which all nations in Asia paid tribute.

The most blatant threat was the February promulgation of a law declaring that virtually the entire South China Sea and most of the East China Sea were Chinese territorial waters, announcing that any military ships passing through these waters would be required to obtain the permission of the People's Republic of China. Similar rules apply to aircraft. The law states that China has "the right to adopt all necessary measures to prevent the harmful passage of vessels through its territorial waters." This move has not been taken lightly by Japan and others who are threatened by it, although China has insisted that the law was merely a codification of existing laws, and that there will be no change in practice.

The basis of the claim is China's claim to the Senkaku Islands north of Taiwan, which are also claimed by Japan, and the Paracels and the Spratlys in the South China Sea, which are also contested by Vietnam, Malaysia, and the Philippines. China has simply claimed that all the area surrounding these strategic islands is Chinese territory.

These belligerent claims took on more meaning when it was learned that China had obtained the technology for in-flight refueling for its fighter-bomber fleet, giving it air superiority over any of the Southeast Asian nations that might test Beijing's claims to the islands—as Vietnam has in the past, resulting in skirmishes with the Chinese Navy. A *Wall Street Journal* report on March 23 quoted U.S. officials saying the technology came from Israel, following efforts by both the

United States and Great Britain to prevent such a transfer from U.S. and British firms. The recent revelations about Israeli transfer of U.S. Patriot missile technology to China, despite the widely publicized disclaimers by Israel and the Bush administration, are in fact part of a longstanding "open secret" of Chinese and Israeli military cooperation which included joint operations in the Iran-Contra deals.

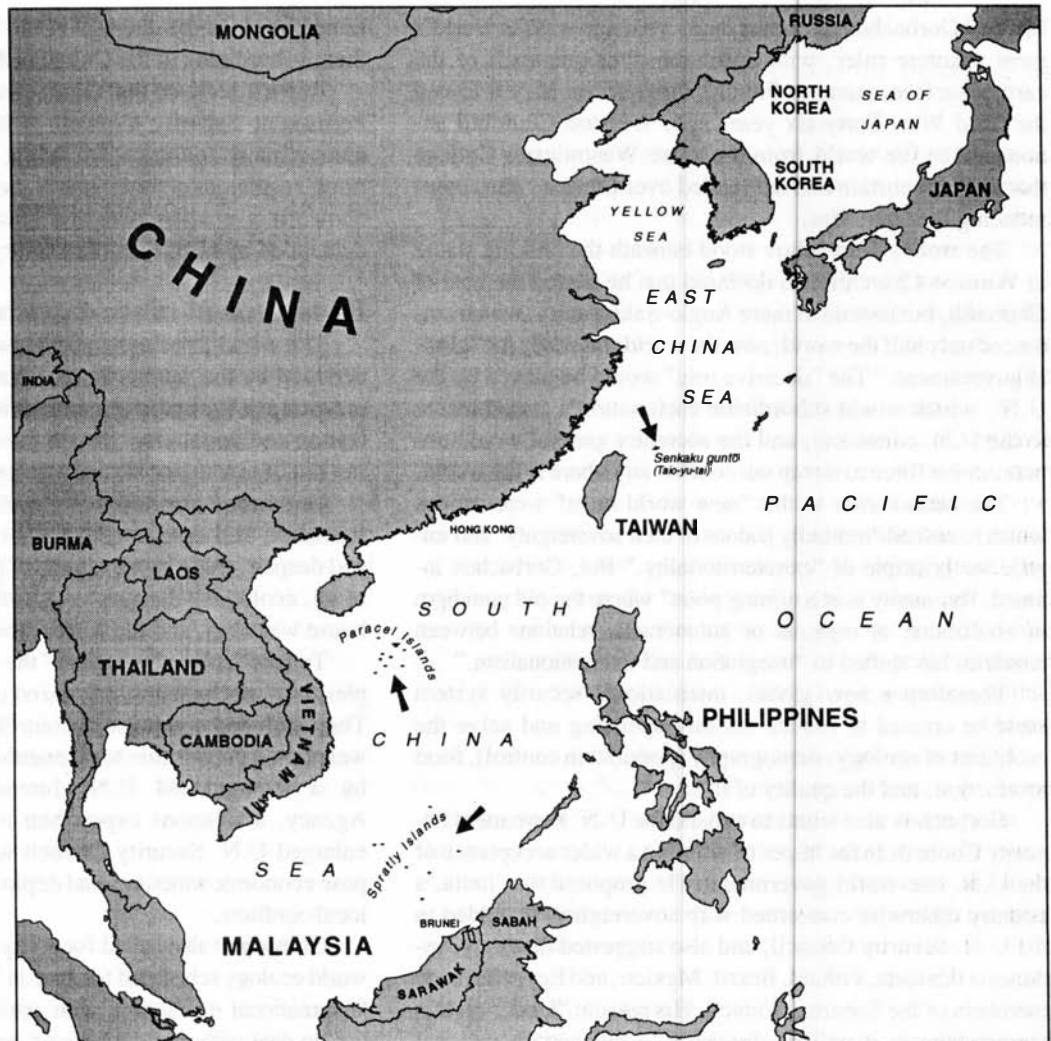
On April 29, Reuters revealed a Chinese secret service document which claimed sovereignty over Mongolia. "The Mongolian region has from ancient times been Chinese territory," the document said, adding that this included even the Mongol-inhabited areas of Russia. The Chinese campaign against the exiled Dalai Lama from Chinese-occupied Tibet could play a part in creating a confrontation of convenience with Mongolia, since much of Mongolia is Lamaist.

Militarily, the Chinese leadership has never halted its total support for the genocidal Khmer Rouge in Cambodia. Although Beijing is party to the peace treaty there, the Khmer Rouge is still fighting, with a continued supply of Chinese

weapons, while a 400-strong contingent of the People's Liberation Army (PLA), armed with AK-47s, has taken up positions in Cambodia as part of the U.N. Peacekeeping Force. In addition, 350 civil engineers have been sent to Cambodia for purposes of road-building.

In Burma, the military regime is a virtual client state of Beijing, which provides its only significant military and political support. These operations are watched with care in India, which retains a cautious view toward China, despite improved relations. China remains a close ally of Pakistan, including military sales and support for Pakistan's nuclear industry. That alliance is not expected to decrease in intensity in the near future. Bangladesh also has strong military and economic ties to Beijing. China retains friendly relations with the royal house of Nepal, and is a major sponsor of the Nepal Communist Party, which has been challenging the current Congress Party government there. The road linking Kathmandu, Nepal, to Lhasa, Tibet, was completed last year by Chinese engineers and laborers.

**Contested
islands in the
East and South
China Seas**



Gorbachov stumps for one-world government

by Leif Johnson

Mikhail Gorbachov, who less than a year ago was the world's most absolute ruler, with dominion over one-sixth of the earth's surface, came to Fulton, Missouri on May 6 to end the Cold War. Forty-six years ago, Winston Churchill announced to the world from the same Westminster College that an "iron curtain had descended over Europe," thus commencing the Cold War.

The stubby Gorbachov stood beneath the hulking statue of Winston Churchill and declared that he shared the goal of Churchill, but instead of mere Anglo-Saxon unity, which embraced only half the world, now the world was ready for "global government." The "decisive role" would be played by the U.N., which would subordinate each nation's armed forces to the U.N. command, and the secretary general would use preemptive force to stamp out conflict anywhere in the world.

The main barrier to this "new world order" were nations which remained "morbidly jealous of their sovereignty" and impede the principle of "extraterritoriality." But, Gorbachov intoned, "humanity is at a turning point" where the old paradigm of civilization of regional or autonomous relations between countries has shifted to "integration and internationalism."

Therefore a new global, international security system must be created to reduce military spending and solve the problems of ecology, demography (population control), food production, and the quality of life.

Gorbachov also wants to expand the U.N. Permanent Security Council, in the hopes of winning a wider acceptance of the U.N. one-world government. He proposed that India, a country otherwise concerned with sovereignty, be added to the U.N. Security Council, and also suggested that Italy, Indonesia, Canada, Poland, Brazil, Mexico, and Egypt be made members of the Security Council. His reason: "Under certain circumstances, it will be desirable to put certain national

armed forces at the disposal of the Security Council, making them subordinate to the United Nations military command."

Reports indicate that Gorbachov's idea of expanding the Permanent Security Council is being viewed with favor among many countries, including Japan. Despite these nations' suspicions of the United Nations, the view is that Gorbachov offers an alternative to a unilateral new world order, as demanded by U.S. President George Bush.

Endorsement of eco-fascism

The world's problems, declared Gorbachov, are well understood by the "authoritative Club of Rome," the 20-year-old group of European oligarchs who declared that industrialization and population growth must be halted lest the world run out of raw materials and energy sources.

Gorbachov asserted that global communications and information had spread confrontation, with its hopelessness and despair, trade wars, rebirth of protectionism, and, worst of all, ecological dangers such as the ozone hole, the greenhouse warming, and the destruction of forests.

To take "collective action," the U.N. needed new "principles, new mechanisms authorized by the world community." They included compulsory control of nuclear and chemical weapons, a consortium to dismantle those weapons, overseen by a strengthened U.N. International Atomic Energy Agency, a weapons export ban by the year 2000, and an enlarged U.N. Security Council with a special body to impose economic sanctions and deploy military force to prevent local conflicts.

Gorbachov also called for a sequel to the Earth Summit on world ecology scheduled for June in Rio de Janeiro, to set up an "international mechanism with extraterritorial rights and powers" to deal with world problems, including "overpopulation."

Rights of minorities

There were lighter moments, though unintended. Gorbachov approved the use of global government force to compel nations to safeguard "democracy," and, departing from his text, he added, "and the rights of minorities." Surely some listeners remembered that Gorbachov rose from the ranks of KBG and Communist Party General Secretary Yuri Andropov's "kindergarten." How many political dissidents and minorities were incarcerated, tortured, and murdered by this Soviet leadership?

Gorbachov's other amusing statement was that he had "criticized the foreign policy of the Stalinist leadership of that period," referring to the early Cold War era. To whom would this aspiring *apparatchik* have dared make such criticism? It would have wrecked his ascent into the *nomenklatura*, the bureaucracy; he had no policy or program as he clawed his way to the top.

Unhappily, once on top, he still had no policy or program. For six years he sat at the top of the heap and watched the livelihoods of his 280 million subjects disintegrate. Perhaps Gorbachov will be awarded the Nobel Prize in economics.

The incredible misery of Gorbachov's own country, the collapse of industry, transportation, and farming, and the famine and wretchedness of the ordinary citizen of the former Soviet empire were never mentioned. Nor did he notice the impoverishment of the populations of the Third World, the spread of epidemics of AIDS, cholera, and drug resistant tuberculosis. Would Gorbachov's global government address the issue of how to build the world's industry, water systems, transportation, and agriculture, or would it be the world's oppressor, as the Russian Army was in Europe between 1815 to 1863 and then again after 1945?

Who wrote the speech?

One wondered who really wrote this speech; it didn't sound Russian. It contained all the Anglo-American buzzwords such as "condominium," "global government," "ecology," "new world order," "extraterritoriality," "democracy," "rights of the minorities," and "rebirth of protectionism." But for the Russian voice, could the speaker have been eco-freak Sen. Al Gore (D-Tenn.), or Ted Kennedy (D-Mass.), or Jimmy Carter? Or perhaps the Club of Rome's Alexander King, Prince Charles, or the Trilateral Commission's David Rockefeller, or world food cartel kingpin Dwayne Andreas? Or even James Baker III, or George Bush?

Gorbachov sounded like a man who had worked his way to the top of a big city mob only to discover that Dope, Inc. was a global government and he had to scratch his way up a longer ladder. The press commented that perhaps Gorbachov was seeking to become U.N. secretary general. The *New York Times* ran a front-page picture showing Gorbachov dwarfed by the towering statue of Churchill.

Press stories included that of Gorbachov autographing a vodka bottle, Gorbachov being flown in on the Forbes family

private jet "Capitalist Tool," Gorbachov being offered a \$100 million plant by grain cartel kingpin Dwayne Andreas to make soybean "harvestburgers" to replace \$700 million worth of Russian pork sausages, and Gorbachov and Andreas trading boyhood farm stories.

Gorbachov's stated mission in his high-profile, 16-day tour is to raise money for his Moscow-based Gorbachov Foundation. He is reported to have raised \$100,000 from the Council on Foreign Relations, and was reported to be considering buying an abandoned U.S. naval base as his American headquarters.

Documentation

The following are excerpts of a speech by former Soviet President Mikhail Gorbachov at Westminster College in Fulton, Missouri on May 6.

. . . I would like to commence my remarks by noting that the U.S.S.R. and the United States missed . . . the chance to establish their relationship on a new basis of principle, and thereby to initiate a world order different from that which existed before the [Second World] War. I think it is clear that I'm not suggesting that they should have established a sort of condominium over the rest of the world. The opportunity was on a different plane altogether. . . .

I have more than once criticized the foreign policy of the Stalinist leadership in those years. Not only was it incapable of reevaluating the historical logic of the interwar period, taking into account the experience and results of the war and following a course which corresponded to the changed realities, it committed a major error in equating the victory of democracy over fascism with the victory of socialism and aiming to spread socialism throughout the world.

But the West and the United States in particular also committed an error. Its conclusion about the probability of open and probable Soviet military aggression was unrealistic and dangerous. This could never have happened, not only because Stalin, as in 1939 to 1941, was afraid of war, did not want war, and never would have engaged in a major war, but primarily because the country was exhausted and destroyed. It had lost tens of millions of people, and the people hated war. Having won a victory, the Army and the soldiers thought only of getting home and back to a normal life. By including the nuclear component in world politics, and on this basis, unleashing a monstrous arms race—and here the initiator was the United States and the West—defense sufficiency was exceeded, as the lawyers like to put it. This was a fateful error.

So, I would be so bold as to affirm that the governing circles of the victorious powers lacked an adequate strategic vision of the possibilities for world development as they emerged after the war, and consequently a true understanding of their own country's national interests. . . . The conflict was presented as the inevitable opposition between good and evil. . . .

What are the characteristics of the world situation today? In thinking over the processes which we ourselves have witnessed, we are forced to conclude that humanity is today at a major turning point. . . .

First and foremost, it signifies the possibility of creating a global international security system, thus preventing large-scale military conflicts like the world wars of the 20th century and facilitating a radical reduction in levels of armaments and reducing the burden of military expenditures. This signifies that the intention and the resources of the world community can be focused on solving problems in non-military areas such as demography, ecology, food production, energy sources and the like. . . .

Turning now to the world economy, the increasingly close links between national economies and markets has been accompanied by intensified international competition, leading to de facto trade wars and a threatened rebirth of protectionism. One of the worst of the new dangers is ecological. . . . Today the global climatic shifts, the greenhouse effect, the ozone hole, acid rain, contamination of the atmosphere, soil, and water by industrial and household waste, the destruction of the forests, etc., all threaten the stability of the planet. . . .

'Collective action by the world community'

One consequence of the increasing world integration is the democratization of international relations. It would seem that now all are agreed that the bipolar system has exhausted its potential. Some say that it will be replaced by a monocentric one. But most people feel that the world will be multipolar. . . . An awareness of the need for some kind of global government is gaining ground. . . .

- Nuclear and chemical weapons. Rigid controls must be instituted to prevent their dissemination, including measures of compulsion in cases of violation. An agreement must be concluded among all presently nuclear states on procedures for cutting back on such weapons and liquidating them. Finally, a world convention on chemical weapons should be signed.

- The peaceful use of nuclear energy. The powers of the International Atomic Energy Agency must be strengthened, and it is imperative that all countries working in this area be included in this agency system. The procedures of this agency should be tightened up and the work performed in a more open and aboveboard manner. Under United Nations auspices, a powerful consortium should be created to finance the modernization or liquidation of extremely risky nuclear

power stations and also to store waste fuel. A set of world standards for nuclear power plants must be established. Work on nuclear fusion must be expanded and intensified.

- The export of conventional weapons. Governmental exports of such weapons should be ended by the year 2000, and in regions of armed conflict, it should be curtailed at once. The illegal trade in such arms must be equated with international terrorism and the drug trade. With respect to these questions, the intelligence services of the states which are permanent members of the Security Council of the United Nations should be coordinated, and the Security Council itself must be slightly expanded.

- Regional conflicts. Considering how much experience has been obtained in the Middle East in Africa, in Southeast Asia, Korea, Yugoslavia, the Caucasus, in Afghanistan, a special body should be set up under the United Nations Security Council with the right to employ political, diplomatic, economic, and military means to settle and prevent such conflicts.

- Human rights. The European process had officially recognized the universality of this common human value: that is, the acceptability of international interference wherever human rights are violated. . . . I believe that the new world order will not be fully realized unless the United Nations and its Security Council create structures, taking into consideration existing United Nations and regional structures, which are authorized to impose sanctions and make use of other measures of compulsion, especially when rights of minority groups are being particularly violated.

- Ecology. In Rio de Janeiro there's going to be the first worldwide conference on ecology. I would like to hope that matters will not limit themselves merely to discussion and to the settlement of disputes, but rather that an international mechanism will be created with extraterritorial rights and powers.

- Food, demography, economic assistance. It is no accident that these problems should be dealt with in this connection. Upon their solution depends the biological viability of the Earth's population and the minimal social stability needed for civilized existence of states and peoples. Major scientific, financial, political and public organizations, among them the authoritative Club of Rome, have long been occupied with these problems. However, the newly emerging type of international interaction will make possible a breakthrough in our practical approach to them.

I would propose that next year a world conference be held on this subject. One similar to the forthcoming ecological conference. . . .

The United Nations, which emerged from the results and the lessons of the Second World War, is still marked by the period of its creation. . . . Nothing, for instance, other than the division into victors and vanquished explains why such countries as Germany and Japan do not figure among the Permanent Members of the Security Council. . . .

No Japanese aid to Russia yet

by Kathy Wolfe

The entire cabinet of Japanese Prime Minister Kiichi Miyazawa went to Europe, Moscow, and Washington during Japan's "Golden Week" holiday April 29-May 5, largely to discuss Japan's position on aid to the Russian Republic. No settlement, however, was reached.

While Japanese Foreign Minister Michio Watanabe visited Moscow, Miyazawa visited Paris and Bonn, Finance Minister Tsutomu Hata and Defense Minister Sohei Miyashita visited London, Bonn, and Brussels, and Ministry of International Trade and Industry Minister Kozo Watanabe visited Washington and London.

Miyazawa stressed in meetings with French President François Mitterrand and German Chancellor Helmut Kohl that Japan will not sign a peace treaty with Russia, officially ending World War II, nor give significant aid, until Russia recognizes unconditional Japanese sovereignty over the Kurile Islands.

"There are legacies of Stalinism [in Russia] and the territorial issue with Japan is one of them," Miyazawa told a Paris press conference after his meeting with Mitterrand on April 29. "It is imperative for Russia to disown the diplomacy of the Stalin era, and carry out diplomacy based on law and justice."

"The issue is a touchstone to test whether Russia can relinquish Stalinism," Miyazawa told French Prime Minister Pierre Bérégovoy. In Bonn, Miyazawa stressed that he had compared Japan's situation in meetings with Kohl to the Russian occupation of eastern Germany. "From the standpoint that Germany has shared the same experiences as Japan, he [Kohl] understands Japan's position well," Miyazawa told a Bonn press conference April 30.

Japan is willing to compromise extensively, Miyazawa and Foreign Minister Watanabe stressed, upon which islands are returned when, and upon which nation administers them. Watanabe said in Tokyo May 1 that Japan would agree to the immediate return of only two islands, if Russia recognized that all four were Japanese territory. "The Japanese side is ready to adopt a stance that is both sufficiently flexible and based on principle," he said.

Japan's request that Moscow make a clear statement of Japanese sovereignty, however, is non-negotiable. The four "northern territories" between Japan and Russia, as the Kuriles are known in Japanese, were occupied by Stalin in the closing days of World War II. Russian President Boris Yeltsin's problem is immensely complicated by the fact that Stalin drove the Japanese population out, and the area is now inhabited entirely by Russians.

Yeltsin to remove troops, draft treaty

In meetings in Moscow with Foreign Minister Watanabe May 3-5, Yeltsin made a series of friendly overtures, but continued to reject Japan's sovereignty demand. Yeltsin told Watanabe in Moscow May 5 that Russian troops would be withdrawn from the disputed islands "very soon . . . within 1-2 years," NHK television reported that night. "Yeltsin, however, did not say when, or if at all, Russia would actually return the islands to Japan or recognize Japanese sovereignty over them," the report said.

Watanabe told Yeltsin, according to NHK, that while this was a friendly gesture, and while "Japan is flexible on the timing and the question of whether all islands are returned at once, Japanese sovereignty over all of the islands must be recognized." Yeltsin, however, "made no concrete response," NHK said.

Yeltsin, who will travel to Tokyo in September, is pressing hard for normalization of ties nonetheless, and announced that he has authorized the drafting of a Russo-Japanese peace treaty. Yeltsin's intention is that "he will be going to Japan to sign a peace treaty," Yeltsin spokeswoman Galina Ageyeva told Interfax news agency in Moscow May 5, after the Watanabe-Yeltsin meeting.

Interfax quoted Japanese government sources as viewing positively this attempt by Yeltsin to resolve the issue. "Japan views this statement as recognition of the need to take a political decision," sources said.

Yeltsin and Watanabe otherwise discussed Yeltsin's planned visit to Japan and prospects for Japanese economic and trade links with Russia's Far East and Siberia. Watanabe also held a round of talks May 5 with Russian Foreign Minister Andrei Kozyrev about a separate agreement on security, apart from the peace treaty being drafted, which Yeltsin and Miyazawa want to sign in Tokyo.

The lesser pact will deal with cooperation in space projects and mutual security at sea. Japan said it was also ready to help Russia with modernization of its nuclear reactors, and with setting up research institutes to employ Russian military nuclear specialists.

Speaking after Japan's foreign minister had left Moscow, however, Japan's new ambassador to Washington, Takakazu Kuriyama, repeated Miyazawa's charges of Stalinism. "This particular territorial issue, still remains unresolved," he told the National Press Club in his first address in Washington on May 6. "We think that this is a litmus test for the newborn Russia's willingness to become engaged in the Asia-Pacific region as a constructive and peaceful partner. But as long as Russia continues to be unwilling to resolve the issue, which is simply a negative legacy of Stalinistic expansionism after World War II, then it would be rather difficult."

ICLC Europe conference asks, 'Chaos, or the development of nations?'

by Rachel Douglas

A conference of the International Caucus of Labor Committees, the philosophical association founded by Lyndon LaRouche, took place May 2 and 3 in Kiedrich, Germany, under the banner "After the Collapse of the Versailles System: Chaos, or the Development of Nations?" Co-sponsored by the Schiller Institute, the event drew more than 300 ICLC and Schiller Institute members and guests from four continents.

This was the first ICLC conference held in Europe since the collapse of the Soviet Union, and the first one that many guests from eastern Europe could attend. Members of parliament from Armenia, Romania, and Ukraine took part, as did delegations from Australia, Belgium, Bosnia, Canada, Croatia, Czechoslovakia, Denmark, France, Germany, Greece, Hungary, Italy, Kosovo, Latvia, Poland, Russia, Senegal, Slovenia, Sweden, and the United States.

People who until now were acquainted chiefly with LaRouche's economic ideas, thanks to the Schiller Institute's work in eastern Europe for the "Paris-Berlin-Vienna Productive Triangle" recovery program, eagerly plunged into discussion of fundamental questions of scientific method and cultural warfare, prompted by the Kiedrich conference agenda. Participants were preoccupied with the question of the quality of leadership needed today, expressed in the conference subtitle as "The Responsibility of the Individual at a Change of Eras."

"Everyone is aware, that we are living through a change of eras," said Schiller Institute President Helga Zepp-LaRouche in her keynote speech, "But it is not yet possible to say, whether, from the now ongoing collapse of the Versailles System, and thereby of the system that has determined the entire 20th century, there will issue unimaginable chaos worldwide, a horrible array of interconnected wars, and a plunge into cultural barbarism, or whether we shall succeed in establishing a new, just world economic order in the interests of all people on Earth."

The reality of war, even in Europe, was never distant from the Kiedrich proceedings. Anno Hellenbroich of the Schiller Institute, who as moderator for the first panel welcomed the various delegations, apologized that he did not immediately recognize the Armenian guests, because the last time he met them, in Yerevan, Armenia, they had been wear-

ing combat fatigues. On May 3, a Croatian participant brought news of the Bosnian President's arrest by Serbian troops. Lyndon LaRouche's tape-recorded messages to the conference (see *EIR*, May 15, p. 34) which dealt with the causes of the present crises and the method to define "the programmatic approach to what we must do to rebuild this world," were punctuated by his analysis of the violence in Los Angeles.

The November 1991 Schiller Institute conference on LaRouche's "Productive Triangle," held in Berlin, founded a World Coalition for Peace through Development, dedicated to leading the way out of such chaos. At Kiedrich, Zepp-LaRouche urged that the coalition be quickly transformed into an effective worldwide mass movement, which could be joined by individuals, groups, parties, and even whole nations. She challenged the audience with the sobering thought, that if statesmen and citizens fail now to solve the crisis of civilization, their efforts will have had a different character: "We must think about a long journey, a journey about which we do not know how long it will last. We must do both things at once; we must build a coalition for a rapid solution to the crisis, and thereby at the same time form the networks in all parts of the world, which after a period of general economic and cultural collapse would be the only hope for human society."

Zepp-LaRouche expressed optimism that the first alternative could yet be realized. "We will do everything possible to win in the short term," she said, "and to avert a great catastrophe for mankind, through a world reconstruction program. . . . But only if we act as if for eternity, do we have a chance of winning in the short term." She drew on the history of Poland and the works of Friedrich Schiller, the 17th-18th-century philosopher Gottfried Leibniz, and Cardinal Nicolaus of Cusa from the 15th century, to develop a concept of statecraft based on love of God and mankind. This would be the only means to defeat the power of a murderous oligarchy whose policies are self-destructive and threaten everybody else as well.

Defeat the 'counter-Renaissance'

During discussions at Kiedrich, Helga Zepp-LaRouche pointed out the inability of oligarchs, estranged as they are

from man's true nature as *imago viva Dei* (the living image of God), to comprehend how their adversaries from the Renaissance faction in history can discern their evil oligarchical nature and designs. Speakers on the history and culture panels masterfully demonstrated this ability. Schiller Institute (U.S.A.) president Webster Tarpley with a review of mid-19th-century British strategy and Jacques Cheminade, president of the Schiller Institute in France, with his account of the brutal "cult of death" enacted by World War I, defined the post-1919 Versailles System as a "counter-Renaissance." Elisabeth Hellenbroich exposed the deliberate creation of "a century of pessimism," through the mass media brainwashing pioneered by activists of the so-called Frankfurt School. Under the hegemony of that one-eyed babysitter, television, language has been degraded to infantile fragments, whereas Leibniz said that language must be the mirror of reason.

A Polish participant responded to Cheminade's speech with an impassioned plea to fill today's "intellectual vacuum in Europe," born of fear and the lack of *agapē* (love, or charity) and leading to a hideous psychology of material self-enrichment, with a new Renaissance. ICLC leaders speaking on science, music, and statecraft presented the method by which this might be accomplished.

Starting with the case of "cold fusion," Jonathan Tennenbaum explored the realm of paradoxes and anomalies, where creative thinking occurs. The progress of society must be based on a continuing process of scientific discovery, he said, which Leibniz called *ars inveniendi*—the art of discovery. Stagnant "textbook" science abhors anomalies and seeks to cover up their existence, but creative scientists are on the lookout for anomalies, because they will demand the creation of new ideas. While reigning physics doctrine denies the possibility of nuclear processes at room temperature, of the sort observed in "cold fusion" experiments, the first such results were obtained by a scientist, Martin Fleischmann, who chose to study the history of anomalies. In the way they designed their experiment, Fleischmann and his partner Stanley Pons "arranged a dialogue with the universe," said Tennenbaum, "and it replied." He left the audience with the happily unsettling observation, that all key doctrines in physics and biology, established during the 1930s and 1950s, are afflicted with incurable anomalies.

Dino de Paoli taught the conference about fundamental paradoxes: the linear representation of circular action, the One and the Many, and LaRouche's discussion of "change/no change." Attacking the fraud of "artificial intelligence," de Paoli said that man himself is paradoxical, being both finite and infinite; on the one hand, mortal and limited, and on the other side endowed with creative reason, which cannot be replicated by any formal logical system or computer.

Paolo Vitali delighted the audience with his report on how creative thinkers and courageous statesmen 500 years ago launched the "Columbus Project" to discover the New World. He proved, and illustrated with beautiful slides of

maps and art, that the project to find the continents across the Atlantic was rooted in the Italian scientific Renaissance.

Many guests were struck by the interweaving of political debates and classical music at Kiedrich. On Saturday evening, Italian pianist Monica Ripamonti gave a concert of works by Mozart, Brahms, and Beethoven. The Sunday panels began with performances of Vivaldi and Handel by the ICLC orchestra and chorus. Anno Hellenbroich, who conducted the orchestra, addressed the conference on human vocal registration and the bel canto school of singing as the basis for classical musical polyphony, including in music for instruments.

LaRouche's economics

On the final panel, titled "The Economic Alternative to Neo-Liberalism, Monetarism, GATT and the IMF," an *EIR* task force led by Michael Liebig presented detailed historical examples and new proposals, based on LaRouche's economics, for how to solve the economic crisis in the former Soviet empire—a task of importance for the whole world. Dr. Helmut Boettiger and Volker Hassmann demystified the famous "German economic miracle" of the postwar period, with their reports on the preferential industrial investment measures of Finance Minister Fritz Schaeffer and on the reasonable 1953 London agreement on how Germany should pay its debts without destroying its economic potential.

William Engdahl elaborated a groundbreaking proposal for the establishment of a LaRouchean system of national banking in the newly freed nations of eastern Europe. Konstantin George identified the most urgent needs for infrastructure construction in that region.

Following the last panel, discussion lasted late into the night, as participants from one nation after another, from Australia to Romania, rose to identify how the fight in their countries fit into the international battle.

Each speaker, in his own way, identified the pivotal role of what a guest from Moscow called "the LaRouche ideas," for each country and for the United States, where what emerges from the collapse of establishment policy will affect the whole world. In her keynote, Helga Zepp-LaRouche put it this way: "If Lyn [LaRouche] does not become President, the United States, in all probability, will disintegrate in the next five to ten years, in a way comparable to the process of ruination in the region of the former Soviet Union or former Yugoslavia."

Debra Freeman, spokesman for LaRouche's presidential campaign, shocked many European participants with her speech on the economic depression in rural and urban America alike (see p.62). She also communicated the huge potential of the LaRouche campaign to become a mass movement by leaps and bounds, wherever it can reach the population with sufficient quantities of literature.

The Kiedrich conference unanimously resolved to organize an International Day of Action, on May 15, to free LaRouche from prison.

Great Britain strives to restore monarchies in Balkans—and beyond

by Mark Burdman

The British Establishment is rushing headlong to realize its project for imposing monarchies in various crisis-torn countries around the world, beginning with the Balkans royal houses, which comprise a crucial part of what the British refer to as the “extended family” of Queen Victoria. This project, which became operational in the summer-autumn of 1991 as the war against Croatia and Slovenia escalated and London maneuvered to bring the Serbian House of Karageorgevic back into power in Belgrade, dramatically escalated this spring, with the focus in Romania and Bulgaria, and extending outward from there.

As various British experts in social engineering have recently been stressing to *EIR*, we are now living in a period of economic breakdown and extreme social volatility, in which people’s fears can be played upon to manipulate them into accepting new forms of tyranny. Driven to desperation, and seeming to have no alternative program that would guarantee economic growth and scientific progress under republican forms of representative self-government, frightened people become susceptible to ceremonies and historical symbols that appeal to the infantile side of human nature, and which reinforce their dependency on what are advertised as “tradition-oriented” state structures.

In the Balkans, a deep demoralization has set in since the 1989-90 overthrow of the communist regimes. The same Anglo-American elites who are sponsoring the monarchical restorations, have insisted that the economies of Bulgaria, Romania, Albania, etc., be subjected to an International Monetary Fund (IMF)-fashioned “structural adjustment” policy—so as to replace the communist tyrannies that ruled from the late 1940s to the late 1980s with the tyranny of the IMF. As one Romanian economist opposed to the IMF asserted plaintively at a conference in Germany in April, the “IMF reform program” was instituted by the current (largely communist) regime in Bucharest “without any democratic discussion whatsoever.” Romania, she warned, was threatened with a new form of “neo-colonialism.”

The strategic-financial gamemasters in London and New York lure the targeted people into believing that, should they put monarchs into power, these monarchs, with their wonderful international connections, will bring money into the empty coffers of the national treasuries. The real agenda is exactly the opposite: The monarchs are assigned the job

of sucking more loot out of the nations concerned, while convincing the citizens that this is being done for the higher purpose of “restoring the history and tradition” of the country robbed of its history and tradition by communism.

The return of King Michael

Romania is in the vanguard of the British-orchestrated monarchies program. Over the April 25-27 weekend, exiled King Michael of the Hohenzollern-Sigmaringen royal house returned to Romania for the first time since he was forced to abdicate in 1947. He arrived at the invitation of Romanian Orthodox Church Archbishop Pimen of Suceava, and with the agreement of the Romanian government.

Upon arrival, he visited two important historical sites, the Putna monastery and the shrine of St. Stephen. The next day, April 26, was the Orthodox Easter Sunday, and Michael went on to Bucharest. The April 27 London *Times* headlined its coverage, “Bucharest Hails Its Former Monarch,” reporting that as the exiled King “drove triumphantly through the Romanian capital,” more than 100,000 supporters lined the route, shouting, “King in, Iliescu out!” The *Times* then all but likened Michael to Jesus Christ: “On a bright Orthodox Easter Sunday, he was resurrected from relative obscurity in Switzerland and hailed as the new leader of the country.” The paper’s correspondent waxed eloquent about weeping and cheering crowds, who were waving the national flag. In the middle of the flag was the symbol of the monarchy, the emblem on it reading, “Nothing without God.”

Of course, once the social-engineering experiment of his “resurrection” had been concluded, Michael of Hohenzollern-Sigmaringen was ready to move toward the next step. On April 30, he was interviewed in the Italian daily *Corriere della Sera*, and declared that the current state system in Romania is “outside of the law.” He said that Romania should declare itself a constitutional monarchy, by reinstating the Romanian Constitution of 1923. Michael swore he would be the man to “abolish all communist state structures which still exist,” and to dismantle the current “half-dictatorship” which has stopped democracy “in the middle.” He implied that he had a deal with at least some of the powers-that-be, mooted that the currently ruling and communist-dominated National Salvation Front (NSF) could move in the direction of institutionalizing a constitutional monarchy, once it is reelected in

upcoming elections.

His path to power was then further smoothed by the NSF regime, when it announced that, effective May 1, large-scale price rises would go into effect for basic foodstuffs including bread, cooking oil, milk, butter, and others. The more misery, the more monarchists.

On a related front, the correspondent for the French daily *Le Monde* in neighboring Bulgaria commented April 28 that not only in Romania “but also in Sofia, the shadow of the ex-King looms large,” and that the idea of the restoration of the House of Saxe-Coburg-Gotha is still very much alive in Bulgaria. The paper reported that exiled King Simeon II, based in Madrid, has in the past weeks been receiving visits from various influentials. Most recently, in March, Ahmed Dogan, head of the Movement for Rights and Liberty, the party that speaks for Bulgaria’s Turkish ethnic population and which is closely linked to the Turkish government, made the pilgrimage to Madrid, and pronounced in favor of a “constitutional monarchy that would put an end to the struggle for hegemony between the three centers of power: Parliament, President, and government.” Earlier in the year, Bulgarian Prime Minister Filip Dimitrov met Simeon’s son-in-law during Dimitrov’s visit to Washington. Leading figures in the Parliament and in the trade union movement have also rallied behind Simeon.

Bulgaria, like Romania, has been subjected to an IMF structural adjustment program, with effects probably even more devastating than in Romania. European collaborators of Harvard University “shock therapy” guru Jeffrey Sachs have praised Bulgaria as the model to be followed by other formerly communist countries.

‘They ran states for lesser peoples’

The Hohenzollern-Sigmaringen and Saxe-Coburg-Gotha houses are multiply linked to the British House of Mountbatten-Windsor, known as the House of Hanover until the exigencies of World War I and the war with Germany forced a name-change. While many of these royal lines seem to have German lineages, they have effectively operated in the contemporary historical period as extensions of the British monarchy. In Romania, Michael’s grandmother was Queen Marie, a granddaughter of Queen Victoria, whose photographs from the time indicate a striking similarity to today’s Queen Elizabeth II. It was Marie who swung Romania behind Britain during World War I, despite the Germanic roots of the Hohenzollerns. As she wrote in a letter to Britain’s King George V soon after the war was over: “I can only tell you, dear George, that I held firm as only a born Englishwoman can. . . . I knew you would win, and I kept my people from giving way even at a moment when many had become doubters.”

Michael’s mother was Princess Helen of Greece. One scion of that same Greek royal house is Prince Philip, Royal Consort to Queen Elizabeth II. From his early years, Michael

was both a cousin and good friend of Philip and remains so today.

A pro-monarchist article in the London *Economist* April 25 stated shamelessly that the Hohenzollern (“a name that few history books omit”) and the Saxe-Coburgs, like the Romanovs of “Holy Russia” and the Karageorgevics of Serbia, “belong to the European cousinage that for centuries ran states for lesser peoples.”

Invoking the name “Romanov of Holy Russia” introduces another piece in the plot. The Romanov dynasty had close blood ties to the British House of Hanover, to the extent that photographs of Czar Nicholas II show him to have been a near lookalike of Britain’s King George V. The two were cousins, related on both the maternal and paternal sides of the family.

On April 28, St. Isaac’s Cathedral in St. Petersburg was the scene of the funeral for Grand Duke Vladimir Kirillovich Romanov, the chief claimant to the Romanov throne that was deposed by the Bolsheviks in 1917. The emotional ceremony was conducted by Patriarch Aleksii II, head of the Russian Orthodox Church, following a typical pattern in Orthodox countries of a close church-monarchy linkage. While a restoration of the monarchy in Russia is not predictable in the near term, it is hardly to be excluded as an option, as Russia goes through the chaos of its own IMF shock therapy program. Prince Philip, in recent years, has been building strong ties to the Orthodox churches of the East, in large part through his work as World Wide Fund for Nature head. As things stand now, he is scheduled to meet Russian Orthodox Church Patriarch Aleksii II in Russia in 1993. Should this transpire, he will be the first member of the British royal family to visit Russia since the Bolsheviks murdered the Windsor-related Romanovs.

The fact that the late Grand Duke Vladimir was married into the Georgian royal house of Bagratian introduces yet another component in the intricate web of monarchical relations. His wife, Leonilda, is the aunt of the current claimant to the Georgian throne, Jorge Bagratian, who lives in exile in Marbella, Spain. Since early this year, there have been several rounds of negotiations involving senior figures in the Georgian governing coalitions that have replaced ousted ruler Zviad Gamsakhurdia, with members of the exiled Bagratian royal house. Madrid and Rome have been the two main locales for such discussions, while highest-level figures in the British Establishment have been giving quiet encouragement to the monarchy restoration option there.

‘Rulers belong to Queen Victoria’s family’

British influentials are hardly being subtle about implementing precisely such plans. On April 30, the London *Daily Telegraph* published a lead article entitled “Time to Reconvene the Royal Family of Europe?” It explicitly advocated restoring “the family of Queen Victoria” to thrones in the Balkans nations. The article was authored by one Noel



Better than democracy? Virtually every royal family throughout Europe is related to the British monarchs. Here, a portrait of the current royal household.

Malcolm, foreign editor of *The Spectator*, a weekly magazine close to the Conservative Party.

The *Telegraph* and *The Spectator* are both owned by the Toronto-based Hollinger Corp., whose chief executive is Conrad Black. The Hollinger board of directors with the directorate of the Anglo-American establishment, including Henry A. Kissinger, former British Foreign Secretary Peter Lord Carrington, former U.S. Federal Reserve chairman Paul A. Volcker, Lord Jacob Rothschild, British billionaire Sir James Goldsmith, and others of that ilk.

Black himself is one of the key figures in both the Trilateral Commission and the Bilderberg Group. It may be more than coincidence that the barrage of fascism and monarchism propaganda has broken out immediately after the April 25-27 Trilateral get-together in Lisbon, and in the period preceding the May 21-24 Bilderberg meeting in Evian, France. Noticeable of the Lisbon meeting was the personnel overlap between Trilateral coordinators and Hollinger board members. The conference vice chairman, Allen Gottlieb, is on the Hollinger board, while one of the conference keynoters was Hollinger board member Kissinger, and the recently appointed chairman of the North American branch of the commission is Hollinger board member Volcker. Black was reportedly in attendance in Lisbon.

In his article, Malcolm criticized those who tend to dis-

miss the "monarchy restoration" option for the Balkans. Drawing attention to the estimated 100,000 Romanians shouting, "Give Us Back Our King!" when King Michael "returned" to Romania April 26, Malcolm insisted that, for such people, the monarchy is "the most important symbol of their pre-communist history."

With the usual British blend of cynicism, pragmatism, and brutality, Malcolm went on: "The idea of restoring the monarchies in these countries might still seem artificial and implausible; but it is no more so than their creation in the first place. And we should remember that those 19th-century princes were not enthroned as a whimsey. There were good reasons for installing them, reasons uncannily paralleled in the situation of those countries today. . . . Restoring their monarchies would not just encourage western investment; it would also mark in a psychologically important way their final break with communism. There can be no more fitting symbol of belonging to the 'family' of European nations than to have rulers who (like other European monarchs) belong literally to the family of Queen Victoria."

Monarchies then, and monarchies now, can "encourage the development of national feeling and culture." Besides, "the constitutional argument for monarchy is also no less strong today than it was when these monarchies were installed."

Of course, what Malcolm ignores is that the monarchies of the Balkans were more often than not hardly testaments of virtue and nobility of character. For example, the ancestors of the current Michael of Romania were characterized by moral depravity, political incompetence, and sexual and other forms of intrigue. His unstable father King Carol II was a supporter of the Nazis, and helped nurture the fascist Iron Guard formations in Romania.

In late April, the London *Economist* went beyond the Balkans, reporting a new "craving for kings," as "all over the world, politicians in tight corners are rediscovering the merits of monarchs." The magazine profiled ongoing restoration efforts, at various levels of intensity and seriousness, taking place in Afghanistan, Romania, Bulgaria, Russia, Serbia, France, Italy, Portugal, Greece, Libya, Ethiopia, Brazil, and Cambodia, and extolled the virtues of existing monarchies in Spain ("the Spanish Bourbons"), in Great Britain (with Queen Elizabeth "of Saxe-Coburg-Windsor and part Scottish too"), in various parts of the Muslim world, in Oceania, and in parts of non-Muslim Asia and Africa. "In high society, monarchs never went out of fashion," the London magazine proclaimed. "In real life, they seem to be making a comeback. . . . The monarchy business is ripe for expansion. Some families are already doing fine."

Hobbesians of all lands unite!

All of this is accompanied by a broader philosophical offensive, in which "monarchism" and "democracy" are given ultimately the same ideological underpinnings. When An-

glo-American neo-conservatives use the word "democracy," they mean something else than the benevolent concept that the average citizen would understand. British "parliamentary democracy," after all, is in essence a facade, a living theater, in which various formal parliamentary and electoral procedures provide the illusion of British subjects' participation in the decision-making system, but in which the actual options are decided by a tiny oligarchical clique, and in which the monarchy itself plays an all-pervasive political and liturgical-symbolic role.

A key aspect of the theater, is the mythology spread by British ideologues that one of the seminal "democratic" theorists was the 17th-century Thomas Hobbes of Britain. This myth is repeatedly purveyed, for example, in the recently published book of former U.S. State Department Policy Planning deputy director Francis Fukuyama, *The End of History and the Last Man*, one of the most widely discussed works in this year's European intellectuals' cocktail circuits, which was singled out for praise in a March London *Times* editorial. The central claim in Fukuyama's book is that "liberal democracy" of the Anglo-Saxon variety has irreversibly triumphed, philosophically and historically, over all competing systems of government.

Without offering one shred of evidence, Fukuyama asserts that Hobbes was one of the chief philosophical inspirations behind the American Constitution and in the thinking of the American Founding Fathers. Yet it is known to Fukuyama, and to all those who think like him, that Hobbes was one of modern history's most persistent theorists and defenders of absolute monarchy.

Hobbes's "original state of nature" and "war of each against all" is not abstract theorizing: it is the operational plan of the leading oligarchical factions today, who seek to drive most of the human race into a desperate fight for bare survival, so that they can impose a new "Leviathan," a Roman Empire-modeled world government, likely run out of the United Nations. From this standpoint, it is not surprising that the leading theoreticians of "Project Democracy" in the United States are all passionate Hobbesians.

Thus we find the National Endowment for Democracy, the "public-private" agency that funds Project Democracy's projects, concretely backing the monarchy-restoration project in the Balkans. As noted by the April 28 *Le Monde*, and as confirmed independently by Bulgarian sources in discussions with *EIR*, a chief supporter of bringing Simeon of Saxe-Coburg-Gotha to the throne is the head of the Podkrepa "independent" trade union movement, one Trenchev. According to the 1990 Annual Report of the National Endowment for Democracy, the NED gave two financial grants to Podkrepa, via an entity called the Free Trade Union Institute. One grant, for \$276,190, was to "provide material and technical support to Bulgaria's independent trade union movement Podkrepa," and the other, for \$51,024, was to "help Podkrepa organize a voter referendum campaign for the local elections."

Bosnia faces being wiped off the map

by Konstantin George

For the first time since World War II, a nation on the European continent, officially recognized by the European Community, is being subjected to partition and thereby to outright liquidation. This is the mixed ethnic former Yugoslav republic of Bosnia-Herzegovina (44% Bosnian Muslim, 32% Serb, 18% Croatian).

The Serbian war of aggression in April and the first half of May, has already achieved, on the ground, a de facto partition of Bosnia. By May 13, when a cynical "unilateral five-day cease-fire" was proclaimed by the "Parliament of Serbian Bosnia" from its "capital," the west Bosnian city of Banja Luka, the Serbian Armed Forces had conquered most of the 60% of Bosnia-Herzegovina that Serbia had intended to annex as the "Serbian Bosnian Republic." The Army had seized all of predominantly Muslim Eastern Bosnia, most of Northern Bosnia, with its mixed population of all three groups, all of Western Bosnia, which is predominantly Serbian inhabited, and parts of Herzegovina in the south. The Bosnian capital, Sarajevo, has become a war-ravaged divided city, a Balkan "Beirut." A further 20% of Bosnia-Herzegovina is controlled by ethnic Croatian self-defense units, leaving the Bosnian Muslims with the remaining 20%, a rump "state" in the geographical center of what had been Bosnia-Herzegovina.

At the local political level, the partition of Bosnia is occurring through an arrangement between Serbia and Croatian President Franjo Tudjman, the former communist and Partisan general, whereby Serbia will annex the regions it has conquered, and Croatia will receive the main Croatian-inhabited areas, meaning western Herzegovina, and areas in northern Bosnia adjacent to Croatian Slavonia.

A broad agreement along these lines was reached May 6 at secret talks held by the leaders of the Serbian and Croatian Bosnians, Radovan Karadzic and Franjo Boras, respectively, in the Austrian city of Graz. The deal was announced May 7 by the "Yugoslav" news agency, Tanjug. No one in either Zagreb or Belgrade denied it. Since then, both Serbian and Croatian media have been filled with "leaks" on the partition formula, ranging from a Serbian-Croatian-Bosnian Muslim division of 60-20-20, to 60-30-10. Again, no denials anywhere.

On May 5, as Karadzic and Boras were departing for Graz, Tudjman issued a declaration that Bosnia can "only remain a state" under conditions of a "complete cantonization," i.e., a thinly disguised partition. On May 8, Tudjman

hailed the Graz deal as an "important step forward." Serbian President Slobodan Milosevic chose the same day to announce his support for "efforts by the European Community" to promote the "building of independent cantons" by "Croats and Serbs" in Bosnia-Herzegovina.

This is not the first time that Tudjman has skewered Croatia's national interests to make a deal with the Milosevic regime in Belgrade at the expense of another former Yugoslav republic. Last July, he let the Yugoslav Army transit Croatian territory unmolested, to supply and reinforce Army units engaged in trying to suppress Slovenian independence. Over the past year, Tudjman has several times, prior to the Graz meeting, gone on public record as favoring a partition of Bosnia between Serbia and Croatia.

International amorality

The partition of Bosnia has been tacitly accepted by the leading western powers and Russia, just as they had previously accepted the occupation of one-third of Croatia. Up to mid-May, "actions" by the European Community to stop the Serbian aggression have been pathetic empty gestures.

On May 12, with great fanfare, the ambassadors to Belgrade from the EC nations and the United States were recalled for "consultations," and Serbian aggression was verbally condemned in the strongest terms. At the Conference on Security and Cooperation in Europe, Serbia was duly expelled from any deliberations concerning Bosnia, a cruel joke, since on the ground, Bosnia's fate was being determined, not by the CSCE, but by the Serbian Army. No sanctions against Serbia of any sort had been decided on. While the EC was fulminating verbally, the EC observers were withdrawn from the Bosnian capital of Sarajevo, and left Bosnia that same day.

Britain's Lord Carrington, chairman of the EC's "peace process" for former Yugoslavia, was quoted by the London *Times* of May 13 on his solution for Bosnia: "If people want to fight, there are only two options. Either let them, or separate them forcefully." The latter "option," he added was "unlikely"; ergo, "let them fight."

At a Geneva press conference, May 12, José Maria Mendiluce, from the U.N. High Commission for Refugees, reported on what has happened to Bosnia in a mere six weeks: "What we are seeing is something like World War II, with population centers being destroyed, and towns and villages attacked not as military objects, but with the sole purpose of driving the people away." As in Croatia, Serbia's goal has not been simply to conquer territory, but to render the land purely Serbian through mass expulsion of all non-Serbian inhabitants.

While Croatia has been "amputated," but is still very much alive, Bosnia is on the verge of ceasing to exist. In Croatia, the capital Zagreb and other major cities lying outside the areas under direct ground or artillery attack by the Serbian forces remain relatively unscathed. There are almost

no such havens in Bosnia. From the capital Sarajevo on down, nearly every city and large town has suffered heavily, from air, artillery, and ground attack.

The Bosnian government reported May 11 that in six weeks of war, 1,300 people had been confirmed killed, but another 1,900 were missing and presumed dead. A third category of deaths cannot be estimated, from combat areas where reportage is scarce or non-existent. By conservative estimate, the actual death toll could be 4-5,000. There are 650,000 refugees, the great bulk of them Bosnian Muslims, more than the number of refugees produced in war-torn Croatia. By mid-May, one out of four Bosnian Muslims had become a refugee.

Infrastructure deficits make the prospects even grimmer. Two-thirds of Bosnia has no electricity or running water. The half of Sarajevo not occupied by Serbian forces, and remaining urban communities in Bosnian hands, are facing terrible food shortages. The mass dislocation of people and the fighting have disrupted spring planting. A net food importer even in peacetime, Bosnia risks starvation this year without international food aid.

Croatian parliament ousts banker in anti-IMF move

The Croatian Parliament has dismissed National Bank governor Ante Cicin-Sain in a protest move against International Monetary Fund shock therapy. The decision "has raised doubts of a market-economy orientation of the republic," reported the Swiss newspaper *Neue Zürcher Zeitung* of May 13. Cicin-Sain has earned the reputation of a staunch follower of the IMF. His ouster had been demanded by the "council of experts," which is chaired by former Defense Minister Djordan. The council accused Sain of having turned the National Bank into a "fourth estate" within the state, bowing to the "holy cow" of fiscal stability and demands for an economic development program. The move is threatening the IMF package for Croatia and its integration into western Europe, claims the paper, which normally speaks for the financial "gnomes of Zurich": "The new bank governor, Prof. Pero Jukovic, is a qualified national economist. He has not conveyed the impression that he will resist political pressure as consistently as his predecessor has done." A high-ranking IMF delegation will visit Croatia at the end of May to discuss the conditions of a standby credit and prepare a "structural adjustment program," which is the euphemism for economic austerity shock therapy.

The war in Croatia is not over: an appeal for international help

Mr. Cvitan is the vice president of the Croatian Democratic Party. He was interviewed by Paolo Raimondi on May 8.

EIR: How do you see the situation in Croatia, and what solution do you see to the present crisis?

Cvitan: The situation in Croatia is very difficult, because the Serbian and Federal Army escalation is becoming stronger and stronger. In the past two weeks, they have bombarded almost all the cities on the border line, like Zadar, the area of Dubrovnik, Osijek, Vinkovci, and in the area of Slavonski Brod, they are destroying all the bridges connecting Bosnia and Croatia. Slavonski Brod is almost completely destroyed. The Serbian Army is sending more troops and matériel to consolidate its positions on the front. Unfortunately, at the present time, the United Nations troops which have arrived are not helping at all; they are just preparing to take over their task on May 15, as planned.

The Croatian people do not believe that the situation will become better with the arrival of the U.N.O. troops, because the U.N.O. troops will suspend all the Croatian laws in the areas where they will deploy, to allow the Croatian and Serbian people to go back to their villages. But the Serbian houses and villages are not destroyed, while the Croatian villages have been totally annihilated, and there is no chance for the Croatians to go back.

The situation in Croatia is very difficult, and we now have over 300,000 refugees, and more than 230,000 refugees from Bosnia—all together about 550,000 refugees who live just with the aid of the Croatian government and people. General Chamblar from India, who leads the U.N.O. troops, is known to have more friends in Serbia than in Croatia, and is not believed to be neutral; so far his answers to all questions have been, "Wait, wait." He has immobilized our troops and our units—we should not send our fighters to the front, but we should wait.

And day after day, the people are dying in our streets. In Osijek, just in the past days, more than 20 people have been killed, and over 200 wounded and hospitalized. Slavonski Brod, on the Bosnian border, was in the past week heavily targeted and bombarded by airplanes and heavy artillery, killing many people each day. They have bombarded also

locations where children found refuge, and in one house, for example, 16 adults and 6 children were killed; they were buried yesterday. Many people have also been killed on the bridges between Bosnia and Croatia, which have been one of the main targets of the Serbian forces. We have appealed to the U.N.O., to the U.S.A., to the CIS countries; unfortunately, we get no answer.

EIR: What do you think about the situation in Bosnia?

Cvitan: In Bosnia the situation is very complicated, because there we have three nations. The Serbians, through their control over the Federal Army, control more than 68% of the Bosnian territory. They have so many weapons and so much ammunition that we cannot properly defend ourselves. All the Croatians who were born in Bosnia went back to their towns and are fighting very well, but they do not have enough weapons and ammunition. Unfortunately, the relations between Croatians and Muslims are not perfect, not as they should be; there is no complete unity, while the Serbians are united and they attack with the full backing of the Federal Army and of [the Serbian government in] Belgrade. We have heard that a unit of 1,200 men in Sarajevo has surrendered to the Yugoslavian Army; they expected to be treated in a human way, but we hear that they are now in a horrible situation.

It is not easy to foresee a solution for Bosnia. Maybe it could be an independent state with three cantons. The program of my party is centered on the support for the integral, independent, and sovereign state of Bosnia. Serbia wants to split Bosnia in three parts and maintain the territory now under control of the Federal Army; for this reason, they are interested in destroying Bosnia. Unfortunately, Lord Carington has taken over from [Serbian dictator Slobodan] Milosevic the idea that more than 80% of Serbians in the Yugoslavian Army were born in Bosnia and should remain in Bosnia. This means that 80% of the Army will remain with a lot of weapons, and this will represent a big danger to the Muslims and the Croatians.

EIR: Do you believe that following the collapse of the system established by the Versailles Treaty in 1919, certain forces in U.S.A. and Europe are planning to change the map

I believe that the program of the Schiller Institute and Lyndon LaRouche for infrastructural integration of all Europe is the just and the only answer to the economic depression threatening all the world.

and the borders in Europe? Do you think that these forces plan to prevent the unity of Europe?

Cvitan: The present situation we have in the former Yugoslavia is the result of the artificial creation of Yugoslavia, with the intent to change Europe. The creation of Yugoslavia, in the context of the Versailles system, was to be, as seen by many politicians, the cancer cell of Europe. Yes, there are forces in the U.S.A. and in Europe who are interested in destabilizing Europe. Now that the Soviet Union has disappeared as a political and military power, the U.S.A. has no counterbalance in the world; it is the only military power. But Europe, with its 300-400 million inhabitants, with all its cultural and industrial forces, will be definitely a big competitor. Already now, in the present crisis in Yugoslavia, one can see almost a war between the U.S.A. and a united Europe.

I have already said on other occasions that the war against Croatia was a debacle for the U.S.A.; I said that the big power America has broken its teeth on the small Croatia. And the importance was not for Croatia alone, because Croatia is a small country; it was a test between the U.S.A. and Europe. In Europe, there are forces that are joining together to face the U.S.A., not militarily, but economically and politically.

EIR: The Schiller Institute and Lyndon LaRouche have proposed the program of the "Productive Triangle" and of infrastructure development in Europe. How do you see the economic development of Europe from a Croatian standpoint?

Cvitan: First I have to say that the united Europe has not yet understood the meaning and the importance of the "Productive Triangle" of the Schiller Institute. The countries of Europe are still under the influence of the International Monetary Fund, and the monetary and banking system connected to it. We in Croatia have gotten, from the first moment [of our existence as an independent nation], a debt of \$3 billion, and we became, from the first moment, a slave of the IMF. And as the result of the war, we have become poorer and poorer. Croatia must now work together with the whole of Europe. Europe, in the context of the "Productive Triangle," is definitely a center of economic and financial power. Not militarily, but at the economic and financial level, Europe will surely be a strong competitor with the U.S.A. After the fall of the communist regimes in the East, we have now a historical chance to create an industrialized united Europe for progress, peace, and stability in the world.

I believe that the program of the Schiller Institute and

Lyndon LaRouche for infrastructural integration of all Europe is the just and the only answer to the economic depression threatening all the world, beginning from the internal economic collapse in the United States. Croatia, like the rest of Europe, needs modern, quick railways, roads, and water transportation, nuclear energy, efficient communications, and science. Croatia is a natural connection with the Mediterranean and the southeast of Europe. Before the war, Croatia was already a key crossroads of North-South and East-West connections.

There are great projects in which we could be an essential part, like the plan to connect the North Adriatic with the Danube, through a canal which could make water transportation very cheap and attractive. Do not forget that Croatia was, until recently, the third or fourth shipbuilder in the world. But the most important thing is that we want to be part of a modern and industrialized Europe, to contribute also to peace and stability in this part of Europe, for a future of peaceful cooperation with all the peoples that live in this part of the world.

EIR: How do you see the special cultural and scientific contribution which Croatia can give to the development of Europe?

Cvitan: Croatia is part of European culture and civilization. We have been part of Europe all along; we have been on the border between East and West. Many Croatians are working in western Europe, in Germany, Austria, Switzerland, France; more than 15,000 are doctors, engineers, experts in biogenetics, for example. We are a part of the culture of Europe, historically and today.

EIR: Do you have any particular message you would like to convey to our readers?

Cvitan: I want to launch an appeal for Croatia: Please help her, but help her quickly, because every day we are being hit with many victims, many dead, many destroyed cities. Help her with economic means, because the people are hungry; they have no more opportunities in this poor Croatia, damaged by the war and still partially occupied. Our industry functions only at 40% of capacity. We have no money. Day after day, we are receiving more and more refugees from Bosnia; 550,000 refugees is a heavy burden for Croatia. We will do everything possible, but we really need help from Europe and the civilized world. Quickly.

Brazilian resistance nears boiling point

by Valerie Rush

"If he were better informed, the President would not be sleeping peacefully at night," declared former Brazilian President João Figueiredo in a May 5 radio interview about the growing social unrest in Brazil, one of very few public statements he has made since leaving office in 1985. Reflecting the dissatisfaction of large sections of the Brazilian Armed Forces with a wide range of government policies, General Figueiredo warned that "only a great miracle" could avert disaster, "a very strong break, that totally changes the structures of the country."

Four days later, Army Minister Gen. Carlos Tinoco Ribeiro greeted a Cavalry Day celebration with former President Figueiredo at his side. The gesture was widely viewed as support for Figueiredo's statements.

The former President's startling warning comes in the midst of a rapid disintegration of the political, social, and economic fabric of Brazil. Not only are the Armed Forces losing patience with a government blind to their condition of virtual collapse, but the populations of major urban centers like Rio de Janeiro are being stirred by their own hunger and desperation—and by agents provocateurs—into riots and looting.

Coming on the eve of the United Nations-sponsored "Earth Summit"—the international ecology conference to be held in Rio in June, and attended by thousands of prominent political figures from around the globe—Figueiredo's statements have thrown a spotlight on a situation which is replicating itself across the continent. Military discontent with the continent's new world order "democracies," committed as they are to a genocidal free trade economic model, a dismantled defense capability, and a negotiated accommodation with narco-terrorism, has reached or is nearing the boiling point in Venezuela, Peru, Colombia, Argentina, Bolivia, and Brazil. At the same time, these populations' disgust with the corruption of their political elites, and with endless economic disintegration in the name of securing a place in George Bush's new world order, is fast reaching its limits.

Difficult times ahead

"The revolt has begun," said General Figueiredo. "In Rio, 23 supermarkets looted already this month. Imagine the

favela [slum] of Rocinha, with its 350,000 people! If 10% were to come out, that would be 35,000. No army or police force could stop them. . . . The people will suffer anything, except seeing their children starve to death. Brazil is going to face some very difficult times. There is no human force that can prevent the people from rising up against hunger."

Figueiredo proceeded to target the country's political elites for their complicity in Brazil's decline. The country is living under "a parliamentary dictatorship," he said, and "politicians think only of their personal interests, not of Brazil's."

Few Brazilians miss the irony that these words are coming from a former President who himself consistently applied the austerity policies of the International Monetary Fund to Brazil. Nonetheless, his statements have triggered a storm of responses. The oligarchy editorialized through *Jornal do Brasil*, calling Figueiredo everything from vulgar to a dumb-bell, sentiments which were shared by a good number of the politicians whom he insulted. But there were exceptions. Sen. José Paulo Bisol observed that "one needn't be a prophet to reach [Figueiredo's] conclusions. We are witnessing sporadic but dangerous convulsions which are gathering strength." And former science and technology minister Renato Archer declared, "One doesn't require a great deal of imagination to perceive that democracy across Latin America is undergoing a dramatic moment." He invoked the examples of Venezuela and Peru, and then pointed to the supermarket lootings in Rio de Janeiro as warning signs not to be ignored.

'Disquiet in the barracks'

But the clearest warnings are coming from the military itself, whose demands for a living wage and repeated criticisms of government economic, social, and foreign policy have been consistently ignored. The May 1 editorial of the official press organ of the Brazilian Army, *Noticiario do Exercito*, demanded that the government immediately establish wage parity between the Armed Forces and employees of the legislative and judicial branches, as established by the National Constitution. The editorial, which was dictated by Army Minister General Tinoco and entitled "Necessity, Urgency, and Justice," created an uproar among government circles, and forced President Fernando Collor de Mello to beg for time in implementing wage equity.

While Collor ponders how to keep both his creditors and the Brazilian military from biting his head off, he has received yet another warning, this time in the form of an article appearing in the May 13 *Jornal do Commercio* and written by Air Force Minister Sócrates da Costa Monteiro. The minister warns against yielding to U.S. pressures for the disarming and dismantling of Brazil's Armed Forces, especially "at a time of disquiet and nonconformity in the barracks." He denounces the anti-military trend, noting that the risk of new global conflicts has increased, not decreased, with the end of the Cold War.

For the independence of Karabakh

Beyond the fight between Armenians and Azeris, Turkey is making a grab for regional hegemony, which may backfire against it. Mr. Kechichian reports.

Mr. Kechichian, an Armenian living in France, made the following report available for a special supplement on Armenia that appeared in the May 1 issue of the French fortnightly Nouvelle Solidarité.

The Karabakh conflict which, along with Yugoslavia, dominates the news, must be situated within a more general context, including the countries of the Middle East—especially Turkey—Russia, and the western powers.

The unraveling of the Soviet empire, but above all the total economic ruin and years-long impossibility of restoring economic ties among the former Soviet republics, are forcing them to seek hope elsewhere. The Central Asian republics and Azerbaidzhan, Turkic and Muslim, are turning toward neighboring Muslim countries, Turkey being in the front rank. This latter has suddenly taken on an unexpected political, strategic, military, and economic importance. Some, especially the present government, cherish the dream of a restored Ottoman Empire, extending from the borders of China to the Balkans and Bosnia-Herzegovina. This dream takes on an appearance of reality even more, since the obsessive anti-Iraq and anti-Iran policies of some western countries, especially the United States (which does not hide its efforts to impose its world domination) persistently incites it.

The dangers of Turkish expansionism

This tendency is dangerous; it goes against the interests of the peoples of the region and against the West itself. It will result in pushing the countries most directly involved through these changes (especially Iran, where there are tentative efforts at democratization), toward an aggressive intransigence that they will seek to export.

It is also a utopian policy, because the Central Asian republics are close to Iran, Pakistan, India, and even China, and could be opened up to the Japanese and western markets by other means than exclusively via Turkey, keeping in mind that Russia, too, once its economy is restored, will become attractive. The Turkic countries of Central Asia, if they are not relegated, as is the tendency, to the rank of satellites or

milk cows, can be brother countries to Turkey. But an ambition purely guided by the lure of an easy domination threatens to be ruinous for Turkey itself, for, if the country is not underdeveloped, it is not yet—far from it—a high-technology, industrialized country. The western countries know that, by encouraging this “Grand Turkish” tendency, they take the risk of reinforcing the most totalitarian elements.

Today, there is again talk, in this context, of a “definitive” strategy for controlling the Armenian problem, in order to achieve the goal of the young Turks, in surrounding Iran and making the territorial junction to Azerbaidzhan, and thereby with Turkic Central Asia. The similarity between the situation today and that of 1915 is striking. Armenia territorially breaks up this junction: It must be eliminated, and then accounts will be settled with the Kurds. They are proceeding by stages, cleverly deploying the Azeris against the Armenians.

This is not an Armenian fantasy. The words of Turkey’s President Turgut Özal, that “we have to put a little fear into the Armenians,” needs no comment. The proposal of the former Prime Minister Bülent Ecevit and the current President, to cede a corridor to Karabakh to the Armenians in exchange for the south of Armenia which would be rejoined with Azerbaidzhan, is another element of this strategy, which has the appearance of pacifist realism. Thus, one would be able to cut Armenia from its short border with Iran and totally make it an enclave, in order to finish it at an opportune moment. The goal of this “proposal” is clearly enunciated: to have the gas and oil pipelines from Central Asia into Turkey avoid going through Iran and Armenia. Armenia, small and weak, thereby becomes hemmed in on all sides, without being able to take part, little as that may be, in the region’s economic life.

The problem of Karabakh is seen as a windfall, we have said, for some people in Turkey. But it is also a danger, because of the fierce and fiery determination of those Armenians of Karabakh to whom we owe the overthrow of the Soviet empire. Mehmet Ali Birant, a well-known Turkish journalist, recently revealed the opinion of a western diplomat, that the stake in Karabakh aroused the Turks and as much as the Azeris themselves.

Disinformation about Karabakh

Up to now, the Turkish and Azeri leadership have run up against a sizable obstacle: Public opinion was more favorable toward the Armenians, less out of respect for their right to self-determination than because of the regular massacres of Armenians by Azeris, with the complicity and, often, instigation and participation of Moscow. In order to change this perception, the Turkish secret services and the Azeri leadership have played up the pseudo-massacre of Khodjalou, attributed to Armenians, with tortures and mutilations. Every-

thing points to this incident as being staged (see box p. 43).

The diaspora Armenians did not react, thinking that a madman had done it. And the success of the Turkish plot surpassed what its authors expected—hardly surprising, is it? The West, embarrassed, wanted a favorable solution for Turkey. These “massacres” fell into their laps, especially at a time when the Armenians of Karabakh were racking up victory after victory. This could have weakened their position of strength, stopped their advance, and opened up arguments opposing their declaration of independence. It's under these

Armenians are determined to win

The assassination of the president of the Parliament of Nagorno-Karabakh and more or less intense sporadic fighting throughout the territory of the Armenian enclave are continuing signs of the great fragility of the cease-fire negotiated a few weeks ago through the mediation of the Iranian government. As of this writing, there are reports of renewed tension, with seven killed north of Choumian, whereas battles are raging around Shousha, which could be one terminus for a corridor between Armenia and Karabakh. Meantime, none of the fundamental problems have been resolved. The threat of genocide continues to weigh heavily on the people of Nagorno-Karabakh. It is in this context that we publish this special supplement on Armenia.

On the ground, the situation is more than precarious. The economic blockade imposed by Azerbaidzhan on Armenia and Karabakh is deeply felt by the population. Entirely dependent on Azerbaidzhan for all energy supplies, the population of Nagorno-Karabakh has lived for over a month without gasoline or electricity. Only natural gas is available, because, constrained to supply the Azeri province of Nakhichevan situated inside Armenia, the Azeri lines must cross Nagorno-Karabakh.

The war has forced half the population of Nagorno-Karabakh to live in caves. The people are crowded together underground, reported a source who recently returned from Karabakh. There physicians treat the ill, the wounded die, and others simply try to scrape by day and night. They try to survive, by the weak glimmer of a gas lamp.

While everyone is arrayed against them, the inhabitants of Nagorno-Karabakh show a determination and a will of iron. Like General Aoun in Lebanon, like the Lithuanians, like the forces of Croatia, it is now the turn

of tiny Armenia and the Armenians of Nagorno-Karabakh to defy the dictates of the new world order which everywhere applies the law of the strongest. For—it is an open secret—when Turkey's President Özal threatened Armenia with military intervention should it attempt to break the Azeri blockade of Nagorno-Karabakh, it was with the approval of Washington. Everywhere it is said that if Turkey hopes to extend its sphere of influence toward the Caucasus—going so far as to relieve itself of the problem of Nagorno-Karabakh with the help of the Azeris—and the republics of Central Asia, it will be with the support of the United States, as a way of thanking Turkey for its good offices during the Gulf war.

The Armenians no longer expect western aid, but the residents of this tiny Armenian enclave are determined to persevere. But the fact that there is no dearth of courage cannot be an excuse for not rendering aid. The 150,000 Armenians of Nagorno-Karabakh are being massacred by a crushing majority of Azeris. Yet France, which has perhaps the largest Armenian diaspora community of any country except the United States, has only given crumbs. Whereas the United States sent Secretary of State James Baker for an official visit, and Margaret Thatcher went there herself while prime minister, France—Armenia's old friend—only sent Secretary of State for Humanitarian Affairs Bernard Kouchner. For a handful of medicines—two truckloads total, one of which remained with the Azeris—the official media set about trumpeting as if France, all alone, had saved the Armenian people from a second massacre!

France and the European Community have every means to persuade Turkey to withdraw its support from Azerbaidzhan and make the Azeris lift the economic blockade. Always trying to become integrated into the EC, Turkey is quite vulnerable to European pressure. That pressure must be brought to bear and, moreover, economic aid must be delivered to Armenia and Nagorno-Karabakh, within the framework of a new Marshall Plan for reconstructing the new democracies in the East.

—Christine Bierre

Transcaucasus crisis spot



circumstances that one can detail the mechanics of the complicity or incompetence of the political and media world. Not one western journalist, especially television, gave one word during this whole period to the Armenians of Karabakh, accused of such ignominy. Not one took the time to verify the authenticity of the images provided under shocking conditions, in such a hasty and orchestrated fashion, by one of the belligerents. As for the world of politics, how could they give the role of guardian of the peace to a Turkey which seeks to "put fear into the Armenians" and organizes military maneuvers on the border with Armenia (which has no army)? How can we explain it, except by what western countries perceive as their interest? Is it surprising that the laurel for disinformation goes to Antenne 2, the French government network?

When a member state of the U.N. threatens another state, also a member of the U.N., concentrates troops on its border, whereas the latter is incomparably weaker and presents no danger whatever to the security of the first, this is called terrorism and a camouflaged declaration of war. In this context, one can only be surprised by the proposal of the French

government to give Turkey responsibility for the peace mission for Karabakh. Is France making a higher bid to counter the American hold over Turkey, or is it to defend its economic-political interests?

The Turkish leaders are prepared to run the risk of reinforcing integrist Islamic tendencies (such as the integrist party "Refah" which organizes meetings where they burn Armenian, French and Israeli flags, and shout their anti-Armenian hatred). Without being overly compromised, they think, they could weaken Armenia. They also count on using the Azeris against the Armenians. If the Azeris exterminate the Armenians, no one will hold Turkey responsible. This has to do with an imperial and imperialist outlook that can affect both those non-Turkic peoples and the Turkic ones.

The immediate plan for Turkey, judging from the Turkish press, is to demand a cease-fire in Karabakh, for which they are all the more willing since the Azeris are utterly defeated. Once seen as a partisan of peace, it is counting on a proposal to send in the blue helmets and an arms embargo on the region. But this embargo, even though it seems to correspond to a logic of peace, can only be applied against Karabakh, a

tiny enclave cut off from outside, and in no way against Azerbaidzhan, which Turkey can re-arm as soon as the opportunity arises whereby it is in a position to attack Karabakh and Armenia.

Peace and the right to self-determination

That is why, against the well-advertised desire by international powers to isolate the republic of Karabakh from negotiations, and to accord its representatives the status of representative of the Armenian community, we must line up entirely behind the government of the republic of Karabakh.

Peace can only exist if the right of peoples to self-determination is respected. The lack of interest among the Azeri people in this war, despite all sorts of manipulations, shows

that they will easily accept the self-determination and independence of Karabakh. The fanatical Azeri leadership alone retains its interest in this conflict and clearly states its aim, which is the final solution: "We will give the Armenians the lesson they deserve," said Hassanov; and "we will not stop until we have kicked all the Armenians out of Karabakh," said the Azeri military chiefs, according to the March 10 issue of *Turkiye*.

The western powers must exert pressure on Turkey not to embark on an adventure that risks costing it greatly. Being firm with the Turkish government, they must support more lucid currents within Turkey. For, in the final analysis, that is who will lose: When a man has no means to fulfill his cravings, he loses what little he does have.

Staged massacre at Khodjalou

In its May 1 issue, the French newspaper Nouvelle Solidarité questioned the credibility of media claims that Armenians had committed a massacre against Azeris in Khodjalou, which have been used especially in France to justify the government's failure to defend Armenia:

- Khodjalou was the object of bitter battles for several weeks, and there were practically no civilians left (just read the press during this period), in any case infinitely less than the 1,400 civilians "savagely" massacred, according to Azeri accounts.

- When an army occupies a strategic position captured with difficulty, it above all tries to consolidate its control and does not go off in hot pursuit of women and children over kilometers in a mountainous, wooded region, where, behind every tree or rock, an enemy soldier might be hiding.

- The Armenians were in the process of also of winning the battle of Shousha, the last Azeri stronghold and a grave threat to the Armenians' safety. Perched on a mountain top, the town allowed the Karabakh capital of Stepanakert and its outskirts to be pounded into ruins by bombardments. With the sympathy of world public opinion, the Armenians had no interest whatever in tarnishing their image with such atrocities, never mind the fact that never in history have the Armenians acted that way.

Had Armenians committed such ignominious crimes, they would have had to hide the bodies, but not after the hysterical din that the world media outlets have conduct-

ed. However, four days later, these bodies were still there, in the mountains. The Azeris—who literally took an AFP reporter for an outing for only a few minutes—were the only ones who knew their location.

To these few reflections appealing to good sense, we add other indices to strengthen the thesis of a Turkish conspiracy: The pictures that horrified the world (in fact, it was the commentaries that accompanied the pictures, where only a few bloody bodies were seen) were instantaneously transmitted throughout the world beneath the Azeri agency's trademark. How were they able to get on the scene so fast, when the bodies were supposed to be found in a region controlled by the Armenian enemy?

Elsewhere there was a very important line, unnoticed in a March 6 article by the Turkish daily *Milliyet*, saying that information on the "massacres" had been transmitted for the first time direct from the Azeri town of Agdame by the Turkish reporter Elif Kaban, a Reuters correspondent who also covered the conflict for *Le Monde*. Another reporter, for the BBC, named Gotz, who is married to a Turkish woman, also played a ranking role, occasionally causing suspicion among foreign journalists.

Then Turkey threw its weight behind harassing the newspaper editors, activating all their networks among politicians, financiers, and friendly reporters to make the impact of this montage as great as possible. *Milliyet* published the text of a letter sent to the western heads of state at the U.N. in its European editions.

The aim is to destroy the struggle to survive and the freedom of the Armenians of Karabakh. The trip of French President François Mitterrand to Turkey shows how, last year, France was the first country to make investments in Turkey. This makes it all the more clear why the French government has been complicit mystifying the events at Khodjalou.

Terrorist control of Canto Grande ends

Peru's human rights lobby at home and abroad is crying foul, as President Fujimori gets tough with Shining Path.

The human rights lobby in Peru is squealing like a stuck pig, in the aftermath of the May 10 police assault on Shining Path's fortified bunker at the Canto Grande prison in Lima. The government's recapture of the prison, after a bloody four-day siege in which both sides suffered casualties, is being presented by human rights lobbyists as one more abuse by a dictatorial regime, even as Shining Path commandos on the outside launch a new terror spree in retaliation.

Some 500-600 imprisoned narco-terrorists had spent the last five years turning several entire cellblocks in the supposedly maximum-security prison into a training and indoctrination center for their murderous insurgency. No one, not prison authorities, guards, or visitors, entered or left their section of the prison without Shining Path's express permission. Food, literature, and weapons were supplied from the outside. With cell windows cemented over, doors welded shut, a complex web of tunnels connecting male and female quarters, and housing a vast arsenal of automatic weapons, bombs, grenades, vats of acid, Canto Grande was a symbol of terrorist impunity synonymous with government impotence and corruption.

President Alberto Fujimori has changed the rules of the game. The police assault on Canto Grande is but the latest in a series of emergency measures he has decreed in an effort to dismantle the entrenched narco-terrorist apparatus that has penetrated state institutions, ranging from the prisons all the way up to the Congress

and Supreme Court, which he dissolved on April 5. He has imposed life sentences for the terrorist leaders, and severe penalties for both corrupting the judiciary and using the media for subversive purposes. By simultaneously ordering a renewed military offensive against the drug trade in the Upper Huallaga Valley, and plugging the leaks in the court and prison system, President Fujimori is inflicting serious damage against the narco-terrorist enemy.

The political support networks of Shining Path, many of them lawyers, journalists, and former congressmen, are still in place, however, and largely constitute the so-called human rights lobby now crying foul. Backed by the lies of the international media, which claims that the Peruvian people are "ambivalent" toward Fujimori's anti-terrorist campaign, the liberal Peruvian press insists that the assault on Canto Grande will lead to the further "discrediting" of his "de facto government."

Prominent coverage by the international news services is already being given to Shining Path spokesmen like the head of the narco-terrorists' legal team Jorge Cartagena or Shining Path representative in London Adolfo Oleachea, who claim that the police siege of Canto Grande was deliberate "genocide." Failing to mention the vats of acid poured over the first group of police officers who sought to peacefully transfer a group of female prisoners to another prison, Oleachea insists that the four-day siege was a government strategy of "selective assassina-

tion" against Shining Path leaders.

A mission from the Organization of American States Human Rights Commission, headed by Venezuelan Congressman Marco Tulio Brunicelli, rushed to Lima to "inspect" the prison, interview the surrendered terrorists, and render a verdict. Brunicelli is notorious for having led former such missions to Peru, where his concern over human rights violations in the country never extended past the complaints of the drug traffickers and terrorists he visited in prison.

Fujimori has not yielded to international pressures to restore power to the narco-apologists he ousted from government, nor has he yielded to the human rights lobby. In a hard-hitting speech to Peru's Police School on May 8, he insisted that terrorist insubordination in the prisons was "the product of weak and pusillanimous governments who, with the complicity of a few irresponsible former congressmen, granted benefits to those accused of terrorism," benefits which were in turn exploited for the purchase of arms and explosives and to establish an "absurd extraterritoriality."

In a pointed commentary on the hypocrisy of the advanced sector nations, whose governments have backed the human rights lobby's assaults on the Peruvian government and Armed Forces, Fujimori said that his first priority was to guarantee "human rights for society [which] lives under permanent threat from the homicidal actions of terrorism. Or is it that human rights should only exist for terrorist criminals?" Fujimori asked why there was so little understanding from "certain individuals and institutions abroad who, inexplicably, want us to deal with the horrendous crime of terrorism differently than they are judged in the developed countries?"

Big German crisis brewing for autumn

The scandals and rumors about the coming fall of Chancellor Kohl may be symptoms of western intelligence agency blackmail.

When Helmut Kohl returned from March 21-22 talks in the United States with President Bush, he tried to brush off all criticism of his economic policy performance at home and declared that he was "more than confident that the approach of the current German government to the problems in east Germany is the right one."

"Mark my words," the chancellor said, in what reminded many of Bush's "read my lips" statement, "we'll all celebrate the existence of the first blossoming economic regions in the east of Germany on my birthday April 3, 1994," his 64th birthday. Kohl's statements came as international and domestic criticism of his policy was building up. The April 5 elections in two of the 16 German states were still ahead. The elections were seen as a "litmus test" of the strength the government and the opposition had. Apparently, Kohl was overconfident as usual that all would go well for him and his Christian Democrats.

Today in Bonn, newspaper commentaries are dealing with the debacle of Kohl's CDU party in the April 5 elections; the government has entered a huge shakeup after three cabinet ministers resigned; and major sections of the 24 million in the work force of the 11 west German states have begun a protracted wave of strikes against the effects of new government austerity measures. Three million employees of the public sector, the postal services, and the railways, have just concluded two weeks of strike actions. Four million metal workers, 1.5 million construction workers, 2.7 million em-

ployees in commerce, retail and department stores, may walk out by early June along with 275,000 printing workers and 600,000 chemical workers. The just-concluded public sector strike were the biggest in Germany's postwar history; the potential new strike wave is going far beyond anything that caused trouble for previous governments and had even contributed to their overthrow in 1969 and 1974. It is unsure that Kohl can outlast this wave of protest.

The change of mood may best be described with the legion of press commentaries predicting Kohl's early fall. The *Frankfurter Allgemeine Zeitung* was the first among the big dailies to openly voice doubts April 29 that the chancellor "would last for much longer," two days after Foreign Minister Hans-Dietrich Genscher made public his decision to resign.

The circumstances under which Genscher decided to step down after 18 years as foreign minister, remained in the dark: He resigned on the eve of a slew of international meetings in the May-July period that are to shape the foreign policies of the western nations at the NATO and European Community levels, at the U.N., the Conference on Security and Cooperation in Europe, and in the midst of an expanding Balkans war. There were only vague hints, that Genscher had been forced out of office preemptively, in anticipation of scandals which would discredit his foreign policy and thereby the government and Chancellor Kohl, his bigger coalition partner for the past 10 years. The hints said that there was

something big implicating Genscher in files of the former East German foreign intelligence, the Stasi. It may have to do with espionage, with that ominous KGB-Stasi source operating under the cover name "Topaz" at NATO for the past 10 or more years.

It may also involve the most recently unraveling scandals around secret CIA arms deals with East Germany in the early and mid-1980s—the era of the Secord-North "Iran-Contra" operation. Genscher, many will recall, played a crucial role in the release of the U.S. hostages from Teheran, and his main Iranian discussion partner, Sadegh Tabatabai, was also involved in top-secret Iranian talks with the arms salesman of Ollie North.

The transfer of arms was handled through East German ports like Rostock. The secrecy under which this operation was carried out was built through using many special channels from the West to the East, ironically, protected by the partition of the world into "East" and "West." These and other delicate things were in the Stasi's files, many of which, reliable sources say, were sold by ex-agents of the agency to western intelligence agencies eager to add new material on politicians in Bonn to their own older files.

The way aspects of these deals of the 1980s have become a subject of public debates in Germany, indicates that the "blackmail game" is on against the Bonn government. *Stern* magazine and *Der Spiegel*, scandal-mongering weeklies with close ties to western intelligence agencies, have taken the lead in this round of revelations about Germany's role in the Iran-Contra affair. This media network has been campaigning against Chancellor Kohl throughout the 1980s. Given the nationwide loss of confidence in Kohl, they may succeed in forcing him out of office in the next weeks. He may celebrate his 64th birthday alone.

International Intelligence

Ukraine's Filaret may be tried by Church

Metropolitan Filaret of the Ukrainian Orthodox Church may be tried by an Archbishops Assembly of the Russian Orthodox Church, according to news reports May 8. The announcement came after an enlarged meeting of the Holy Synod of the Russian Orthodox Church was held at St. Daniel Monastery in Moscow, chaired by Patriarch Aleksii.

Filaret is considered in violation of canonical law for his refusal to resign, as requested at the Holy Synod meeting held in April. Filaret charged on his return to Kiev from that meeting, that "the blow in the struggle against the granting of independence to the Ukrainian Orthodox Church had been aimed at him."

The second Synod told Filaret to call an assembly of Ukrainian Orthodox Bishops before May 15 and hand in his resignation. If he fails to comply, he will be tried by the Archbishops' assembly of the Russian Orthodox Church, said Patriarch Aleksii.

KGB role in Russian Orthodox Church exposed

The Russian weekly news magazine *Ogonyok* is releasing a report on the top-down control of the Russian Orthodox Church by the KGB, according to the *Philadelphia Inquirer* of May 3. *EIR* has long maintained that the ROC played such a role, as one of the pillars of the former Soviet state.

Ogonyok's information is said to be based on newly released KGB archives, according to which even the church official in charge of canonizing new saints was a KGB agent, codenamed "Adamant." A dissident priest, Rev. Georgi Edelstein, said, "I . . . know that the Moscow patriarchy was set up by the KGB and that this structure is our enemy. Each of these bishops went so far in the system because he was one of the worst, because he could betray you and me and his fellow bishops any day." Another dissident, religious writer and former political prison-

er Zoya Krakhmanikova, said the ROC "has a multimillion flock of slaves, and its leaders are KGB agents."

Ogonyok will name Patriarch Aleksii II as a key KGB agent, codenamed "Drozdov."

The *Ogonyok* story will include the fact that, according to the *Inquirer*, "three of the top churchmen-agents visited the pope in Rome in 1989 to discuss 'further relations between the Vatican and the Russian Orthodox Church. . . . Poor Pope! He thought he was talking to fathers of the Orthodox Church, his brothers in Christ, and he just couldn't imagine he was receiving KGB agents in his residence.' "

According to one Ukrainian source, the pope had been hoping for a breakthrough in ROC-Vatican relations, but may have become aware of the KGB element in the ROC.

Brazilian bishops join anti-Columbus campaign

The bishop of the Brazilian region of Parana has recommended that the industrialized nations forgive the debts of the developing nations, as a way of doing penance for all of the "errors" committed by the Church and others during the period of the colonization of America.

According to the May 5 daily *O Globo*, the bishop of Crateus, Brazil, D. Antonio Fragoso, attacked activities which praise Christopher Columbus and commemorate the 500th anniversary of the discovery of America. For him, the discovery was "a disrespectful invasion which caused the genocide of almost all of the 70 million Indians who lived at that time." Fragoso demands that the Church publicly ask forgiveness and make efforts to "restore" the Indian cultures that were destroyed.

O Globo says that at the October 1992 meeting of Ibero-American bishops in Santo Domingo, Brazilian bishops could endorse the Parana document on foreign indebtedness. The Brazilian Bishops Conference, which is heavily influenced by the "theology of liberation," has practically approved the holding of a ceremony of penitence by the

Church. Over 200 bishops agree that "the Catholic Church must admit it was an accomplice in the destruction of Latin America, in an alliance of the colonialist project with the evangelizing one."

Indian journalist blasts Amnesty International

The London correspondent of the Indian daily *Hindustan Times*, P. Sharma, published an attack on Amnesty International as the propaganda machine for the U.S. new world order, in an article on April 26. The author debunks the numerous Amnesty attacks on India, which he says are timed to coincide with elections in Britain, where Amnesty is based, to influence candidates against India.

Why does Amnesty refuse to comment on the disproportionate number of blacks and Hispanics on death row in the United States? On its biased reports attacking supposed Iraqi "atrocities" against Kuwait, later proven to be hoaxes? Why did Amnesty fail to attack the genocidalist Pol Pot in Cambodia? "There appears to be a farce of America demanding its pound of flesh of Libya and the same U.S. underwriting a peace in Cambodia which would give Pol Pot a significant slice of political power," Sharma writes.

The human rights issue has become a "political football" internationally, and those who stand in the way of the new world order can "expect hostile Amnesty reports as part of a propaganda war to soften them up," the author charges.

Albania appeals to U.N. for help in crisis

The London *Guardian* reported on May 6 that law and order inside Albania has so deteriorated, that the new Albanian government has turned to the United Nations for help, and the U.N. has agreed to set up "laboratories" to reorganize the police force and to curb the growing traffic in drugs.

At the same time, Albanian Defense

Minister Safet Zhulali has asked the United States to support Albania's bid for membership in NATO, citing new Serbian "provocations" on the Serbian-Albanian border and "plans and aims" by the Serbians in Kosovo.

According to the *Guardian*, the Albanian economy is in "dire straits." Workers at the country's biggest coal mine are on strike for a 300% pay rise, but they have been told that the mine is uneconomical and that funds are not available for this purpose. Essential raw materials and equipment are not being delivered from other factories, because they are already bankrupt. Agriculture in the country is described by officials as "in a state of complete paralysis," while land occupation is rampant. Farm buildings, machinery and irrigation systems have been destroyed, and where land redistribution has been agreed, the peasants are without pesticides or seed. Yet speculators are said to be making huge sums of money out of fertilizers supplied by the U.S. as aid.

Harvard University's Jeffrey Sachs and his "shock therapy" crew are advising the new Albanian government, and Sachs's cronies in Europe have cited the "Albania model" favorably, as a "success story" that should be adopted in Russia as well.

Lebanese government falls following riots

Lebanese Prime Minister Omar Karami resigned on May 7, following rioting throughout the country in reaction to the disastrous economic situation. The immediate trigger was when the Lebanese pound hit a rate of over 2,000 to the U.S. dollar. But sources say that the unrest is also a manifestation of resistance to the Syrian occupation of the country. Protests and strikes have been taking place for several weeks in the main city of the country.

Lebanese sources report that the economy has collapsed not only because of the destruction caused by a decade and a half of civil war, but also because of a de facto cutoff of all international financial aid to the government. These sources report that,

despite the fact that the United States was instrumental in putting the pro-Syrian Karami government into power, the U.S. sees it as too Syrian-dominated, and has been demanding a change before any release of aid from the International Monetary Fund, World Bank, or the International Fund for Lebanon, which is comprised of the U.S., European Community, Japan, and Saudi Arabia.

Rumors in Lebanon have it that the runaway inflation was triggered by the buying of dollars in Lebanon by Saudi Arabian sources, so as to force a change in government. Saudi Arabia's man in Lebanon is Rafiq Hariri, a Lebanese millionaire with close ties to the Saudi royal family, whose name has come up as possible choice for prime minister. Sources report that if he were chosen, it would represent a dramatic shift away from Syria, which maintains 35,000 troops in the country.

Remains of royalty discovered in Russia

The remains of the entire family of Czar Nicholas II of Russia have been found in a forest near Ekaterinburg, the *Sunday Times* of London reported in its lead article on May 10. U.S. Secretary of State James Baker has offered Russian experts all the help necessary to carry out DNA and other tests to confirm the identities of the 11 skeletons found in a pit in the forest outside Ekaterinburg, where the family and servants were shot in 1918.

Already relatives of the Russian royal family are calling for burying the remains with those of the other czars in St. Petersburg, following the funeral there of the Romanov pretender Grand Duke Vladimir on April 28, in the context of the push for the restoration of monarchies, in the Balkans especially. Such a funeral, the *Sunday Times* reports, "could become a world event, with relatives of the Romanovs, including the British royal family, being represented."

At the same time, the Russian Orthodox Church has been slowly moving toward canonizing Czar Nicholas II.

Briefly

● **IRAQ** has published an official report stating that the U.N. sanctions have so far killed 119,352 people, including 39,114 children under the age of five. "The children died from diarrhea, respiratory diseases, stomach infections, and infectious diseases," said the report, which appeared in the newspaper *Al-Iraq*.

● **RUSSIA'S** chief of foreign intelligence, Yevgeny Primakov, was in Stockholm April 30 to meet with Swedish Prime Minister Carl Bildt and leaders of the police and secret service. Primakov said the meetings were to stem "the spread of weapons of mass destruction, organized crime and narco-business." He called for swapping information "as regards prevention of terrorism."

● **THE INTER-ACTION** Council of former world leaders is holding its next annual meeting in Mexico from May 28 to May 31, on the themes be "In Search of the Global Order," and "Crises and Prospects of Latin America." Among those attending will be Colombia's Misael Pastrana Borrero, Brazil's José Sarney, Argentina's Raúl Alfonsín, Mexico's Miguel de la Madrid, and Peru's Manuel Ulloa.

● **MOSCOW MAYOR** Gavril Popov called for a "strong regime" to deal with Russia's economic and political crisis, in an article in the French daily *Libération* on May 12. Russia will have to rely on elements within the old communist apparat, he said, to effect the transformations that are needed.

● **BRITAIN'S MI-5** domestic intelligence will run counteroperations against the Irish Republican Army (IRA) in Britain instead of the Special Branch of the Metropolitan Police, Home Secretary Kenney Clarke announced on May 8. Stella Rimington, MI-5's head, made an unprecedented statement welcoming the change.

Pro-ADL lawyer organizes against Judaism

by Stanley Ezrol

Chutzpah

by Alan M. Dershowitz
Little, Brown and Company, Boston, 1991,
378 pages, hardbound, \$22.95

Over the last 25 years, Edgar Bronfman's World Jewish Congress and the B'nai B'rith's Anti-Defamation League (ADL) have been on a rampage to eliminate all positive elements of Jewish cultural and religious traditions. For the most part, this campaign has not directly attacked Jewish theology, but has consisted of appeals to defend Jews and the Jewish state against anti-Semitism, terrorism, and former Nazis, or to revive the ethnic, rather than religious traditions of Judaism. In his 1991 book *Chutzpah*, the Anti-Defamation League's favorite "civil rights" lawyer, Alan Dershowitz, opens a frontal assault against the Jewish religion and the Jewish idea of a universal creator God, which he declares to be enemies of the Jewish race.

The book is a somewhat confused and confusing tirade, but does provide valuable insight into the mentality of guilt-ridden American Jews, which the Anti-Defamation League has manipulated in order to turn organized American Jewry into a diabolical weapon against its own best heritage. Dershowitz describes his personal rebellion against his family tradition of resistance against Russian and German anti-Semitism, to develop into a totally self-absorbed, borderline delinquent adolescent during the period following the 1940s Holocaust in which millions of Jews were murdered amongst the general slaughter known as World War II. Growing up in relatively benign Jewish neighborhoods of Brooklyn, which I

know from life-long first-hand experience to be paradises by comparison with today's urban black and hispanic ghettos, Dershowitz describes his own compassion for the victims of the Holocaust as follows:

"When one particular teacher, who had survived aerial bombardment, turned to write on the blackboard, we would let go with a low whistle that built to an explosive crescendo simulating a dropping bomb. . . . When a teacher hit us—a common form of discipline—we would threaten to report him to the Black Hundreds, the cossacks, or the SS."

This torturer of Hitler's victims, this Jew-baiting swine, Dershowitz, has the *chutzpah* (gall, effrontery, nerve, are good English equivalents), to claim for himself and his fellow swine, reparations on behalf of victims of the Holocaust.

"The world owes Jews, and the Jewish state, which was built on the ashes of Auschwitz, a special understanding. . . . If Israel resolves security doubts in favor of its own people—even if it is wrong in a particular instance—the world should 'indulge' the survivors of the Holocaust. . . . The world has never given—and does not today offer—any special indulgence to the Jewish people or the Jewish state.

"Just as the vast majority of German people expected to reap material benefits from Hitler's aggression, so too they should have reaped the bitter fruit of defeat. They should have suffered—as a *people*. . . . That is why the rebuilding of postwar Germany into one of the world's most affluent nations is a moral disgrace. A minimal appropriate response . . . should have been a generation of poverty, for most Germans. . . ."

It is all too common that people who feel guilty about an act or an omission, will, rather than improve their ways, which is a permanent and effective cure for guilt feelings, become enraged at someone else whom they will blame for

their own failings. Often that someone else is the victim of their error. Thus Dershowitz, who suffered not even the splitting of the end of a hair on his head in the Holocaust, and who as a child personally tormented victims of the Holocaust, claims the right to impose poverty on a generation of Germans who were childhood victims of that same Holocaust. Thus American Jews and others who have given up on the fight for civil rights and the eradication of poverty, are whipped into a frenzy against blacks, Hispanics, Germans, Japanese, Koreans, their children, or their parents.

A rage of lies

Dershowitz's argument is a torrent of lies, and inconsistencies. He argues, on page 139, that every non-Jewish Pole should be held responsible for the death camps constructed by their Nazi occupiers because no one there could have been unaware of what was going on, but then on page 297 says, "It was central to the . . . Nazi genocidal plan that the victims be deceived into believing that they were being transported to work camps. Had the truth been communicated to them . . . many could have been saved." He rails against anti-Semites for pulling phrases out of context from the Jewish Scriptures to make their case against Judaism, but he himself plucks a few phrases from the Gospels to "prove" that "Christian theology" is anti-Semitic.

Although he was writing after United States Armed Forces had slaughtered well over 100,000 Iraqi civilians, whose government was accused of the "crime" of invading and liberating the despotic slave state of Kuwait, and after the fire-bombing of the black slums of Panama City, Dershowitz asks, "Why is Israel singled out for super-scrutiny and double-standard criticism, expected to maintain a level of moral behavior not demanded of anyone else? Is it because Israel is the Jewish national state and the Jew among nations?" Dershowitz never systematically explains what he means by this double standard. In fact, Israel is the only state which has attacked United States vessels on the high seas, infiltrated its spies to steal military secrets from us, and yet continues to receive over \$3 billion a year in aid from the United States Treasury.

One of Dershowitz's clients is Jonathan Jay Pollard, an American serving a life sentence for spying for Israel. Typically, Dershowitz says of the Pollard case, "At the time, the average prison sentence imposed on a defendant convicted of spying for a U.S. ally, like Israel, was less than five years. . . . All countries spy on friends and foes alike. . . . The big news in the Pollard case is that the Israelis got caught." This is a lie. First, Israel is not an "ally" of the United States. It has always reserved the right to cooperate in military and intelligence matters with enemies of the United States such as the Soviet Union. Second, Pollard was *not* caught on foreign territory spying on behalf of his own nation. He is an American citizen who was spying *against* his own nation on behalf of a foreign power which very publicly and openly

flaunts its right to broker the fruits of his espionage on the open market. Dershowitz, elsewhere in his book, describes his own collaboration with the Israelis and their friends in the KGB, as well as the United States State and Justice Departments, in the prosecution of United States citizen John Demjanjuk.

Golem of the new world order

Despite the ludicrous inconsistencies of his arguments, Dershowitz ought to be taken as a serious representative of the new world order's Jewish policy. He was a personal protégé of super-spook Arthur Goldberg, one of the founders of what is today called Project Democracy. During the Second World War, Goldberg headed the Office of Strategic Services espionage organization's effort to set up the international network of Anglo-American controlled trade unions which are today at the heart of the establishment's covert warfare and dirty tricks operations. The network of communist-turned-anti-Stalinist activists which Goldberg organized evolved into what is today called the "neo-conservative" grouping. Dershowitz has become a favorite news and entertainment media spokesman on Zionist as well as civil rights issues. In addition to being a frequent guest on neo-conservative Ted Koppel's television program, he was the subject of a Hollywood movie, "Reversal of Fortune."

In proposing what Judaism ought to become, Dershowitz ignores all Jewish tradition, and rather embraces the views expressed by satanic freemasonic propagandist Mark Twain in his 1898 article "Concerning the Jews." In that paper, which the Anti-Defamation League reprinted in 1934, Twain recommended that Jews syndicalize in order to exercise political power. Here are some excerpts from Twain's article which Jew-baiter Dershowitz chose not to quote:

"I am quite sure that (bar one) I have no race prejudices, and I think I have no color prejudices nor caste prejudices nor creed prejudices. . . . All that I care to know is that a man is a human being—that is enough for me; he can't be any worse. I have no special regard for Satan; but I can at least claim that I have no prejudice against him. It may even be that I lean a little his way on account of his not having a fair show. All religions issue bibles against him, but we never hear *his* side. . . . A person who has for untold centuries maintained the imposing position of spiritual head of four-fifths of the human race, and political head of the whole of it, must be granted the possession of executive abilities of the loftiest order. . . . I would rather see him and shake him by the tail than any other member of the European Concert. . . ."

Having given his opinion of Satan, Twain gives his opinion of Jews:

"The Jew has his other side. He has some discreditable ways, though he has not a monopoly of them. . . . He has a reputation for various small forms of cheating, and for practicing oppressive usury, and for burning himself out to

get the insurance, and arranging for cunning contracts which leave him an exit but lock the other man in, and for smart evasions. . . . No, the Jew is a money-getter; and in getting his money he is a very serious obstruction to less capable neighbors. . . . He found out . . . that some men worship rain, some worship heroes, some worship power, some worship God . . . but that they all worship money. . . .”

Dershowitz appeals to Jews not only to organize, but to renounce monotheism in favor of pagan cultism, or perhaps, Satanism:

A yeshiva student like Dershowitz should recognize his arguments as those of the Baalists and the worshipers of the Golden Calf against Moses and the Ten Commandments. He is embracing the 3,000-year-old adversary of Jewish thought.

“The Holocaust caused many Jews to question the theological basis of Judaism, while at the same time strengthening their identity as Jews. Whether ‘God died at Auschwitz,’ as some believe, or humankind was ‘desanctified’ there, as others believe, few can doubt that the Holocaust altered the relationship between the Jewish God and his ‘chosen people.’ What, after all, had we been ‘chosen’ for?

“. . . If there can be one God, why can’t there be many? Indeed, in some respects monotheism is a regression and an invitation to conflict. If there is only one true God, then all people must worship him.

“. . . Even monotheistic religions flirt with the idea of more than one supernatural force, whether it be the Devil, or the Son of God, or divine prophets.”

Obviously yeshiva student Dershowitz missed his first Bible class. God is not some “supernatural force,” like the ones in the comic books Dershowitz read, He is *the* Creator of the Universe. Whether he knows it or not, when Dershowitz says there could be many “gods” as well as one “God,” he is not expressing a mere opinion. He is propounding a hypothesis about the manner in which the universe is created, which is that the universe is not the result of a single principle of creation, but results either from no idea, or from a multiplicity of inconsistent ideas. In this type of universe, in which Dershowitz and his friends imagine they live, of course, man has no dignity. He can never take responsibility for his own actions because he can never forecast what the results of his actions will be. That all depends on which “supernatural force” is in control. For a polytheist, “Hey man, step on the brake or you’ll hit that wall.” “That’s your opinion,” is a valid

argument. The only opinion not permitted by Dershowitz and his co-thinkers is the opinion that truth exists and it matters whether you’re right or wrong.

A yeshiva student like Dershowitz should recognize his arguments as those of the Baalists and the worshipers of the Golden Calf against Moses and the Ten Commandments. He is embracing the 3,000-year-old adversary of Jewish thought. Were the people of Abraham chosen to serve God in His continuing project of Creation? Or did some science fiction character choose the people of Abraham for some sort of special privileged position of dominance over other peoples who were chosen by other science fiction characters?

Dershowitz himself describes his youthful rejection of the message of the 37th Psalm: “I was a child and then grew old, but I never saw a righteous person abandoned or his children asking for food.” He continues, “I recall raising questions in class about what these perplexing words could possibly mean. Surely they did not accurately describe reality. . . . Indeed, the Holocaust, and the world’s reaction to it, make it demonstrably clear not only that the observation is factually false, but also that it is morally unacceptable.” To illustrate that this statement is evidence that Dershowitz has lost his soul, I will quote at length from the Jewish Publication Society’s translation of the 37th Psalm, which I urge you to read in this or another translation, in full:

Fret not thyself because of evil-doers,
Neither be thou envious against them that work
unrighteousness.
For they shall soon wither like the grass,
And fade as the green herb. . . .

Commit thy way unto the Lord;
Trust also in Him, and He will bring it to pass.
And He will make thy righteousness to go forth as
the light,
And thy right as the noonday.
Resign thyself unto the Lord and wait patiently for
Him;

Fret not thyself because of him who prospereth in
his way,
Because of the man who bringeth wicked devices
to pass. . . .

Cease from anger, and forsake wrath;
Fret not thyself, it tendeth only to evil-doing. . . .

And yet a little while, and the wicked is no more;
Yea, thou shalt look well at his place, and he is
not.

But the humble shall inherit the land,
And delight themselves in the abundance of peace.

The wicked plotteth against the righteous,

And gnasheth at him with his teeth.
The Lord doth laugh at him;
For He seeth that his day is coming. . . .

Thus, the 37th Psalm, from which the Christian assertion "The meek shall inherit the earth" is drawn, is in that tradition of religious poetry which inspires men to seek joy in doing good and to despise evil. Lyndon LaRouche has rigorously demonstrated in *In Defense of Common Sense* and elsewhere the scientific basis for the psalmist's observation: "And yet a little while, and the wicked is no more." Only the fostering of human creativity, man's service in the image of God the Creator, can sustain society. Only in such service does a man's life have lasting value. Those societies which have accepted Dershowitz's opinion, that any opinion is as good as any other, have become the subjects of archeology. Look in their place and they are not.

French book slanders LaRouche, POE

by Jacques Cheminade

Enquêtes sur la Droite Extrême

by René Monzat

Le Monde Editions "Actualités" Collection, Paris,
1992

340 pages, FF 110

This book, whose title is translated *Investigations of the Far Right*, is exactly what one might qualify as an excellent piece of police work: With the persistence of never rising to the level of ideas, René Monzat accumulates details—collected from beneath mattresses and inside waste baskets—from the files of his "informants" and his "adversaries," opportunely and selectively come upon. Here he is trying to pin up that rare creature which goes by the name "POE," in order to preserve it in formaldehyde with his collection of "far right" insects.

While our defense minister, drawing the lesson of the Gulf war's "successes," imports the Anglo-American "intelligence culture," Monzat gets his information in New York and Washington. His sources, according to his own bibliography, are entirely American.

It is true that Monzat is a bit behind the times: His clock

wound down in 1983, with the exception of his reference to the 1987 autobiography of Lyndon LaRouche.

You should modernize, Mr. Monzat, and buy yourself a personal computer. You should also survey the territory: No one has ever seen you in the offices of the POE, although you were not afraid of meeting, according to your introduction, with Marc Frédriksen, Alain de Benoist, Jean-Gilles Malliarakis, Trystan Mordrelle, and many others. On us, you limited yourself to copying what others have said. Is this reasonable?

The old line, still the Big Lie

Monzat's "thesis"? The European Labor Party is a "destabilizing political structure . . . a pure project of an intelligence operation." The Labor Committees have been "since their founding, a war machine against the left"! The POE was part of the tendency within the "American military-industrial complex," with "American anti-communists who are less intelligent than the CIA analysts," as the author, who seems to hold these latter in some kind of esteem, puts it.

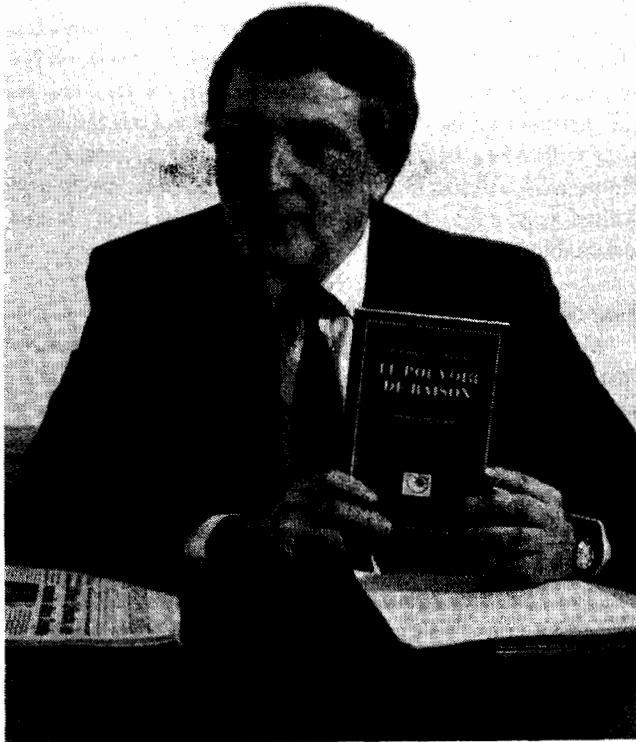
However, Mr. Monzat, we are definitely in 1992. You cannot not know—although not a whisper of it crosses your lips—that Mr. LaRouche has been in an American prison for three years, after having been sentenced to 15 years in prison under conditions that even his enemies agree are unjust and unbelievable. You cannot not know that LaRouche has been subjected to a virtual "slow death sentence," having to remain in prison until his 80th birthday. You cannot not know that, since his imprisonment, he has denounced the Gulf war, the invasion of Panama, and the injustice perpetrated against the countries of the South.

Sure, you will reply that LaRouche is a crook, and got what was coming to him—as has been repeatedly also said by George Bush, Henry Kissinger, and White House spokesman Marlin Fitzwater. But you have to choose: crook or intelligence agent? Perhaps you will say: both at the same time.

Files prove effort to 'get LaRouche'

Okay, get serious. There is a dossier which shows the constant relentlessness of the American intelligence services toward Lyndon LaRouche and his friends, which you have never sought to consult, just as you never sought to meet with their lawyers. This dossier is backed up by thousands of documents from the FBI and CIA, obtained through the Freedom of Information Act. It has been established, beyond a shadow of a doubt, that Mr. LaRouche and his friends are on the black list of Henry Kissinger, Oliver North, and numerous others of their ilk.

Mr. Monzat, you don't inform your readers that on Oct. 6, 1986, one of the largest police raids in U.S. history was launched against organizations close to LaRouche, mobilizing 400 law enforcement officers, with helicopters and Uzi submachine guns. According to the account of the FBI, the thousands of documents seized that day were put into a depot



Jacques Cheminade, former POE secretary general and an associate of American statesman Lyndon LaRouche, holds up the French translation of LaRouche's autobiography *The Power of Reason*.

at the Marine Corps Headquarters in Arlington, Virginia—that is, under guard by a military branch of American intelligence. Over 40,000 official documents concerning LaRouche are presently being kept secret by the American intelligence services, despite insistent demands for their release.

Mr. Monzat, you tried to break a man unjustly imprisoned for life. You have, fully intending to misinform the French public, accused this man of serving American military intelligence, when he was one of the first to expose Irangate, and courageously continues from his prison cell to expose the injustices committed against the world's downtrodden.

I am certain that history will judge you, Mr. Monzat, as being among those petty informants who exploit the human suffering that arises during the darkest hours. A modest place, to be sure, commensurate with your talents.

Jacques Cheminade is the former secretary general of France's European Labor Party (POE), which has run candidate slates in France based on the programmatic ideas of American statesman Lyndon LaRouche. A more complete treatment of the International Caucus of Labor Committees appears in the report on the ICLC conference on p. 30.

Do U.K. 'choice' schools educate?

by Margaret Sexton

A Lesson in School Reform from Great Britain

by John E. Chubb and Terry M. Moe
Brookings Institution, Washington, D.C., 1992
50 pages, paperbound, \$6.95

Brookings Institution senior fellow John E. Chubb and Stanford University Prof. Terry M. Moe have followed up their 1990 book on educational "choice," *Politics, Markets, and America's Schools*, with a short monograph on the effects of Britain's Education Reform Act of 1988, which set up a publicly funded choice education system in the U.K. "Choice" is usually defined as allowing parents to choose what school their child attends, and is not necessarily confined to private schools. "Vouchered" education means that parents would receive either a tax credit toward the tuition they would pay for their children to attend private schools, or a "voucher" they could use to pay that tuition.

Chubb and Moe claim that their critique is appropriate to the debate going on in the U.S., because the politics are similar in both countries. Certainly, *A Lesson in School Reform* raises issues worth debating. But Chubb and Moe don't tell us the whole story. They gloss over the deep differences between the U.S. and Britain, and the fact that "choice" as defined by the Bush administration is deeply rooted in the "free market" ideas of such conservatives as "economist" Milton Friedman (also a proponent of legalized narcotics). Adoption of Friedman's educational philosophy is a guarantee of no quality education.

President Bush has been strongly influenced by former British Prime Minister Margaret Thatcher, in both his foreign and domestic policies. Mrs. Thatcher is credited (if that is the word) with helping along the "deep economic recession" in Britain, just as Bush has here. But Britain is also a "socialist" country, with socialized medicine, etc., and has centralized government control of many facets of people's daily lives, from schools to what's on television. It has a monarchy, with a titled nobility, and a parliamentary system of government—none of which the U.S. has. The British government funds British public schools far more than the U.S.

does, at least since the Reagan-Bush administrations. Still, much of the discussion by Chubb and Moe is relevant to the current debate over whether vouchered education reform would work in the U.S.

Britain's school reform legislation

Chubb and Moe describe what happened with the 1988 British comprehensive reform act. Like the U.S., many high school students are dropping out and schools are failing. (Note that the British retain their system of "public schools," the elite prep schools for the wealthy.)

Under Britain's 1988 reform, state-funded schools have school-based management; choice; and "opting-out," or taking the state's grant money, and setting up a public school outside of local education authority (LEA) control. Under the new system were also set up city technology colleges (CTCs), souped-up technical schools, with some funding from business, designed to train highly skilled industrial workers, which Chubb and Moe say are highly effective and quite popular, but also expensive (because of the equipment such schools need). There are a national curriculum and national testing.

The authors note that "educational reform arises out of politics, and politics is driven by power." In the U.S., Chubb and Moe say, opponents of choice are centered in the National Education Association, because choice "would destroy an educational system that grants the union special power and privilege." School-based management, they say, is acceptable to the NEA only because it leaves the system intact. Choice is acceptable in the form of magnet schools, or open enrollment "within the framework of the traditional top-down system."

Under the British "opting-out" system, which Chubb and Moe favor, a school receives government funding, but is accountable only to its own governing board, to the national government, and to the parents who enroll their children there—something Chubb and Moe say the Labour Party (equivalent to the Democrats in the U.S.) strongly opposes, because it undermines *their* political power.

The reader is able to make comparisons with the United States. For example, choice in Britain, as established by 1980 legislation, sounds a lot like what has happened in Arlington, Virginia in 1992. Arlington, with a diverse ethnic population, has a system to allocate students to whatever schools their parents wish to enroll them in. Chubb and Moe write of Britain: "The local authorities were free to allocate kids pretty much as they wanted. . . . They declared popular schools to be full even when additional space remained. They funneled overflow children to unpopular schools to maintain attendance levels and economic viability. They moved kids around to achieve academic or ethnic (or whatever) balances they regarded as good." Then, under the 1988 act, British local education authorities "were required to admit students to popular schools up to (and sometimes beyond) their stan-

dard numbers. . . . The LEAs are less capable of interfering, and power has clearly shifted to parents."

School-based management, which the authors praise, has had mixed results in the United States. In Chicago, it was initially a disaster, because the school managers were not able to wrestle with the schools' horrendous problems. In Prince William County, Virginia in 1992, school managers came up with many proposals, not all of them workable.

Chubb and Moe say the British parents, empowered—the current buzzword—"want order and discipline, academic achievement, and proximity" to their homes. But they don't always get what they want. Schools are closed and consolidated. The highly effective CTCs are few in number, oversubscribed, and worst of all, cost money! The fact that Chubb and Moe admit that they are the best schools in Britain, and address that country's need for highly skilled workers causes the authors to run in the other direction: "While the CTCs appear to be money well spent, the fact is that new schools can provide kids with good educations at a much lower cost. It takes teachers, books, rented (or donated) space, and not a great deal more." In short, the CTCs are too "top down" for Chubb and Moe.

Free market schools

What for the authors is the best "choice" is probably the worst: to let the "market" determine what the schools will be. "The best way to see that people get the kind of schools they really want is not to tell planners to come up with good ideas from above. It is to set up an institutional framework that allows new schools to emerge of their own accord, to allow them to decide for themselves what services they will offer and how they will be organized and staffed—and then to let parents choose among them. The schools that actually tap into the needs and interests of parents, and that do so effectively and at low cost, will succeed. The others will not, and will leave the scene."

But who will decide what schools should offer? Will it be those who want our children educated to be good citizens, contributing to society through their skills and talents? And what about the deteriorated schools in our inner cities? Will the "market" think they are worth overhauling?

Chubb and Moe describe rampant politicking in Britain's school reform efforts; the same is true here. And in Britain, as in the U.S., we have seen disastrous, politically motivated "free market" economic decisions destroy our industrial base, ruin our infrastructure, and bring us into economic depression.

Those who are considering "choice" as a way of reforming education in the U.S. had better think hard about what we wish to accomplish. Our founding fathers wanted education for an informed citizenry, capable of contributing to society. If that is what we want, then we will have to make our schools reflect that, whether from the top down, or the bottom up.

Dams that brought us closer to 'nature'

by Margaret Sexton

The Colorado River Through Grand Canyon; Natural History and Human Change

by Steven W. Carothers and Bryan T. Brown
University of Arizona Press, Tucson, 1991
236 pages, hardbound, \$45; paperbound, \$17.95

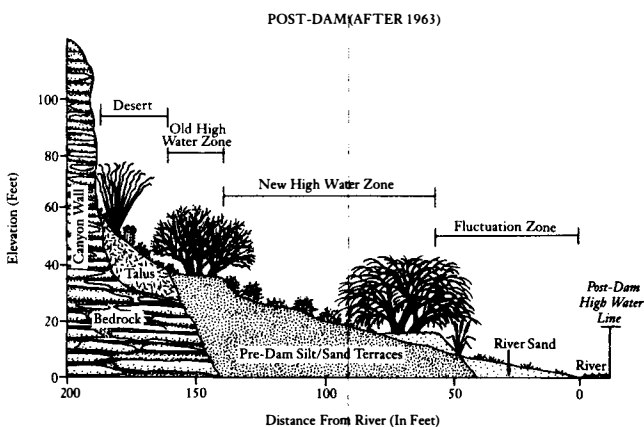
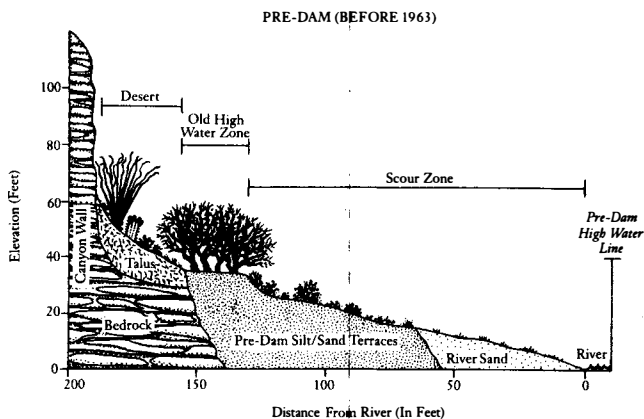
Since the construction of the Glen Canyon Dam in 1963, there have been many environmental changes to the Colorado River ecosystem, say biologists Steven Carothers and Bryan Brown, in this well-researched and beautifully illustrated book. Mr. Carothers has been studying the river since the 1960s, and Mr. Brown since 1976.

Their book, which also draws upon the work of many other scientists studying the effects of the dams on the river's ecosystem, reaches the conclusion that the environmental and other changes have not all been detrimental, and that wise management of the river's resources can ensure that both man and wildlife can benefit from the river as it now exists.

Carothers and Brown have thus written a powerful and cogent rebuttal to the arguments of environmentalists from David Brower (a founder of the Sierra Club) to the crazies of Earth First! for taking out the dams. Carothers and Brown show why the Grand Canyon and Colorado River should not be returned to a pristine, pre-dam state.

What they recommend instead, is regulating river flows to the mutual benefit of wildlife and man. Their ideas seem to be reflected in legislation sponsored by Sen. John McCain (R-Ariz.), and amended by Colorado Sen. Tim Wirth (D) and Wyoming Sen. Malcolm Wallop (R), that would closely regulate water flows, slightly decreasing the amount of electricity generated by Glen Canyon Dam, and increasing the cost of the now incredibly cheap electricity, in order to, as Senator Wirth put it, "protect the downstream resources of Grand Canyon National Park."

According to Brown and Carothers, the chief change to the river from the dams has been because silt that the river formerly carried now ends up in Lakes Powell and Mead. The clear, cold water has meant that "the energy available from the sun would no longer reflect off the surface of the



The Colorado River riparian zone, before and after the building of the Glen Canyon Dam. The authors write: "The riparian zone of the post-dam river is more complex and well developed. The old high-water zone remains unchanged, but the dam allowed the development of a dense new band of vegetation dominated by tamarisk in the new high-water zone where the scour zone had formerly existed."

water, but penetrate deeply. The effect has been to increase the river's biological productivity significantly." Introduced species such as rainbow trout have flourished over native fish, such as squawfish. The end of annual flooding has increased vegetation, and "because of the added vegetation, populations of native insects, lizards, toads, small mammals, and birds also flourished." Controlling dam flows to prevent scouring, the authors say, can help maintain the streamside abundance of life.

Water flow has been a major factor of change in the Colorado River's ecosystem. The authors point out that both dams release water in response to the needs to produce hydroelectric power or for irrigation. In addition, flows are governed by recreational requirements, such as river rafting or boating on the reservoirs. Since Glen Canyon Dam has been operational, there has been only one instance of uncontrolled

flooding, in 1983, when an unusually heavy snowpack melted. The dam's operators could not control the river flow, and the flow produced shock waves that caused cavitation in the spillways. The permanent solution came with installation of air slots in the spillways. The incident points to the fact that scouring and debris flows are problems to be reckoned with. The canyon's rock is erodible, and creates silt. The steep gradient, fault rock, and fast flows help cause turbulence. The river drops 1,900 feet over 260 miles, of which 50% takes place in rapids that make up only 10% of the total distance.

Aquatic ecosystems

The other major change has been in the plants and animals. With silt trapped in Lake Powell, the river below Glen Canyon Dam is clear and cold. Increased algae and microscopic organisms have enhanced the proliferation of introduced fish such as trout. But other native fish, such as the razorback sucker, thought to be extinct, have also been found alive and well. In addition, furbearing animals, such as beaver, muskrat, and river otter, hunted almost to extinction in the 1800s, have made a comeback due to the changed aquatic ecosystem. Bald eagles, whose favorite food is trout, have grown in number from a recorded 4 in 1985 to 18 in 1988. The peregrine falcon has also flourished.

However, as Carothers and Brown note, the future sur-

vival of many species depends on enlightened resource management, with less manipulation of the flora and fauna than used to be the norm. They offer that "although the dam, man, and the changing climate of prehistoric times have greatly modified many features of animal life in the river corridor, other aspects of the distribution of wildlife remain as they have for centuries."

To ensure that man's need for the Glen Canyon Dam can coexist with the natural environment of the Grand Canyon, Carothers and Brown rightly call for "common management goals" to govern the use of the Colorado River's resources. They note that Glen Canyon Dam has "paid for itself several times over," but must continue to produce huge amounts of electricity "because of the repayment schedule it is tied to, which in 1988 amounted to almost a billion dollars' worth of other CRSP [Colorado River Storage Project] responsibilities." Thus, the authors call for a "Colorado River Environmental Conservation Act" to articulate goals and priorities for managing the Colorado River and its dams and reservoirs. "If we assume that the dams and reservoirs are here to stay, their influence should be universally beneficial. We now possess the capability to maintain, restore, and even enhance the river of the future via the enlightened release of water from Glen Canyon Dam. Such a goal," Carothers and Brown state, "is not unreasonable for one of the world's greatest natural treasures."

Books of the American System

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Los Angeles riots usher in 'fascism with a human face'

by Kathleen Klenetsky

A move is afoot among liberal and conservative policymakers to exploit the Los Angeles riots as a pretext for ramming through a package of national policies that proponents themselves have described as "fascism with a human face." The national debate on urban policy that broke out in the wake of the disturbances is moving inexorably toward solutions that smack of a "liberal" fascism, which rely on community "self-policing" and other superficially democratic forms, rather than outright gestapo tactics, to enforce an assault on the already crumbling U.S. standard of living.

The possibility that the United States would move toward a system of "fascism with a democratic face," was first put forward publicly in the United States in the mid-1970s by the Trilateral Commission and related organizations, which bluntly stated that the coming collapse in the U.S. economy would necessitate doing away with those aspects of the American political system that would interfere with imposition of draconian austerity.

That possibility reemerged with a vengeance just days before the Los Angeles riots erupted, when the London *Daily Telegraph* published an article by Oxford University Professor of Modern History Norman Stone. Entitled "Coming Next on the Cards—Fascism With a Human Face," Stone discussed the prospects for a "financial meltdown followed by collapse of public welfare institutions everywhere" that would impel "panicky voters [to] opt for radical solutions. . . . Something like fascism with a human face could well be on the cards." Stone wrote, "There is already a certain school of thought in the U.S.A. for whom Mussolini was 'a developmental dictator'—the sort of figure who, by authoritarian government, 'modernizes' a backward country."

Exactly that kind of "modernization" is now being pro-

posed for America's inner cities. President Bush and other members of his administration, especially Housing and Urban Development Secretary Jack Kemp, have joined with leading Democrats, including presidential candidates Bill Clinton and Jerry Brown, to push an urban "aid" package that employs such feel-good terminology as "local control," "empowerment," and "community-based enterprise," as a screen for establishing virtual slave plantations in blighted urban areas.

The key elements of the urban program currently in the works include so-called free enterprise zones; welfare "reform" modeled on a recently implemented, Bush-backed Wisconsin experiment which takes away benefits from women who have more than one child; community-based policing; and tenant ownership of public housing.

Some Democrats have also proposed a public-works job program. But no one is talking about the real issue: how to regenerate the relatively high-wage, high-tech industrial jobs that have disappeared over the past 20 years due to insane post-industrial policies, rampant speculation, and usury. In the Los Angeles area alone, nearly 80,000 such jobs were lost in the late 1970s and early 1980s.

Concentration camps for the cities

The centerpiece of the package is the enterprise zone idea, which was first introduced into the United States by Stuart Butler, a member of the "Big Brother" British Fabian Society and currently a top policy analyst at the "conservative" Heritage Foundation in Washington, D.C.

Advocates of enterprise zones claim they encourage economic activity by doing away with government red tape and providing tax incentives. But their purpose is to create low-wage areas where existing regulations regarding worker health and

safety and other important protections have been lifted. The proliferation of enterprise zones will have a devastating effect on wage levels and local tax bases throughout the country, because they will tend to encourage businesses to relocate from places where they don't get these same incentives:

Although none of the major enterprise-zone bills now in Congress calls explicitly for wage reductions, that is a major intended goal. Syndicated columnists Rowland Evans and Robert Novak reported in the May 13 *Washington Post* that Bush Labor Secretary Lynn Martin has been pushing a jobs program that would "include inner-city waivers of big labor's cherished Davis-Bacon Act." Insofar as Davis-Bacon mandates that any project which involves federal funds must pay "prevailing wage," i.e., the average union wage in a given area, it has served as one of the most important protectors of wage levels.

Congress will likely pass some enterprise-zone legislation this year, judging by the zeal with which it is being promoted in the wake of the Los Angeles uproar. The sponsors of one of the leading enterprise zone bills, Sens. Robert Kasten (R-Wisc.) and Joseph Lieberman (D-Conn.), held a press conference May 6 to call for immediate passage of their "Enterprise Zone Jobs-Creation Act." They said they would tack on the measure as an amendment to the next available piece of legislation, so that it could be enacted as soon as possible.

The bill, which the administration supports, would designate 50 economically distressed urban and rural regions as federal enterprise zones.

On their trip to Los Angeles following the riots, Bush and Kemp referred repeatedly to the importance of enterprise zones for impoverished urban areas. Speaking to a community group on May 8, Bush stated that his "first order of business" back in Washington would be to build support for his "action agenda," which prominently includes enterprise zones.

The Democrats have been no less enthusiastic. Democrat front-runner Bill Clinton, a member of the Trilateral Commission, to which Bush also belonged before he became vice president in 1981, not only supports enterprise zones and related measures himself, but lavishly praised Bush's comments on the issue in Los Angeles. "I like a lot" of what Bush said, Clinton told Cable News Network on May 8. "The themes the President struck today were the ones I have struck for years. . . . It sounded a lot like what I have been advocating for years, in terms of going beyond the gridlock that has paralyzed the Democrats and Republicans and getting back to grassroots empowerment and free-enterprise strategies in the inner city [and] a welfare system that works."

Balanced-budget amendment: Trilateral fascism

This bipartisan campaign for turning America's inner cities into concentration camps is one component of a much broader drive to impose austerity on the U.S. population.

The campaign for a balanced-budget amendment figures

prominently in this gameplan, as Bush administration Office of Management and Budget Director Richard Darman made plain when he testified in favor of the amendment to the House Budget Committee on May 6. The United States must adopt a balanced-budget amendment, because the democratic system has made it too difficult to cut the population's standard of living, he said.

"Our political system has demonstrated a consistent—a systemic—bias toward short-term political convenience at the expense of longer-term substantive responsibility," Darman testified. "The reality is that our representative democracy is not working satisfactorily. We are borrowing from the future—not in order to invest, but to pay for the consumption of the present. . . . Future interests require the protection of a constitutional amendment."

Darman's testimony mimicked almost word for word the argument employed by Harvard's Samuel Huntington in the study he wrote for the Trilateral Commission in 1975 on "The Crisis of Democracy." Huntington held that, since the United States was entering a period of zero growth, it would be necessary to limit democracy in order to curb citizens' demands for an increasing standard of living. "We have come to recognize that there are potentially desirable limits to economic growth," Huntington wrote. "There are also potentially desirable limits to the indefinite extension of political democracy. . . . A government which lacks authority"—that is, which is too democratic—"and which is committed to substantial domestic programs, will have little ability, short of a cataclysmic crisis, to impose on its people the sacrifices which may be necessary."

Darman's testimony comes as support for a balanced-budget amendment is gathering steam. As in the case of enterprise zones, liberals and conservatives have teamed up to push the measure through.

House Majority Leader Richard Gephardt (D-Mo.) predicted in early May that "in all likelihood," both Houses of Congress would pass the measure this year. The amendment could take effect as early as 1995.

Darman's testimony to Congress should serve as fair warning to well-intentioned Americans who think that a balanced-budget amendment will put an end to the federal deficit, cut taxes, and bring about paradise on Earth. In fact, it will create a holocaust.

The idea behind the balanced-budget amendment is that it would constitutionally mandate massive austerity. As Darman indicated in his testimony, the first area that will take it on the chin if a balanced-budget amendment is adopted, will be the so-called entitlement programs, primarily Medicare and Social Security, since these, together with interest payments on the national debt and defense, take the biggest bite out of the federal budget.

Darman made it clear in his testimony that these programs are a principal target. Entitlement spending has "taken over the federal budget" to a "scandalous degree" and must be brought under rigid control, he said.

Narco-terrorism is coming home to roost

by Jeffrey Steinberg

On May 5, six days after the outbreak of violence in Los Angeles, the Emergency Operations Center of the Los Angeles County Sheriff's Department issued an alert to all area law enforcement agencies. The memo warned that street gangs were stockpiling sophisticated weapons and were planning to attack police: "The first target is parole and probation offices, to destroy their records. Then, white police officers, engaged via drive-bys, phony calls, ambushes, and routine police work." The memo concluded: "Large numbers of semi-automatic and high-powered weaponry and ammunition, including armor-piercing, have been obtained via local looting and out-of-county purchases."

On May 8, the *New York Post* reported that a similar warning had been issued to police up and down the East Coast, after law enforcement authorities in a Washington, D.C. suburb received a threatening call to the effect that a group calling itself the Black Panthers (after the 1960s black militant organization) would begin killing cops in New York, Philadelphia, and Washington. Although no such murders of police have yet been publicly reported, New York Police Department officials confirmed to the *Post* that they were taking the threats "very seriously."

Gangs are stockpiling weapons

Two weeks after the worst outbreak of urban violence since the 1960s, ostensibly triggered by a jury's acquittal of police officers accused of beating black motorist Rodney King, the evidence confirms *EIR's* initial assessment: The Los Angeles violence was neither "spontaneous" nor "popular," but was actually a well-planned act of urban irregular warfare carried out primarily by drug-trafficking gangs with the backup of Maoist radicals with known links to the Peruvian Shining Path, one of the world's most bloodthirsty narco-terrorist groups.

As *EIR* contributing editor Lyndon LaRouche has stated, the social conditions in America's inner cities approach those of the Nazi concentration camps, and have dramatically deteriorated over the 25 years since the urban riots and protests of the 1960s. A key lesson that is being ignored in the Los Angeles events of April-May 1992, is that narco-terrorism has come home to roost.

Indeed, local police officials in Los Angeles have confirmed to *EIR* that the majority of the more than 5,000 fires that broke out in the city in the first 48 hours after the Rodney

King verdict was announced on April 29, were set with sophisticated incendiary devices—not just rags and gasoline. And, although gun shops throughout the South Central area of the city were high-priority targets for looters, gang members concentrated on grabbing sophisticated rifles, high-powered scopes, and specialty ammunition. Similar kinds of weapons, according to federal officials, were already being stockpiled by gangs before the violence erupted. Said one former high-ranking Los Angeles Police Department official: "Los Angeles would have exploded this spring-summer even if Rodney King had never been born!"

Wrong 'experts,' wrong solutions

Tragically, the reaction by the Bush administration, Los Angeles Mayor Tom Bradley, and leading Democrats to the events in South Central Los Angeles has so far been at best to merely repeat the mistakes, that led to the current crisis in the first place.

After two days of touring the Los Angeles battle scene arm-in-arm with Housing and Urban Development Secretary Jack Kemp in early May, President Bush announced a string of self-contradictory initiatives: a get-tough crackdown on urban violence and a reinvigorated program of inner city "enterprise zones" and other free market schemes, which he has dubbed "Weed and Seed" (see article, page 56). Promptly, leaders of the Crips and Bloods, the two major drug gangs behind the Los Angeles violence, proclaimed on a half-dozen nationwide television shows that they planned to administer the Bush urban renewal plan.

Bush's schemes to turn the Los Angeles ghetto into a shining example of the free market were matched by Los Angeles Mayor Bradley's choice of two top fellow Trilateral Commission members to play pivotal roles in the local response to the violence.

First, in a *Los Angeles Times* interview on May 13, Warren Christopher, who headed Bradley's commission of inquiry into the LAPD's handling of the Rodney King affair in 1991, boasted that he had personally called out federal troops on April 30, 1992, in his role as Bradley's liaison to the Bush administration. The Christopher Commission, which included such liberal luminaries as Bill Clinton's campaign manager Mickey Kantor and drug legalization advocate and former New York Police Commissioner Patrick Murphy, accelerated the campaign to dismantle the LAPD as an independent and professional police force.

The same day that Christopher was bragging about his role in the crisis management, Governor Clinton announced that Christopher, a Los Angeles lawyer and former Johnson and Carter administration official, would head up his search committee for a vice presidential running mate.

The same day, Mayor Bradley announced the appointment of Judge William Webster, former head of both the FBI and the CIA, as the head of yet another commission to "study" the LAPD's response to the outbreak of violence.

Outlaws run Virginia sheriff's dept. that worked to frame up candidate

by an EIR Investigative Team

The same Loudoun County Sheriff's Department in Leesburg, Virginia which was at the center of the 400-man paramilitary raid against presidential candidate Lyndon LaRouche's associates in October 1986, is now itself the target of an expanding federal investigation for corruption which has drawn national press attention. Loudoun County Sheriff John Isom, the man at the center of the controversy, is a close political ally of the ambitious Virginia Attorney General, Mary Sue Terry, for whom he gave the nominating speech at the 1988 state Democratic Party Convention. Terry and Isom worked together to engineer the conviction of LaRouche for federal "conspiracy" charges of which he was totally innocent, and subsequent trials which have put nearly 50 individuals on trial solely for their political ties to LaRouche.

The federal investigation into Sheriff Isom is in part focused on a self-appointed private military force known as ARGUS, an acronym for Armored Response Group United States. The investigation also concerns practices similar to those which made the LaRouche case an international scandal—such as withholding exculpatory evidence, and illegal surveillance and investigation methods. In a special statement to the Leesburg community on May 14, Isom boasted that he was "instrumental" in getting LaRouche convicted. Court testimony in various Virginia state trials of LaRouche associates has established that from 1985 on, Anti-Defamation League (ADL) operatives met in the Loudoun County Sheriff's Department with Isom, Deputy Don Moore, and other deputies, to coordinate various operations against LaRouche.

The mysterious ARGUS Foundation, and its financial relationship to both Isom and the Sheriff's Department, is one area of focus for federal investigators, according to Col. J.C. Herbert Bryant, the director of the paramilitary Armored Response Group U.S. Foundation. Just below the surface, however, is a much bigger scandal—one that links ARGUS and its co-founder and vice president, John Isom, to the "secret government" apparatus that, among other notorious acts, controlled Oliver North's drug- and gun-running operations.

The FBI wants to know if there was commingling of Loudoun Sheriff's Department funds and those of the AR-

GUS Foundation, various law enforcement sources report.

According to the self-proclaimed Colonel Bryant, who also has given himself the title "general," "major general," and "attorney general," federal investigators also want to know if the Loudoun Sheriff's Department has ever given ARGUS "rent-free office space . . . given us anything free of charge . . . such as seized vehicles . . . or rented anything for us . . . anyone associated with us . . . any consultation fees or other compensation . . . was there any official association with ARGUS with the Sheriff's Department other than a friendly agreement, an arrangement?"

Also, he said, "They wanted to know if we had made any donations, contributions or loans . . . had anybody at the Sheriff's Department received any donations, contributions or loans made by ARGUS or anyone associated with ARGUS, if we tried to backdoor something to the Loudoun County Sheriff's Department or any employee thereof. . . . It looks like they were fishing to see if we were paying Isom, or was Isom paying us?" ARGUS's financial records, including copies of rental leases and canceled rent checks, are part of the documentation given by the Sheriff's Department to the FBI.

A resident of wealthy Middleburg, Virginia who lives down the road from Sheriff Isom, Bryant vigorously denies that ARGUS is involved in any wrongdoing of the Sheriff's Department. But what he confirmed in an interview shows why there should be concern about ARGUS and its relationship to Isom and the Sheriff's Department:

- Isom and Bryant cofounded ARGUS in 1985.
- Colonel Bryant contributed to Sheriff Isom's electoral campaign.
- ARGUS shared and donated office space to the Sheriff's Department in Leesburg, the county seat.
- ARGUS's office is located in the same building as the Sterling substation of the Loudoun County Sheriff's Department.
- Capt. John Sealock, head of the Loudoun Sheriff's Department's SWAT team, is a member of ARGUS.
- ARGUS is a member of the Regional Organized Crime Information Center (ROCIC), as is the Loudoun Sheriff's Department. ROCIC is an intelligence-sharing network composed of many local and state police agencies in some 10

mid-Atlantic states. ROCIC is funded in part by U.S. Department of Justice grants.

'Rambozos'

Although ARGUS portrays itself as a philanthropy out to help underequipped local law enforcement agencies, some federal law enforcement officials have labeled the group a "bunch of political vigilantes." The ARGUS Foundation is a private, paramilitary group which provides specialized tactical equipment to law enforcement agencies for dealing with "special crises" such as terrorism or narcotics problems, according to its own public relations. Professional law enforcement officials and intelligence sources believe that ARGUS is an "off-line" creation reflective of "secret government" networks which were components of the Iran-Contra operations.

Known jokingly in some circles as "Rambozos," a sub-culture of government officials and private citizens has developed a series of private front groups, businesses, and intelligence community "interagency task forces," to carry out their own political extremist agenda. The finances of these operations are traditionally murky, as earlier investigations into Colonel North's networks have demonstrated.

Several national security directives were enacted by presidential executive decree in the mid-1980s, including Executive Orders 12333 and 12334, which gave the mandate for the suppression of civil liberties under pretext of a perceived national security threat, as defined by the "secret government" operatives themselves; those executive orders also provided the national security "cover" for the frameup of Lyndon LaRouche and his associates, in which Isom played a prominent role.

Under various "national security" or "states of emergency" scenarios, local law enforcement agencies would operate as adjuncts of federal authorities. Local sheriffs and police officers could be deputized, with the authority of a federal law enforcement official.

Colonel Bryant is himself a deputy U.S. Marshal, even though his only employment is for ARGUS, a non-governmental, ostensibly non-profit agency. Colonel Bryant says he receives no compensation for his work.

Sheriff Isom is no stranger to "secret government" operations. He has been linked to illegal CIA domestic actions since at least the early 1970s, when he worked at the McLean substation of the adjoining Fairfax County Police Department. In 1975, a major scandal erupted when the Rockefeller Commission disclosed that the CIA had utilized the Fairfax County police to conduct illegal domestic political operations.

Former Loudoun Sheriff's Deputy Lt. Donald Moore, who worked with Isom in Fairfax and was brought to Loudoun when Isom became sheriff there, began his career in dirty operations when he shared a tent with Col. Oliver North, while both were in the Marine Corps special forces in Vietnam. Bryant confirmed knowing former Lieutenant Moore

in the context of Moore's activities against LaRouche and his associates.

Isom also made use of former intelligence officers in the Loudoun Sheriff's Department for various activities. According to the Winter 1990 issue of *Periscope*, the newsletter of the Association of Former Intelligence Officers (AFIO), a public relations arm of the CIA, Sheriff Isom has used "retired" CIA operatives in county law enforcement activities.

The January-February 1987 issue of *Law Enforcement Technology* magazine reported, "ARGUS first started in August 1985 and was conceived of by Col. Herbert Bryant of the Mississippi State Sheriff's Office and Sheriff John Isom of the Loudoun County, Va. Sheriff's Dept. Bryant and Isom both believed there was a need for police agencies to have at their disposal a variety of armored vehicles for use in different tactical situations, and both know that due to the high cost of armored vehicles and their limited amount of use, it would not be cost effective for individual departments to try and purchase individual armored vehicles."

One of those vehicles, an armored personnel carrier, or Ferret, owned by ARGUS and housed in Leesburg, was used in the Oct. 6, 1986 Leesburg raid on companies associated with LaRouche. ARGUS and its strange Colonel Bryant provide a convenient cover for the mobilization of such police state actions. ARGUS personnel have been observed training at the Summit Point racetrack in West Virginia with personnel who participated in the Iran-Contra operations. ARGUS remains the target of several independent investigators, determined to further pierce its public relations armor.

Patrons in high places

On May 10 the *Sunday Washington Post* published a front-page story on the ARGUS scandal. It reported that Sen. John Warner (R-Va.), a Middleburg neighbor of Bryant and Isom, wrote letters to then-Secretary of Defense Weinberger and others, to help Bryant secure military equipment for ARGUS. Bryant is also close to Sen. Strom Thurmond (R-S.C.), who told the *Post* that Bryant is "a very fine man." Thurmond is a director of the U.S. Marshals Foundation for which Bryant is president. Bryant and Isom are also deputy U.S. Marshals.

As the federal investigation expands, some former backers are jumping ship. At least four ARGUS board members have resigned, according to media reports. Loudoun County Board of Supervisors Chairman George Barton ordered the county to cut its ties to ARGUS May 11, in response to revelations that the county owns and stores several pieces of military equipment used by the group.

Charles Waddell, the Democratic state senator who represents Loudoun County and Fairfax County, was an honorary board member of the secret government group, but he told the media: "I signed onto it at the time, but I had concerns about accountability and oversight. I don't think I want a private police force running around with guns and badges."

Virginia to execute a possibly innocent man

by Nancy Spannaus

The Commonwealth of Virginia, one of the states which grants the least rights to those accused or convicted of crimes, has once again become the shame of the United States. Causing the attention is the fact that the Commonwealth, under its Attorney General Mary Sue Terry and Gov. L. Douglas Wilder, is preparing to execute Roger Keith Coleman, a death row inmate who has a colorable claim to innocence.

Coleman, whose alleged crime occurred in 1982, is being represented by a high-powered *pro bono* legal team from the Arnold and Porter law firm, and he has the services of lay minister James McCloskey. McCloskey heads a private agency called Centurion Ministries, which specializes in investigating death row cases, and has so far provided sufficient evidence of innocence to free 12 prisoners from impending execution.

Despite the fact that Arnold and Porter and McCloskey have turned up considerable evidence to support Coleman's assertion that he did not kill his sister-in-law, the Commonwealth's judicial system has so far done everything possible to prevent his getting a new hearing on the evidence. The latest denial was issued May 12 by federal Judge Glen Williams. Unless the higher federal courts act totally out of profile, or Governor Wilder grants clemency, Coleman will be put to death in the Commonwealth's electric chair on May 20.

The question of innocence

The Coleman case has garnered almost the same amount of international and national attention as that of another famous Virginia death row prisoner, Joseph Giarratano. Both men had claims to innocence, which were blocked by the fact that potentially exculpatory evidence was withheld by the prosecution, and that both state and federal regulations systematically prevented a presentation of the substantive evidence pointing to their innocence.

Giarratano's sentence was commuted to life imprisonment at the last minute by Governor Wilder in 1991, as was that of death row prisoner Herbert Bassette in early 1992. Coleman thus comes up as the third individual with colorable claims to innocence, whom Attorney General Mary Sue Terry, the "Ilse Koch" of Virginia, has decided to send to his death.

Coleman's case has already gone up to the U.S. Supreme Court on a procedural basis. The highest court of the land upheld the contention of Virginia that Coleman had waived his right for a hearing on new evidence of his innocence, because his attorneys had filed a notice for the hearing one day late.

The fact that both Virginia and the U.S. Supreme Court were willing to deny a man the chance to prevent his wrongful execution on the basis of failure to follow a bureaucratic procedure, was shocking. But it did not cause the wave of publicity that is now surrounding the Coleman case.

Time magazine's cover story on May 18 featured a picture of Coleman with the following headline: "This Man Might Be Innocent. This Man Is Due To Die. Roger Keith Coleman Was Convicted of Killing His Sister-in-law in 1982. The Courts Have Refused to Hear the Evidence That Could Save Him. His Execution Is Set for May 20." The *New York Times Magazine* of May 10 featured a story on investigator McCloskey and his work on the Coleman case. Reports on the atrocity in the making have also appeared on BBC and U.S. network television.

Coleman's case is likely to be appealed to the U.S. Supreme Court again in the week before his scheduled execution. But, although the Court has agreed to hear a case on whether actual innocence should preclude execution (the *Herrera* case), it even refused to stay the execution date in that case. Fortunately, the state of Texas did decide to keep Herrera alive long enough to hear the outcome of his appeal. But with this record, it is considered virtually impossible that the Supreme Court would stay Coleman's execution.

Governors on the spot

That leaves it up to Governor Wilder, who has thwarted his attorney general's bloodlust three out of four times. Wilder is receiving a massive number of letters in favor of saving Coleman—but most of them are from overseas.

The political climate in the United States, unfortunately, continues to favor bloody retributive justice. Under such circumstances, it takes courage for politicians to stand up for a standard of law—much less mercy. Indeed, as the cases of those individuals condemned to death after the death penalty was ruled constitutional in 1976 exhaust their appeals, executions are being scheduled more and more frequently. Recently, there have been as many as two such official murders per week.

Under these circumstances it is the presidential campaign of Democrat Lyndon LaRouche which has decided to take the point on this issue. LaRouche has urged his supporters and allies in the Democratic Party to make an all-out drive to oppose the death penalty, and to bring forward a resolution at the national Democratic Party Convention to this effect. He has also excoriated candidate Bill Clinton, who has killed two death row inmates already this year, and is planning to preside over a third, that of Barry Lee Fairchild.

The world-historic importance of LaRouche's presidential campaign

by Debra Hanania Freeman

Debra Hanania Freeman, Lyndon LaRouche's presidential campaign spokeswoman in the United States, gave this presentation to a conference of the International Caucus of Labor Committees in Kiedrich, Germany on May 2. The following is an edited transcript of her remarks.

I want to give all of you a picture of where we stand in the U.S. with Lyndon LaRouche's presidential campaign. And, I want to state from the outset that none of what we've accomplished would have been possible without the international mobilization we have successfully launched around LaRouche's drive for the White House.

From Australia to Latin America to Europe—on literally every continent on the face of this planet—prominent individuals, leaders in their own nations, have done what until now was unthinkable: They have intervened in the internal affairs of the U.S.; they have stepped forward and endorsed the LaRouche candidacy, and I cannot begin to tell you the impact that has had inside the U.S. It has given courage to the hundreds of would-be American endorsers—elected officials, labor leaders, civil rights leaders—all of them LaRouche supporters and all of them petrified by the American police-state apparatus.

As LaRouche's spokeswoman in the U.S., I have had, over the last months, the pleasure and the privilege of hosting numerous delegations from around the world, who have come to the U.S. to speak out on LaRouche's behalf, either because they support his bid for the presidency or simply because they wanted to lend their voices to the growing international outcry over his illegal incarceration. In every case, in meetings on Capitol Hill, the same question is ultimately posed (off the record) by congressmen: "What made you come? Why this fascination with LaRouche in Latin America, in eastern Europe, in Australia, etc.?" I will say more about this later, but I wanted to start with this idea. Because if we are to succeed, this international drive must not only continue—it must escalate! We need more endorsements; more delegations; all sending the unmistakable message that we will not stop—no matter what—until the murderous policies that have thrust this poor planet of ours into misery are overturned once and for all.

What the U.S. depression looks like

In order to understand the 1992 presidential campaign, you must begin by understanding conditions inside the United States. You've all heard this organization say that the U.S. is in the worst depression of the century. We have repeated it daily. Even so, I don't think you have any idea of what it is really like. I say this because I live in the U.S. and, because of my role in LaRouche's campaign, I organize all over the country, and I am continually shocked by what I find.

Just before I came here, I was in Alabama, where we will be running a primary election campaign. It's a state some of you are familiar with, because it is the home of Amelia Boynton Robinson, whom you know. It also is the birthplace of the American civil rights movement. It's located in the southern portion of the United States. It was, until a short time ago, the steelmaking and mining capital of the South. In the northern part of the state, in Huntsville, German rocket scientists joined their American counterparts to form one of the most formidable R&D capabilities in the world. In the southern part of the state, we have what is called the Black Belt. This refers not to the skin color of the inhabitants—a common error—but the color of some of America's most fertile farmland.

Today, Alabama enjoys the third highest rate of bankruptcies in the United States. Its infrastructure is in a state of utter collapse. The state has approximately 2,500 bridges. Sixteen hundred of them are in urgent need of repair; 250 have been deemed incapable of carrying the average load that passes over them on any given day. Safety inspectors agree that they should be condemned or repaired. Neither is scheduled to occur.

Of 4 million people in the state, 600,000 families receive food stamps and one in eight Alabamians is on welfare. Alabama has the highest infant mortality rate of any state in America—and the U.S. has the highest infant mortality rate of all the industrialized nations. I can easily tell you why: Seventy-one percent of the babies born in Alabama are *not* born in hospitals, because there are no hospitals. Outside of Birmingham—the state's largest city with a large, state-of-the-art medical center—the average Alabama citizen lives approximately 100-150 miles away from the nearest hospital.

Fifty-one percent of the population is totally illiterate. Yet those wanting to cut the budget claim that there are too many hospitals in the U.S., and that that is what is driving the costs of medical care sky-high!

It is true that Alabama is a very poor state—one might argue that it's not typical. So, let's move out of Alabama to the city of Baltimore. Now, I don't choose Baltimore because I live there—this really is not an early pitch for federal assistance in a LaRouche administration. I bring up Baltimore because, unlike New York or Philadelphia or Washington, D.C., Baltimore is not considered to be bankrupt—actually it has one of the highest bond ratings of any American city. It was also once one of the most productive cities in the nation.

Baltimore is the farthest inland port on the East Coast. Until the 1970s, it boasted one of the largest steelmaking and shipbuilding capacities in the world. Today, the shipyards no longer exist. The problem is not that they are lying idle: They've been turned into condos, amusement parks, or yacht clubs. The steel plants have suffered much the same fate. Today, 25% of all the jobs in the city are on the lowest rung of the service sector: the fast-food emporiums and hotels that are the backdrop to what has been hailed as an urban renaissance. Forty-one percent of the industrial properties are condemned. Affordable housing is totally nonexistent. The federal government defines "affordable" as costing no more than 30% of the total gross income of the household. The typical renter in Baltimore, however, spends 68% of combined household income on housing, leaving little for other living expenses. The result is mass homelessness and hunger: Thirty-seven percent of Baltimore's families have incomes equal to or below the federal poverty level. Out of a population of approximately 720,000, some 32,000 are documented to be homeless, but a very large additional grouping is less than *one* paycheck away from homelessness. Even worse, at the end of each month, families have nothing left to buy food, and go hungry. Baltimore is known as the "city that reads," yet 30% of Baltimore's adult population cannot read and 56% of her youth drop out of high school.

But the real tragedy is evident in the condition of the city's children. Baltimore is experiencing epidemics of two vaccine-preventable illnesses—measles and mumps—among children under 5. Only 49% of the children entering school are immunized. Twenty-five percent of our pre-school children suffer from lead poisoning (causing permanent brain damage, including effects on memory, learning, problem solving). City children consistently score 30-40% lower on standardized tests than their counterparts around the state, due to uncorrected hearing and vision problems. Among those with *diagnosed* hearing problems, only 36% are resolved and only 15% of the children with known vision problems ever receive eyeglasses. All these problems are compounded by an extremely high teen birth rate. Seventy-three percent of the children born in Baltimore are born to unwed mothers under the age of 17. Sixty percent of these girls do

not see a doctor until the day they give birth.

I could continue with statistics on drug use, tuberculosis, hepatitis, venereal disease—even the federal Centers for Disease Control admits that there are over 1 million Americans with AIDS and that AIDS is now the leading killer of young Americans, now overtaking the number one cause death, homicide.

Establishment runs the candidates

In the midst of this total collapse, which is not only an economic collapse, but also a collapse of the social fiber and the institutions of the nation, America is conducting this presidential campaign. The anointed candidates: the establishment candidate George Bush, who has just announced he is sending Desert Storm veterans into the city of Los Angeles; the establishment's Democratic alternative Bill Clinton—different hair style, same policy; the establishment's anti-establishment candidate, that man of the people, multibillionaire Ross Perot—who, I might add, sat on the President's Foreign Intelligence Advisory Board (PFIAB) with Henry Kissinger when that august body demanded that action be taken to stop LaRouche. A couple of years later, when we called him to brief him on the dastardly deeds of Mr. Kissinger, he responded by calling the FBI! So much for the anti-establishment candidates.

This is obviously a gross oversimplification. The reality is actually worse. There is mounting evidence that the Democratic front-runner, Clinton, is in reality a George Bush Trojan Horse inside the Democratic Party. Clinton allowed Arkansas to be a drug depot for the Iran-Contra apparatus, and could be destroyed for this by the Bush campaign at any time.

In addition, the candidacy of Perot could cause a constitutional crisis by preventing anyone from getting a majority in the Electoral College. But for all these scenarios, what has erupted in the U.S. over the past 48 hours [with the riots in Los Angeles] is an uncontrollable process, and all scenarios could go out of the window.

The population has responded thus far by simply refusing to vote! You may read that Bill Clinton is receiving 51% of the Democratic vote. Let me explain to you what that means. In the U.S., approximately half of those who are eligible to vote are actually registered to vote. Of those who are registered, only 15-20% are turning out to vote in the primaries. Figure that half of them are Democrats and, half of those Democrats reportedly vote for Clinton. That amounts to about 1.5% of the voting population. Bush's vote is similar.

LaRouche's recovery program

And, of course, we have LaRouche's campaign. He walks into this mess: a horrible depression; three candidates who bear a striking resemblance to the Three Stooges, who have "positions" but no policies. Some of these candidates are walking Kama Sutrás. And here LaRouche is—with a 20-year record on questions of economic and strategic policy,

and with a broad reindustrialization program:

- federalizing the Federal Reserve, creating \$600 billion in new, low-interest credit to rebuild America's infrastructure;
- 6 million new, high-paying jobs—3 million in the public sector, 3 million in the private industries who supply them—with an increase in tax base throughput of some \$200 billion;
- hard infrastructural projects to rebuild the energy grid,

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the transportation grid, the resumption of water projects;

- soft infrastructural renovation, such as the restoration of the Hill Burton Act of 1946 as the cornerstone of a health care program;
- educational reform designed to create a labor force capable of manning the most advanced technologies in this reindustrialization drive;
- and, more, a science driver in the form of a Moon-Mars colonization mission within our lifetime.

What do you think the response to this is, among labor, minorities, the growing ranks of the unemployed?

I can tell you that among labor leaders, there is *no debate*. For the first time in all the campaigns LaRouche has run, the LaRouche program is *the* accepted program—the only pathway out of the depression. Now, early in the campaign, AFL-CIO chief Lane Kirkland pledged that labor would not endorse any candidate who supported North American Free Trade Agreement (NAFTA)—and all, with the exception of LaRouche, do. Without any official endorsement at top, for the first time since World War II, labor leaders were free to endorse whomever they choose, and scores responded publicly endorsing LaRouche: leaders of the steel workers, UAW, Teamsters, public sector workers, and so on. Many more who were still too afraid to endorse him publicly engaged in an unprecedented process of education. All over the country, there have been meetings of five and six hours' duration on LaRouche's program with labor bureaucrats.

Amidst a growing fear that LaRouche was capturing the labor movement, Kirkland did a complete about-face and, two weeks ago, came out and endorsed Bill Clinton—even though Clinton had not budged one inch on his support for

NAFTA. But not one of the leaders who endorsed LaRouche has called in to retract their endorsements.

For civil rights layers, for those who remained loyal to the principles of Martin Luther King—what Amelia Robinson said last year, that LaRouche is the continuation of Martin Luther King—is now repeated everywhere, not only with words of endorsement, but with action. As you know, Amelia Robinson has been touring the nation virtually non-stop for almost a year. Rev. James Bevel, King's field coordinator, Cora McHaney, the leader of the Montgomery, Alabama bus boycott that transformed the civil rights movement into a true mass movement, Reverend Boon, a man the FBI threw in jail for three years, just hours after Martin Luther King's murder—all of them now are out there working for LaRouche.

Last weekend, I addressed the Alabama New South Coalition—200-300 elected officials, the vast majority of whom are black. These are the people whose names I've read about in the histories of the civil rights movement—leaders of the Free Democratic Party, of the Black Panthers. The support for LaRouche was so overwhelming that only a series of last-minute rules changes perpetrated by a gaggle of former Communist Party members stopped us from walking away with that group's endorsement.

How to win when the game is rigged

Now, one might respond by saying "Yes, you almost walked away with the endorsement. But, ultimately, you didn't. The game is rigged and you cannot win."

Is it rigged? Of course. LaRouche is on the ballot in 32 of the 38 states that hold primaries, and in almost every state, it was a total fight. In many cases, it was only after the American Civil Liberties Union (ACLU) went into federal court on LaRouche's behalf—in itself an extraordinary development—that he was placed on the ballot. The other candidates get hundreds of hours of free publicity from the same media that black LaRouche out.

We began purchasing half-hour national prime time television spots. After the first spot, on Feb. 1, we got over 1,000 letters. When George Bush goes on all three networks *simultaneously*, he doesn't get more than 400-500 letters! The second spot aired on March 8 with a similar response. We were beginning to build up quite a head of steam. The enemy responded by refusing to sell us time. During the entirety of March and April, we were limited to regional broadcasts. It is only as a result of a lawsuit that we will go back on national television on May 30—in time for the June 2 round of primaries.

Yes, it's true we've had to fight for every inch and the enemy keeps their artillery barrage firing. My God, they have kept LaRouche in jail now for over three years! But in spite of it all, they have been unable to contain this movement.

We are not supposed to be here. They clearly thought jailing LaRouche would be the end of the matter. Every "scenario" said that we would no longer exist—but instead,

we have expanded our work. We are in more places, with more people, than we were before. It would be totally dishonest idiocy to say that jailing LaRouche didn't hurt us—obviously it did. But it had penalties for them, too.

For one thing, it totally exposed the United States as a police state. And, make no mistake about it, the U.S. is a police state. We have the highest rate of incarceration in the entire world. Twenty-five percent of the nation's young black men are in prison. This is between four and five times the rate of imprisonment in South Africa. In Washington, D.C. that number jumps to almost 50%. While the rest of the civilized world moves away from the death penalty, America is increasing the categories of crimes for which one can be sentenced to die. The U.S. Supreme Court is limiting the appeal rights of death row prisoners. You all know that Bill Clinton interrupted his campaign in New Hampshire to preside over the execution of a lobotomized black prisoner. Last week, the U.S. Supreme Court intervened in a case in California and forbade the lower court from granting any future stays so an execution could proceed on schedule. The entire nation got minute by minute reports of the execution and although the tape has not yet been released, the entire execution was videotaped.

You cannot understand what happened in Los Angeles without understanding that the execution of Robert Harris in California, the first execution there in 25 years, was a public event. The whole thing was televised for days, and even the moment when he was strapped in the gas chamber, and then pulled out again by a court-ordered reprieve, was shown. This went on until the U.S. Supreme court intervened—to demand that the execution go forward!

Construction of prisons is the biggest business in the United States. The Patriot missiles used in the Gulf war were built, not by the defense industry, but by prisoners.

Earlier, I mentioned the New South Coalition meeting: I would say half the participants in that conference had served time in prison. The vast majority of our supporters have relatives in prison.

By locking LaRouche up, they increased his credibility. The population knows—in some cases almost intuitively—that Bush is responsible for LaRouche's incarceration. We have put it on every poster. It has dignified LaRouche as the true anti-establishment candidate.

In the wake of our international drive for LaRouche's freedom—the U.N. developments, the chaos caused by the parliamentary delegations from Ibero-America and eastern Europe—the government has been forced to change its line on LaRouche's incarceration. They still won't admit that he is a political prisoner; they don't even acknowledge the existence of such a category. But, now they tell these parliamentarians: "Yes, it's true that there were gross irregularities in the LaRouche case, but don't pass judgment on our entire legal system because of one case!" Even this, for the U.S. government, was an incredible admission.

Building a mass movement

They have not been able to stop the growing endorsements and the growing vote. Thousands of votes in Texas and in Maryland, where in some inner city precincts LaRouche's vote hit 10%; and in Pennsylvania, 20,000 votes—five times as many as 1988 and with a much lower voter turnout. Also, in direct correspondence with our newspaper distribution networks. No one disputes the fact that LaRouche has the largest volunteer apparatus of any candidate. We now have over 1,000 people who regularly distribute paid circulation of the newspaper *New Federalist*. So, the movement is growing at a very steady pace. Is it a mass movement? *No*. And that is what it must become. But how?

I spend a good deal of my time with people like Amelia Robinson, people who have built mass movements in the past, and I always ask them how they did it, how it worked—trying to figure out if there is something we should be doing that we are not doing, maybe something that was done by the civil rights movement.

This past week, J.L. Chestnut told me something and I've been thinking about it ever since. (J.L. Chestnut is a famous civil rights lawyer. He was one of the first blacks admitted to the bar in Alabama in the early 1960s. When he started to practice law, Amelia's husband [S.W. Boynton] gave him a desk in their insurance office. He is also the author of an excellent account of the civil rights movement called *Black in Selma*.) He told me that in the early days, he would hold weekly meetings at a church in Selma. And, every week, 10 people came. He said he would give the best briefing he could, always trying to innovate. They would lay out tasks, etc. He said it went on like that for a couple of years. J.L. told me that he has to admit that he never believed that those 10 people would build a movement, but he didn't know what else to do, so he just kept on. He said he thought the 10 would turn into 20, then 50, then 100, and that they would just inch their way up. But it didn't happen that way. Overnight, the meetings went from 10 to 1,000. He said that, to this day, he still doesn't really know precisely what precipitated it. But, he told me, "That's the way it works. You're doing the right thing. It doesn't mean you shouldn't look for new flanks. Obviously you have to, but you have to maintain your commitment to the process. Don't lose confidence or your faith in the correctness of your method."

We know what we are doing is right. Sure, we have to keep expanding it, building on it. We need more endorsements, more delegations. It changes all the rules. And all we really need is one breakout, one state where LaRouche's vote hits 15%—something like that—and then all the rules of the game change.

Yes, we are in a race against time. The stakes are extremely high and the lives of millions of people hang in the balance. And, while we have no guarantees, I am quite confident that we can win.

Hashemi tapes turned over to Congress

by Edward Spannaus

In a development which could have major implications for President George Bush, the Department of Justice (DoJ) has agreed to give congressional investigators access to tape recordings made during the secret surveillance of Iranian arms dealer Cyrus Hashemi in the fall of 1980 and early 1981. The agreement to make the tapes available was reached between the Justice Department and the House of Representatives "October Surprise Task Force," headed by Rep. Lee Hamilton (D-Ind.). The DoJ has refused to make any public comment on the agreement.

Although the existence of the tapes has been known since 1984, *EIR* was the first to point out the significance of the "Hashemi tapes" for the October Surprise investigation over one year ago. Since that time, other investigators, including former National Security Council official Gary Sick, have called for the tapes to be made available to congressional investigators.

Last November, *EIR* obtained heavily redacted excerpts of FBI transcripts of the Hashemi tapes under the Freedom of Information Act. House investigators have reportedly asked for access to the complete tapes and unredacted transcripts. The DoJ has apparently agreed to provide this, provided that investigators who will review the tapes first obtain security clearances.

On May 5, the House task force met in a short public session before the ranking Republican on the committee, Rep. Henry Hyde (Ill.), succeeded in closing the session. The task force was being addressed by E. Lawrence Barcella, its chief counsel, who was about to give a status report on his investigation when Hyde moved to close the hearing to the public and the press. Barcella reported that he has hired most of his investigative staff, and that security clearances—demanded by the CIA, and by the State, Justice, Treasury, and Defense Departments—have now been obtained.

Wishful thinking

Somewhat prematurely, AP reported on May 9 that the Hashemi tapes "clear" Ronald Reagan and George Bush of charges that they conspired to delay the release of American hostages in Iran during 1980. However, no one who has read *EIR*'s recent Special Report on the October Surprise could possibly reach such a conclusion.

The basis of the AP claim was that the tapes show that Cyrus Hashemi was in New York on Oct. 20, 1980, when

some sources claim he was in Paris. Author Gary Sick meanwhile defended his previously published theories, and pointed out that Hashemi could have easily been in Paris on Oct. 19, when Sick's book says he was. However, all of this information has been in the public domain since last November, when *EIR* and other investigators received copies of redacted FBI summaries of the Hashemi tapes.

EIR's Special Report provides substantial new evidence that Hashemi, along with former DoJ official and Bush's friend J. Stanley Pottinger, were systematically sabotaging the Carter administration's negotiations, not so much through arms deals, but through misleading advice they were giving to the Iranian clerics concerning frozen Iranian assets and the Shah's wealth.

The missing 'Pottinger tapes'

On May 8, a Reuters wire story reported that 10 hours of tapes, missing since 1980, had been found in a government warehouse in Newburgh, New York. Reuters also reported that FBI sources stated that Reagan, then the Republican presidential candidate, had been overheard conversing with an unidentified Iranian on the surveillance tapes. A spokesman for the House task force promptly termed the Reuters story "bizarre."

The description of 10 hours of missing tapes raised the possibility that what had been found were three tapes made on Dec. 12, 1980, which were discovered to be "missing" in 1984. The convenient loss of that day's surveillance tapes allowed Pottinger to escape indictment.

However, subsequent news stories reported that all of the Hashemi tapes—hundreds of hours—had been stored in the warehouse in Newburgh. *EIR*'s investigations indicate that the tapes that were turned over were not the missing Pottinger tapes, but the already-acknowledged Hashemi tapes which had been stored in Newburgh for many years.

The disappearance of the Pottinger tapes was likely part of a major obstruction of justice by persons in the FBI-DoJ who wished to protect Pottinger.

DoJ documents recently obtained by *EIR* give further evidence of how high-level DoJ officials had obstructed the efforts of federal prosecutors in New York to investigate illegal arms shipments by Hashemi and Pottinger.

A newly disclosed June 4, 1982 note to an official of the DoJ Office of Intelligence Policy and Review (the DoJ liaison office to the intelligence community), complains that federal prosecutor Raymond Levides "is way out of line" for trying to meet with the CIA and State Department on the Hashemi investigation. "He has no need for the information he has requested, and he should not be meeting with CIA and State. . . . Levides should be told to go on his merry way with the facts at hand." About three months before this, these same DoJ officials had ordered Levides to postpone his grand jury investigation for "national security" reasons.

Ultimately, neither Hashemi nor Pottinger was ever prosecuted, which many consider a "payoff" for their assistance to the Reagan-Bush campaign in 1980.

Demilitarization scenario unfolds

Behind closed doors, they plot to de-nationalize, rent out, and otherwise eliminate developing countries' armed forces.

A group of academics, supposedly experts in questions of democracy and the military, met at a closed-door conference here in late March, to fine-tune plans to eliminate the armed forces of Ibero-America, Africa, Asia, and eastern Europe.

All discussion was "unofficial," but sources here have informed *EIR*, under condition of anonymity, that the organizers of the conference had the full backing of the Bush administration and of various government institutions, both for their meeting and for related publications.

Under the elegant name of "civil-military relations," the official theme of the conference, proposals were even submitted for the "renting out" or "leasing" of these national armies. One of the more psychotic speakers insisted that national security is "in large measure, a mental state," dependent upon whatever a government considers to be an external threat at any point in time. In the opinion of this speaker, development is dangerous since it can intensify differences among minorities and thereby set the basis for conflicts into which the armed forces would have to intervene.

The possibility of a more "efficient" Ibero-American-wide system of collective security through the Organization of American States should not be dismissed, he argued. However, he added "jokingly," with the end of the Cold War there is no longer such a pressing need to have an armed forces at all. Therefore, he suggested, it might be more cost-effective if cer-

tain nations were to "rent out" their armies to other nations in greater need, such as Ghana, Fiji, and so forth.

But this was not all. The news media are the ideal means for controlling the armed forces, said this expert, and granting the media wider power is therefore warranted. Further, a legislative system with dominion over the military institutions, and totally independent from the national security system, should be established.

Under the pretext of facilitating the "transition" of the military institutions to democracy, this expert urged total civilian control over the armed forces. This would be much easier to achieve once their budgets were reduced, he explained.

Another academic demanded that the interrogation and prosecution of the armed forces for human rights violations must follow the transition to democracy. The big question, he insisted, is, who will control the intelligence agencies? He demanded that all military personnel be retrained. "I don't think depoliticization can be achieved without demilitarization."

The next speaker said the issue of military professionalism depended entirely on the civilian government. That is, that military personnel had to be educated, ruled, and watched over by civilians. If they didn't like it, he said, they could look for a career elsewhere.

He also protested that military aid from the United States was not assisting the professionalization of the Ibero-American armed forces, al-

though he admitted that a professional military was no guarantee that the armed forces would submit to civilian control.

These "experts," not one of whom ever had responsibility for defending and protecting the sovereignty of their nation, then attempted to define the mission of the military institutions. For example, one warned that the greatest danger in Ibero-America today is not a return to military rule or coups d'état, but rather that the armed forces might become overseers of civilian government. Therefore, he argued, defining the mission of the armed forces is an imperative.

But, what about the military's secondary support operations? If there is a consolidated democracy, he said, then the military could be employed in building roads. If not, then they are going to compete with civilian rule, and then there exists the danger that the population will choose the military over civilians.

A proposal to bribe the military into abandoning its traditionally nationalist posture and permitting privatization of state companies was also put on the table. How? Through offering the troops stock in the privatized companies.

A major problem, he insisted, is that militaries have secret funds to deploy that the civilians know nothing about. Therefore, their very self-conception needed to be changed to assure their compliance with "democratic" goals. "Which do we change first," he asked, "their minds or their behavior?" Better not to talk about "demilitarization," he added, but rather of the military's "new role."

On the following day, one military officer in the audience who could stand it no longer, asked: Supposedly, we are here to talk about democracy, but all I've been hearing is that the military is the bad guys. How come?

Gore would impose limits on CO₂ emissions

Sen. Al Gore (D-Tenn.), who will be leading the Senate delegation to the Earth Summit in Rio de Janeiro, Brazil in June introduced, with the support of Senate Majority Leader George Mitchell (D-Me.), the "Global Climate Protection Act" which calls for the President to achieve the stabilization of carbon dioxide at 1990 levels by Jan. 1, 2000.

The Bush administration has not yet agreed to specific limitations on CO₂ emissions. The Gore measure also mandates "citizen action," in which any U.S. citizen may start legal action against any officer of the United States "alleging a failure by the officer to perform any act or duty" mandated by the legislation.

Infrastructure needed for economic competitiveness

Testifying before the Transport Subcommittee of the House Committee on Appropriations on April 29, *21st Century Science & Technology* Associate Editor Marsha Freeman stated that any debate on economic competitiveness "which does not begin from the standpoint of the transportation and energy infrastructure requirements which are prerequisite for renewed economic growth, is not serious."

Commenting on the fact that the Bush administration has cut the funding request for the programs authorized under last year's Intermodal Surface Transportation Efficiency Act, Freeman pointed out that although the \$151 billion authorized to be spent over the next six years might appear to be a large amount of money, "it has been the trillions of dollars of investment in canals, bridges, tunnels,

ports, locks and dams, railroads, highways, and mass transit" that allowed the United States to become an "economic superpower."

The new magnetic levitation rail program authorized by the act, Freeman pointed out, allows the transportation sector to once again become a technology driver in the economy, as the railroads were in the last century.

In response to the testimony, Rep. Bob Carr (D-Mich.) commented that there should be a capital investment portion of the transportation budget separate from subsidies for operating existing systems, to ensure investment in new transport programs.

Rehnquist ignores 'separation of powers'

U.S. Supreme Court Chief Justice William H. Rehnquist denied without comment an emergency request by Rep. Henry B. Gonzalez (D-Tex.) to block Special Counsel Malcolm Wilkey from examining all the records of the House bank pending further court action. The matter was taken to the Supreme Court after a federal court of appeals ruled that Wilkey could investigate the records.

Despite the fact that the House voted to allow the files to be handed over to the special counsel, Gonzalez argued that placing the records in Wilkey's hands threatened the independence of Congress. "It is not fanciful to assume . . . that members in their day-to-day dealings with the Executive branch will be reluctant to bite the hand that inexplicably is investigating them and that possesses their most intimate personal records," Gonzalez stated in the request to Rehnquist.

The subpoena for bank records is highly unusual. The House "bank" is actually a depository maintained by

the House, not a federally insured financial institution. Even in the case of failed, federally insured S&Ls where billions of dollars were lost and criminal activity was involved, the checking accounts of every individual account holder were never subpoenaed. None of the House members subjected to Wilkey's seizure have been accused or even suspected of committing a crime. There is also a strong suspicion that material which has been made available to the Department of Justice in that way runs a great risk of being "leaked," thus affecting the political fortunes of members in this year's election.

Space Station Freedom backed by House

By a two-to-one margin, the House voted on April 29 to maintain the \$2.25 billion requested for Space Station Freedom in the FY 93 NASA budget. The vote came after an amendment by Rep. Timothy Roemer (D-Ind.), which would have stricken the \$2.25 billion for the space station and reserved \$1.1 billion of that amount for other NASA programs, was defeated on a 254-159 vote. President Bush had threatened to veto the authorization bill if it did not include money for the Space Station.

This floor fight gave the supporters of Space Station Freedom confidence for the bigger battle which will take place over appropriations funding. In that bill, the NASA budget is pitted against veterans benefits and housing subsidies. Appropriations subcommittee chairman Rep. Bob Traxler (D-Mich.), who tried to kill Freedom last year, is retiring in November.

House, Senate ignore veto threat as SDI, B2 slashed

The Senate approved 61-38 on May 6 a bill which would slash the B-2 bomber and the Strategic Defense Initiative (SDI) anti-missile program, while maintaining funding for two Seawolf submarines. President Bush has threatened a veto if the submarines are not cut.

On May 7, the House approved legislation which would cut one of the two Seawolf submarines, but also cut the administration's proposed funding of the SDI by \$1.3 billion and cut funding to the B-2 program by \$1 billion. The legislation would cut a total of \$5.8 billion from this year's budget.

Some \$3.5 million was also cut from the budget of the high-energy physics Fermi laboratory in Illinois.

Scientists cool off on global warming

In testimony before the Environment subcommittee of the House Committee on Science, Space, and Technology, and the Senate Committee on Energy and Natural Resources on May 6, proponents of the "global warming" hoaxes were forced to back-pedal on their positions.

Dr. Robert Watson, who in the summer of 1988 testified that there would be global warming due to the increase of atmospheric carbon dioxide, admitted that there is such a high level of scientific uncertainty in the global climate models being used that it is impossible to know not only what will happen in the future, but even what has already happened. "Global mean surface air temperature has increased by 0.3-0.6° Celsius," Watson asserted, but, he admitted, this magnitude is the same as "natural climate variability," and cannot be blamed on increased atmospheric

carbon dioxide.

Patrick Michaels from the Department of Environmental Sciences at the University of Virginia, an outspoken opponent of the "global warming" fraud, presented new data which indicates that there has been some atmospheric warming, but at night, contrary to the predictions of every climate model in use. Michaels explained that this will extend the growing season for farmers, could increase snow at the poles, and will have no deleterious effects. Also, while the models predicted that warming would take place over the large industrialized land masses of the Northern Hemisphere, it has been measured in Australia.

Fed is unconstitutional says Gonzalez

House Banking Chairman Henry B. Gonzalez (D-Tex.), in comments on the House floor on May 4, attacked the Federal Reserve System and called for a return of congressional control over the monetary system.

Noting how the average citizen, reading his Constitution, would believe that the Committee on Banking, Finance, and Urban Affairs of the House has jurisdiction over banking and monetary matters and that the Congress "controls the purse," Gonzalez complained that this mandate was "long abdicated by the Congress after the passage of the Federal Reserve Board Act of 1913 and the creation within the activities of that board of such a thing as the Open Market Committee." This structure, Gonzalez noted, was based on the British system of the Exchequer, and that "the Federal Reserve, through its Open Market Committee" has arrogated to itself the power given to Congress.

Gonzalez argued that the Fed is

"totally independent of anything that Congress wants to do, or for that matter the Executive branch," and is arranged so that the "high priests of finance" can "hide their thievery in this kind of secrecy.

"Penny-ante loan sharks," under present monetary regulations, "are now legalized usurers. . . . Usury is legal," continued Gonzalez, although "human beings had been protected from [usury] since 7,000 years before Christ" but now usury laws or "interest-rate controls" have been abolished. Even states like Texas, which did have such laws, were forced to abandon them under pressure from the federal government, he said.

Helms seeks suspension of China MFN status

Sen. Jesse Helms (R-N.C.) introduced an amendment on May 6 which called for a suspension of Most Favored Nation status for China "until the President determines and certifies that high-level Chinese officials are under indictment in the United States for criminal activities in connection with the export of textiles to the United States."

Helms said that he had been informed by U.S. Commissioner of Customs Carol Hallett that indictments had been filed in federal court against the Chinese government for failure to pay duties and taxes on textiles and clothing entering the United States. This was the first indictment to result from a massive federal investigation into the alleged fraud.

Hallett indicated that there was direct involvement by Chinese trade officials. Helms claims that the fraud involves the transshipment of goods made by Chinese slave labor through other countries and understating the value of the goods.

National News

Michigan doctors move toward legalized murder

Michigan Medical Society delegates voted on May 3 to withdraw the society's previous resolution condemning the murder of patients by doctors. A statement on Jan. 15 by the society's board had called for "physician-assisted suicide" to be made a felony.

The doctors urged that the issue get more discussion and study, the *Philadelphia Inquirer* reported. The new resolution said that simply opposing these murders would "preclude meaningful participation" in such discussion by doctors.

A bill making such murders a felony has passed the Michigan State Senate, but the corresponding bill in the Michigan House is stalled. "That bill will never see the light of day," a spokesman for the society told *EIR*. He said the anti-murder bill is being blocked by Rep. Perry Bullard of Ann Arbor, who "adamantly opposes" government interference in physician-assisted suicide.

The society's actions on the issue is being managed by Dr. Howard Brody, chairman of the Committee on Bioethics and head of the Center for the Study of Ethics and Humanities at Michigan State University. Under Brody's leadership, no line is expected to be drawn against murder, suicide, or euthanasia.

Poultry irradiation technology advances

The Department of Agriculture on May 6 published in the *Federal Register* its proposed regulations on the irradiation of poultry, in what the USDA termed a good example of protecting public health. After a 60-day comment period, the USDA will finalize the regulations, at which point approved commercial companies can begin to irradiate poultry to control the bacteria that cause food-borne illnesses. Conservative estimates are that 40% of U.S. raw poultry is contaminated with salmonella and campylobacter, which cause millions of illnesses annually.

The draft regulations had been held up for several months in the Office of Management and Budget, which reviewed them for "cost effectiveness." The 12-page proposed regulation notes that irradiation of poultry has a cost-benefit ratio greater than one: "For every dollar expended on irradiation, there will be more than a dollar of medical and productivity costs avoided." The USDA estimates that if only 10% of U.S. poultry were irradiated, "net public health benefits would range from \$35-50 million annually."

Approval of the process had been granted by the Food and Drug Administration in May 1990, after three years of review of the extensive research.

Food irradiation supporters said they intend to keep up the postcard campaign to President Bush urging his support for poultry irradiation "until the poultry regulations are finalized." One activist said that in the five years since the approval for poultry irradiation was applied for, "approximately 50,000 Americans have died from food-borne illnesses that probably could have been prevented."

Government misconduct grows in LaRouche case

A newly released letter shows more government misconduct in the case against Lyndon LaRouche and his codefendants. A July 1988 letter to the Justice Department from U.S. Attorney for the Eastern District of Virginia Henry Hudson shows that Hudson's office lied to the court in its effort to move the case from Boston to Alexandria, Virginia.

Shortly after the indictment of LaRouche and six associates in Alexandria in October 1988, LaRouche's attorneys sought to have the case transferred to Boston, where LaRouche and his co-defendants had fought the government to a standstill in an earlier case, resulting in a mistrial on May 4 of that year.

When defense attorneys argued that the two cases were essentially the same, Hudson's office denied that there was any significant overlap, and, in the government's papers, Hudson argued that the two indictments were "quite distinct." The only over-

lap was with respect proving the "intent" of the defendants; it was "no more than that."

But in the letter to the Department of Justice, which sought to have Boston prosecutor John Markham deployed from Boston to Alexandria, Hudson confirmed defense arguments. (The two prosecutions "involve extensive overlap of legal and factual issues," wrote Hudson. In fact, "virtually the entire trial record in Boston (15,000) pages will have relevance in the Alexandria prosecution. . . . Perhaps the most important is the overlap in witnesses.")

Alexandria Judge Albert Bryan denied the defense motion to transfer the case to Boston, on the grounds that the two cases were substantially different, thus clearing the path for the Alexandria railroad.

Clinton represents only himself, says columnist

"Whatever Happened to the Democratic Party?" is the headline of a syndicated column by Richard Reeves in the *May 7 Richmond Times-Dispatch*. Reeves's conclusion, citing William Greider's book *Who Will Tell the People—The Breakdown of American Democracy*, is that "the true center of the Democratic Party is a few dozen lobbyists and lawyers in Washington, including one former party chairman, Robert Strauss, now President Bush's ambassador to Moscow, and the current chairman, Ron Brown, who lobbied for Toshiba, Hitachi, Mitsubishi. . . ."

"It's a sad turn in American politics—and a long road for Bill Clinton," wrote Reeves. "Because of the system and the decline of his party by its own hand, the Democratic candidate for President represents only himself."

Reeves pointed out that there are no leaders in the Democratic Party because of the 1972 McGovern rule changes, which were "left by the party after its attempted suicide in 1972." He denounced the way the conventions now revolve around television prime time, thus eliminating the possibility of multiple ballots or deadlocks at a convention in order to avoid inconveniencing the networks.

Reeves wrote that "the Democratic Na-

tional Committee . . . has no records, no names of the people who are supposed to be the party. . . . There are only about 100,000 people who could be called 'members of the party,' based on the number of responses to DNC [Democratic National Committee] fundraising mail. The average age of those respondents is 70."

Environmentalists tout 'eco-fascism' openly

Fascism was explicitly endorsed by "environmental economist and writer" Christopher Juniper in a column entitled "Ecofascism," in the March-April issue of *Buzzworm*, a glossy environmental magazine of 100,000 paid circulation. Fascism was justified in the name of "restrictions on an individual's ability to damage ecosystems through consumption."

Juniper wrote that his wife calls him an "environmental fascist," but he justifies his "police state" views in order "to ensure some future viability. . . . I want freedom from a dying planet instead of freedom to destroy it."

Juniper proposes "environmental degradation units" (EDUs) be issued for all products. This allocation would then be cut 10% every year for five years in order to ensure conservation. If additional EDUs were not provided for children, this "could also help ratchet down population growth."

U.S. Court again restricts habeas corpus

In a recent ruling in *Keeney v. Tamayo-Reyes*, the U.S. Supreme Court further restricted the right of defendants to a *habeas corpus* hearing, even when the Court agrees that a severe error has occurred at the state level.

The ruling overturned a 1963 opinion in the case of *Townsend v. Sain*, written by Earl Warren. The Congress amended the law in 1966 to guarantee that such cases would get a hearing in federal courts. Writing for the majority, Justice Byron White

argued that judicial economy, i.e., cost, is a prime reason for limiting federal review of *habeas* cases. White was joined by Chief Justice William Rehnquist, Antonin Scalia, David Souter, and Clarence Thomas.

In this case, the defendant, a Cuban immigrant with no knowledge of English, pled guilty to a manslaughter charge. Sandra O'Connor dissented on the grounds that the defendant's plea, if true, is a valid basis for *habeas* relief. O'Connor emphasized that *habeas* proceedings are not another form of appeal, but are an original civil action in federal court, and the defendant is entitled to a hearing to determine the facts upon which the conviction was based.

"Under the guise of overruling 'a remnant of a decision' . . . and achieving 'uniformity in the law' . . . the Court has changed the law of *habeas corpus* in a fundamental way by effectively overruling cases decided long before *Townsend v. Sain*," she wrote.

Approximately 40% of death penalty cases which make it into federal *habeas corpus* review are overturned on review.

Court sanctions grand jury railroads

A U.S. Supreme Court decision in the case of *U.S. v. Williams* asserts that failure to present exculpatory evidence to a grand jury is not a prosecutorial error which merits dismissal of an indictment. The majority argued that a grand jury is an inquisitorial, *ex parte*, i.e., secret, proceeding, which would become judicative if the prosecution is required to introduce exculpatory evidence.

Writing in dissent, Justice John Paul Stevens, joined by Harry Blackmun, Sandra Day O'Connor, and Clarence Thomas, said, "The Solicitor General asked us to decide the legal question whether an indictment may be dismissed because the prosecutor failed to present exculpatory evidence. Unlike the Court and the Solicitor General, I believe the answer to that question is yes, if the withheld evidence would plainly preclude a finding of probable cause."

Justice Stevens said that he was "firmly opposed to the Court's favored treatment of the government as a litigator."

Briefly

● **PRESIDENT BUSH** received a copy of a report on the bombing of Pan American Flight 103, prepared by former CIA employees for the airline, from Libyan leader Muammar Qaddafi, Qaddafi revealed. "We know the authors of the bombing, which totally clears our country. Contents of the report, which are indisputable and objective, or the very existence of the report, were never once mentioned before members of the U.N. Security Council," Qaddafi said, according to reports in the May 7 European press.

● **EXXON EXECUTIVE** Sidney Reso disappeared from his home in New Jersey on April 29, and is believed to have been kidnaped by eco-terrorists. Reso heads Exxon operations outside the United States. An unknown group called the Rainbow Warriors has taken credit for the kidnaping, and is making ransom demands, the May 7 *New York Post* reported.

● **ROSS PEROT** is no Washington "outsider," despite the image he has peddled in his unofficial presidential campaign. President Nixon considered him a "financial angel," according to AP on May 7. Former Nixon aide Peter Flanigan, who met with Perot more than 40 times, said, "This business about his being an outsider is nonsense. . . . He was the ultimate insider."

● **DAVID IFSHIN**, the American-Israeli Public Affairs Committee (AIPAC) general counsel who has been an adviser to Bill Clinton for several years, has become a senior political and foreign policy adviser to the Clinton campaign.

● **TOM PAINE**, the administrator of NASA during the Apollo program era, died of cancer May 4. Dr. Paine came into the space program as deputy administrator in January 1968, shortly before the first manned Apollo flight to orbit the Moon. In 1985, he was appointed by President Reagan to head the National Commission on Space, which revived the Moon-Mars mission after 15 years.

Editorial

Voters in bed with Trilateral Commission

It is about time American citizens refused to be led by the nose by the Trilateralites. Let's take a look at some of the leading members of this supranational, bipartisan conspiracy.

There are David Rockefeller and Henry Kissinger, who are responsible for the murder of far more people than the Hitler gang. Then there is Zbigniew Brzezinski, one of Kissinger's successors as National Security Adviser. Then there is Brent Scowcroft, a Kissinger protégé who is again the National Security Adviser under Bush.

Among U.S. Presidents, Jimmy Carter and George Bush were members of the Trilateral Commission. Gov. Bill Clinton, along with his sidekick, AFL-CIO President Lane Kirkland, who organized the AFL-CIO endorsement of Clinton, are members today.

The Trilateral Commission has had a 30-year perspective of turning the United States from an industrial republic into a post-industrial fascist state, and it is very close to realizing that program—in fact, some say that it has already realized it. It is useful in this regard to look at the case history of Los Angeles. At the time of the Watts riots in 1965, things were pretty bad in the inner city ghettos of U.S. cities. They are infinitely worse now.

Organized crime has taken over the city streets, even in the U.S. capital, Washington, D.C. People in the ghettos are victimized perhaps by the police, but they're victimized more routinely by gangs. The worst oppression in which they live is to have gangs prey upon them, terrorize them. U.S. cities are rotting—industries are closing down, bridges are falling down, and the schools are in tragic condition.

One question is, who is responsible? We can blame the Trilaterals. This was their policy. But it would be foolish to stop there. What about the American people who have allowed these conspirators to systematically destroy the United States since the 1963 assassination of John F. Kennedy?

The past is over, its mistakes cannot be undone. But what about today? American voters are about to repeat the process by accepting that their choice is be-

tween Trilateral Commission member George Bush, and Trilateral Commission member Bill Clinton. This time the mistake may prove fatal.

Thirty years ago, people in the United States had a very different sense of moral values. They believed in progress, not only for themselves, but also for everyone on this planet. They understood the need for building great projects and committing themselves to great undertakings. They believed that it was important for mankind for an American to step out onto the Moon. They believed in hard work; they believed in the family.

Lyndon Johnson's Great Society was a fraud. It was not meant to provide a better life for the ghetto poor, it was a pretext to withdraw funding from the kind of great projects which characterized the Kennedy era and gave hope to all Americans for a better future. Today there is a hoax being circulated, that the only way to increase productivity is by investing in new technologies at the expense of a safety net for the elderly and those unable to provide for themselves.

Americans need to turn off their television sets so that they can begin to think seriously about the problems which must be solved. They have to read the U.S. Constitution, the Bill of Rights, and the precepts of American System economics—found in the writings of Alexander Hamilton and Mathew and Henry Carey. They have to ponder the message of the Bible, that man was created in the image of God, and that all human life is a sacred trust.

They must reject the idea of the Trilateralites, that the rights of David Rockefeller and bankers are superior to the human rights of men, women, and children, and those yet unborn. They have to repudiate the brutality of present-day America, from the revival of executions to the withdrawal of entitlements. They have to reject the premise of Bush, Clinton, and Ross Perot that Americans must accept austerity in order to protect a social structure based on usury.

We only know of one declared U.S. presidential candidate who is against the Trilateral Commission and everything it stands for: Lyndon LaRouche.

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December 5, 1991

EIR Alert reports coup rumors in Venezuela, noting that there are constant meetings among the lower ranks of the army about a military coup, but that the high command opposes it.

February 4, 1992

A "colonels' coup" against Venezuela's Carlos Andrés Pérez takes over a large part of the country, but is suppressed by the high command.

October 22, 1991

EIR Alert reports that Lord Carrington is considering a "Cyprus" model to resolve the Serbian war against Croatia.

January 1992

The United Nations decides to send troops to Croatia to enforce a Cyprus-style partition of Croatia.

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